

Company Registration No. 09094282 (England and Wales)

SPEYSIDE RENEWABLE ENERGY FINANCE PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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SPEYSIDE RENEWABLE ENERGY FINANCE PLC

COMPANY INFORMATION

Directors	M Aitken A Dixon C McLeod	(Appointed 3 September 2020) (Appointed 3 September 2020)
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Secretary	Vercity Management Services Limited
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Company number	09094282
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Registered office	8 White Oak Square London Road Swanley Kent BR8 7AG
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Auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ
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Bankers	Barclays Bank Plc Level 28 1 Churchill Place London E14 5HP
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SPEYSIDE RENEWABLE ENERGY FINANCE PLC

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SPEYSIDE RENEWABLE ENERGY FINANCE PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The Directors present the strategic report and financial statements for the year ended 31 March 2021.

Business Review

The Company was incorporated on 19 June 2014. It is principally engaged in the provision of financing to Speyside Renewable Energy Partnership Limited ('SREP') for the construction of a Combined Heat and Power ('CHP') plant in Speyside, Scotland. The plant is complete and is operational.

On 28 August 2014, the Company issued £48.2 million publicly listed bonds. These trade on the EEA Regulated Market of the London Stock Exchange and are guaranteed by HM Treasury.

The balance sheet currently shows a net assets position. A provision has been made in relation to a receivable from Speyside Renewable Energy Hold Co Limited ('SREPH'). SREPH is the holding company of SREP. SREPH was placed into administration on 5 October 2020. The administration will provide financial stability and facilitate the transfer of the project to new ownership through a sales process. A new three year funding facility was put in place for SREP in October 2020, to provide the funding needed to continue operationally and to pay the bonds until the sale of the project. The sale of the project occurred on 21 March 2022.

Principal Risk and Uncertainties and Financial Risk Management

The Company has issued 3% guaranteed secured bonds. As noted above, the bonds are guaranteed by HM Treasury. Payment of these bonds is dependent on receipts from SREP. The principal risk therefore is the risk of non-payment or delayed payment by SREP. This risk has been mitigated following the successful sale of SREP and early repayment in full of the bonds on 21 March 2022. Other risks have been considered by the Directors and these are set out in the directors' report.

Future Developments

As noted above, the ultimate holding company, SREPH was placed into administration on 5 October 2020. Following the sale of SREP, the Company repaid the bonds. The Directors plan to place the Company into a solvent liquidation process.

Key Performance Indicators

The Company has met all contractual obligations pertaining to the financing of the project throughout the period under review.

Covid-19

On 30 January 2020 the World Health Organisation declared COVID-19 a health emergency and went on to declare it a global pandemic on 11 March 2020. There is no direct exposure to COVID-19 risk as the Company has no staff.

There is an indirect exposure because of the reliance on cashflows from SREP. SREP has staff on site and is exposed to movements in commodities prices for both inputs and outputs. Commodities price movements and staff impacts could in turn affect the ability of SREP to generate cash. Subsequent to the year end, this risk was mitigated following the successful sale of SREP.

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Section 172(1) Statement

Throughout the year the Board has given due consideration during its discussions and decision-making of the matters set out in section 172 of the Companies Act 2006. Set out below is a description of how the Directors have had regards to the matters set out in section 172 (1) when performing their duties under section 172:

- The Company's principal activity is the provision of funding to SREP.
- The Company's long-term plan is to continue to provide a stable funding platform to SREP. The Company made no decisions during the year that are expected to have material adverse long term consequences to this overriding objective.
- The Company has no employees and therefore is not required to consider matters of this regard.
- The Company is committed to maintaining good relationships with its sole customer, SREP and suppliers, including bondholders and bondholder representatives.
- The Company is committed, in its day to day operations and dealings with all affiliates to uphold the highest standard of business conduct and integrity.
- The members of the Company are represented at board meetings by their appointed director(s). Conflicts on matters to be discussed are identified at each meeting of the board. Directors representing a member with a conflict of interest may therefore be excluded from any discussion or vote in regards to it.

Authorised and approved for issue by the board of directors.



A Dixon

Director

28 March 2022

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The Directors present their annual report and audited financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the Company continued to be that of providing finance to Speyside Renewable Partnership Limited for the construction of a Combined Heat and Power (CHP) plant in Speyside, Scotland. Please see the future developments section below for future activities of the Company.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

D R Bradbury	(Resigned 3 September 2020)
D A Whitehurst	(Resigned 3 September 2020)
P J Ireland	(Resigned 20 January 2021)
M Aitken	
A Dixon	(Appointed 3 September 2020)
C McLeod	(Appointed 3 September 2020)

Results and dividends

The results for the year are set out on page 13.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial risk management objectives and policies

Liquidity risk

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business. At the start of the project, the Company negotiated debt facilities with an external party to ensure that the Company has sufficient funds over the life of the project.

It became apparent during the year that there was a developing liquidity mismatch between the free cash generated by SREP and the bond payment obligations of the Company.

A three year term loan was put in place in October 2020. This will provide the funding needed to continue operationally and to pay the bonds until the sale of the project. The sale of the project occurred on 21 March 2022.

Following the successful sale of SREP, and repayment in full of the bonds, this risk has been mitigated.

Exposure to market prices

There is exposure to long term electricity market prices. A 12 year Power Purchase Agreement has been entered into, effective from the start of commercial operations. The electricity market is monitored and short term fixes can be entered into to reduce risk. This risk has been mitigated following the successful sale of SREP.

Credit risk

The Company's principal financial assets are trade and other receivables. The Company's credit risk is attributable to its receivables with SREP. The Company monitors the financial standing of SREP in order to manage credit risk. Credit risk to the bondholders is mitigated by an HM Treasury guarantee. This risk has been mitigated following the successful sale of SREP.

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Generation risk

The Company is exposed to generation risk due to optimisation of the plant performance and off-taker requirement for heat and power. Plant performance is monitored closely and optimised on a continuous basis.

Heat off-take is currently limited to one off-taker and planned needs are obtained from that party in forecasting the requirement from the plant.

Power generation is provided to the national grid.

This risk has been mitigated following the successful sale of SREP.

Corporate Governance

The Company's sole purpose is to issue debt which is backed by cash flows receivable from Speyside Renewable Energy Partnership Limited. The Company has therefore deemed that it does not require a separate audit committee but the functions of the audit committee are carried out by the Board of Directors including approving the annual report and accounts and engaging with the Company's external auditors. The Company's risk management and internal control systems are outsourced to a specialist third party service provider, Vercity who report to the Board regularly on the performance of the Company and key risks and who manage the system of internal control including the preparation of the financial statements.

Future developments

The sale of SREP was successfully completed on 21 March 2022. This has allowed the full repayment of the intercompany receivable between the Company and SREP and a full repayment of the Company's liabilities to the bond holders. Once all bond holders (and all other liabilities) have been repaid in full, the directors plan to perform a full orderly wind up of the Company and enter liquidation.

Auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

Each of the Directors in office at the date of approval of this annual report confirms 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 he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Going Concern

The only activity of the Company is the provision of funding to Speyside Renewable Energy Partnership Limited (SREP). The ability for the Company to make payments to bond holders is dependent on repayment of the intercompany receivable between the Company and SREP. Payments to bond holders are guaranteed by HM Treasury. The Company was in breach of its bond covenants at the balance sheet date and at the date of this report due to the DSRA being under funded and consequently all the debt payable to the bond holders has been presented as a current liability.

Subsequent to year end, the sale of SREP was successfully completed along with a full repayment of the Company's liabilities to the bond holders. Once all bond holders (and all other liabilities) have been repaid in full, the directors plan to perform an orderly wind up of the Company and enter liquidation.

For this reason the accounts have been prepared on a basis other than going concern. No adjustment was required to the financial statements as a result of ceasing to prepare the financial statements on a going concern basis.

SPEYSIDE RENEWABLE ENERGY FINANCE PLC


DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Covid-19

The World Health Organisation declared the COVID-19 outbreak a health emergency on 30 January 2020 and a global pandemic on 11 March 2020. Contingency measures have been put in place to ensure the financial management of the Company continues through the crisis situation. See the Strategic report for details on the related risks.

Authorised and approved for issue by the board of directors.



A Dixon
Director

28 March 2022

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
- the strategic report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

This responsibility statement was approved by the board of directors on 25 March 2022 and is signed on its behalf by:



A Dixon
Director

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPEYSIDE RENEWABLE ENERGY FINANCE PLC

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Speyside Renewable Energy Finance plc (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standards 102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1-16.

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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - financial statements prepared other than on a going concern basis

We draw attention to note 1.2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Summary of our audit approach

Key audit matters

The key audit matter that we identified in the current year was the recoverability of loans receivable from Speyside Renewable Energy Partnership Limited ('SREP').

Materiality

The materiality that we used in the current year was £794,000 which was determined on the basis of total assets.

Scoping

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Significant changes in our audit approach

There have been no significant changes in our audit approach this year.

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPEYSIDE RENEWABLE ENERGY FINANCE PLC

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of loans receivable from Speyside Renewable Energy Partnership Limited ('SREP')

Key audit matter description

- Recoverability of loans provided to Speyside Renewable Energy Partnership Limited has been identified as a key audit matter. This is one of the key balances as it relates to the finance that has been provided to Speyside Renewable Energy Partnership Limited to part fund the construction of the Speyside Combined Heat and Power plant.
- The total amount outstanding at 31 March 2021 was £39,598,000 (31 March 2020: £42,066,000). Please see note 2 and note 8 for further information.
- Management assess recoverability of the loan through assessing the ability of Speyside Renewable Energy Partnership Limited to repay the loan based on future cash flow forecasts.
- Subsequent to year end, on 21 March 2022, the directors of Speyside Renewable Energy Partnership Limited (SREP) agreed the sale of SREP. The sale allowed the loan receivable between Speyside Renewable Energy Partnership Limited and the Company to be repaid in full. For this reason no impairment has been recorded against the receivable of £39,598,000 held between the Company and Speyside Renewable Energy Partnership Limited.

How the scope of our audit responded to the key audit matter

- We reviewed the terms of the SPA and verified to supporting evidence the final proceeds received from the sale of SREP to assess whether subsequent to year end, the intercompany loan between the Company and Speyside Renewable Energy Partnership Limited was repaid in full.

Key observations

Based on the work performed we concluded that the loans receivable from Speyside Renewable Energy Partnership Limited are recoverable.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality

£794,000 (2020: £853,000).

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPEYSIDE RENEWABLE ENERGY FINANCE PLC

Basis for determining materiality

2% of total assets was used as the basis for determining materiality in the current year and prior year.

Rationale for the benchmark applied

We determined materiality based on total assets as this is considered to be the key metric used by management, investors and lenders given it reflects the amounts due from Speyside Renewable Energy Partnership Limited to repay the Company's borrowings.

Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2021 audit (2020: 70%). In determining performance materiality, we considered factors including:

- Our risk assessment, including our assessment of the company's overall control environment and the limited complexity within the accounts; and
- Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.

Error reporting threshold

We agreed with the Board of Directors that we would report to the Board all audit differences in excess of £39,700 (2020: £42,650), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board of Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 respect of these matters.

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPEYSIDE RENEWABLE ENERGY FINANCE PLC

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the company and its relationship with Speyside Renewable Energy Partnership Limited;
- results of our enquiries of management and the board of directors about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPEYSIDE RENEWABLE ENERGY FINANCE PLC

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and the Listing Rules. In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the Board concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

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 any material misstatements in the strategic report or the Directors' report.

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPEYSIDE RENEWABLE ENERGY FINANCE PLC

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Other matters which we are required to address

Auditor tenure

Following the recommendation of the Board of Directors, we were appointed by the Board to audit the financial statements for the year ending 31 March 2014 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 8 years, covering the years ending 2014 to 2021.

Consistency of the audit report with the additional report to the Board of Directors

Our audit opinion is consistent with the additional report to the Board of Directors we are required to provide in accordance with ISAs (UK).

Use of our report

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

D. Winstone

Daryl Winstone FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

1 New Street Square

London

28 March 2022

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

		2021	2020
	Notes	£'000	£'000
Administrative expenses		-	(50)
Interest receivable and similar income	6	2,291	2,423
Interest payable and similar expenses	7	(2,286)	(2,418)
		<hr/>	<hr/>
Profit/(loss) before taxation		5	(45)
Tax on profit/(loss)	8	-	(1)
		<hr/>	<hr/>
Profit/(loss) for the financial year		5	(46)
		<hr/>	<hr/>

The statement of comprehensive income has been prepared on the basis that all operations are discontinued.

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £'000	2020 £'000
Current assets			
Debtors	9	39,702	42,596
Creditors: amounts falling due within one year	10	(39,675)	(42,574)
Net current assets		<u>27</u>	<u>22</u>
Capital and reserves			
Called up share capital	12	50	50
Profit and loss account	12	(23)	(28)
Total shareholders' funds		<u>27</u>	<u>22</u>

The financial statements were approved by the board of directors and authorised for issue on 28 March 2022 and are signed on its behalf by:



A Dixon
Director

Company Registration No. 09094282

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2019	50	18	68
Year ended 31 March 2020:			
Loss and total comprehensive income for the year	-	(46)	(46)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	50	(28)	22
Year ended 31 March 2021:			
Profit and total comprehensive income for the year	-	5	5
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2021	<u>50</u>	<u>(23)</u>	<u>27</u>

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Cash generated from operations	15	1,941	46
Investing activities			
Intercompany loan received		2,291	4,591
Net cash generated from investing activities		2,291	4,591
Financing activities			
Bond principal payment		(2,880)	(2,249)
Bond interest payment		(1,352)	(1,318)
Payment of guarantee fees		-	(1,070)
Net cash used in financing activities		(4,232)	(4,637)
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		-	-

The Company has no bank account as all transactions are paid by Speyside Renewable Energy Partnership Limited. All transactions are therefore non cash but the above statement of cash flows has been prepared on the basis that transactions are payable or received by the Company in cash.

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

Speyside Renewable Energy Finance Plc is a public company limited by shares, domiciled and incorporated in the United Kingdom and registered in England and Wales. The registered office is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.

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.

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 £'000.

The financial statements have been prepared on the historical cost convention.

1.2 Going concern

The only activity of the Company is the provision of funding to Speyside Renewable Energy Partnership Limited (SREP). The ability for the Company to make payments to bond holders is dependent on repayment of the intercompany receivable between the Company and SREP. Payments to bond holders are guaranteed by HM Treasury. The Company was in breach of its bond covenants at the balance sheet date and at the date of this report due to the DSRA being under funded and consequently all the debt payable to the bond holders has been presented as a current liability.

Subsequent to year end, the sale of SREP was successfully completed. This will allow the full repayment of the intercompany receivable between the Company and SREP and a full repayment of the Company's liabilities to the bond holders. Once all bond holders (and all other liabilities) have been repaid in full, the directors plan to perform a full orderly wind up of the Company and enter liquidation.

For this reason the accounts have been prepared on a basis other than going concern. No adjustment was required to the financial statements as a result of ceasing to prepare the financial statements on a going concern basis.

1.3 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.4 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 balance sheet, 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.

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors, 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit and loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

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.

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, and loans from fellow group companies 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. The effective interest rate method is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

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.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

1.5 Equity instruments

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

1.6 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income 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.

1.7 Operating Segments

The Company only has one segment which is the provision of financing to Speyside Renewable Energy Partnership Limited. The full results of this activity are shown in the statement of comprehensive income.

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

2 Judgements and key sources of estimation uncertainty

The Company has no critical accounting judgement. The key source of estimation relates to the recovery of the intercompany receivable between the Company and Speyside Renewable Energy Partnership Limited which at 31 March 2021 stood at £39,598,000 (March 2020: £42,066,000). This relates to the bonds that are provided to SREP on the same terms. Subsequent to year end, the successful sale of SREP was completed to allow the intercompany receivable to be paid in full which reduced the risk associated with this key source of estimation uncertainty.

3 Auditor's remuneration

	2021 £'000	2020 £'000
Fees payable to the Company's auditor and associates:		
For audit services		
Audit of the financial statements of the Company	3	3

No fees were incurred for non-audit services.

4 Employees

The Company had no employees during the current or prior year.

5 Directors' remuneration

No Directors received any remuneration for services to the Company during the current or prior year. The Company is managed under General Management Services Agreement by Estover Energy Limited and Financial Management Services Agreement by Vercity Management Services Limited.

6 Interest receivable and similar income

	2021 £'000	2020 £'000
Interest Income		
Interest for Loans provided to fellow group undertaking	2,286	2,418
Interest fee for Loans provided to fellow group undertaking	5	5
Total interest income	2,291	2,423

7 Interest payable and similar expenses

	2021 £'000	2020 £'000
Interest payable for Loans provided	1,248	1,319
Interest payable for Guarantees provided	1,038	1,099
Total interest expense	2,286	2,418

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

8 Taxation

	2021 £'000	2020 £'000
Current tax		
UK corporation tax on profits/(losses) for the current period	-	1

For the year ended 31 March 2021, the UK corporation tax rate of 19% is applied.

The March 2020 budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. An intention to increase the corporation tax rate to 25% was announced in the March 2021 budget.

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £'000	2020 £'000
Profit/(loss) before taxation	5	(45)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1	(9)
Tax effect of expenses that are not deductible in determining taxable profit	-	10
Group relief	(1)	-
Taxation charge for the year	-	1

9 Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Amounts owed by Speyside Renewable Energy Partnership Limited	39,598	42,066
Prepayments and accrued income	-	530
Bank loan interest receivable	104	-
	39,702	42,596

The intercompany debtor relates to the Bonds being on-loaned to Speyside Renewable Energy Partnership Ltd. This has been classified as a debtor within one year as there were Events of Default at 31 March 2021 as the DSRA was underfunded which was not waived, meaning that the Bond were repayable on demand at the balance sheet date. Additional funding was obtained in the year to allow the bond payment to be made on normal commercial terms.

Following the successful sale of SREP, the Company plans to repay the bond holders after which the Company will be placed in administration.

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

10 Creditors: amounts falling due within one year

	Notes	2021 £'000	2020 £'000
Bonds	11	39,163	42,043
Corporation tax		1	1
Other creditors		511	530
		<u>39,675</u>	<u>42,574</u>

11 Loans and overdrafts

	2021 £'000	2020 £'000
Bonds	<u>39,163</u>	<u>42,043</u>
Payable within one year	<u>39,163</u>	<u>42,043</u>
	<u>39,163</u>	<u>42,043</u>

The Company has a listed bond from The Bank of New York Mellon for £48.2 million. It is repayable in line with an agreed repayment schedule paid bi-annually for both principle and interest over the next eight years. As there were breaches in the bank covenant at the balance sheet date, the Collateral Deed requires the Bond to be repayable on demand.

Interest is charged to Speyside Renewable Energy Partnership Limited using the same terms as the bond issued by Speyside Renewable Energy Finance Plc plus an annual issuer profit of £5,000 per annum. Interest on the public bond is fixed at 3%. The bond is guaranteed by HM Treasury at an annual guarantee fee of 2.5%.

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Called up share capital

	2021	2020
	£'000	£'000
Ordinary share capital		
Issued and fully paid		
50,000 of £1 each	50	50
	<u>50</u>	<u>50</u>

The profit and loss reserve represents cumulative profits or losses.

13 Related party transactions

Transactions with related parties

During the year the Company entered into the following transactions with related parties:

	2021	2020
	£'000	£'000
Speyside Renewable Energy Partnership Limited: Bank loan interest and Guarantee fees	2,286	2,418
Speyside Renewable Energy Partnership Limited: PLC Loan Issuer fees	5	5
	<u>2,291</u>	<u>2,423</u>

Amounts owed by related parties

	2021	2020
	£'000	£'000
Speyside Renewable Energy Partnership Limited	39,598	42,066
	<u>39,598</u>	<u>42,066</u>

The amounts owed by Speyside Renewable Energy Partnerships Limited relate to the bond which is on-loaned from the Company to Speyside Renewable Energy Partnerships Limited.

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

14 Ultimate controlling party

The Company's immediate and ultimate parent company and controlling entity is Speyside Renewable Energy Partnership Hold Co Limited, a company incorporated in Great Britain and registered in Scotland, with a registered address of Suite 2b, Johnston House, 52-54 Rose Street, Aberdeen, AB10 1UD. Speyside Renewable Energy Partnership Hold Co Limited is a joint venture between John Laing Investments Limited (43.35%), Equitix ESI CHP 2 Limited (41.65%) and Estover Energy Limited (15%). The smallest and largest group in which its results are consolidated is Speyside Renewable Energy Partnerships Hold Co Limited. The Directors consider there to be no ultimate controlling party of Speyside Renewable Energy Partnership Hold Co Limited.

Administrators were appointed for Speyside Renewable Energy Partnership Hold Co Limited on 2 October 2020, the Administrator are David Shambrook and Geoffrey Roley of FRP Advisory Trading Limited and can be contacted at 110 Cannon Street, London, EC4N 6EU.

15 Cash generated from operations

	2021 £'000	2020 £'000
Profit/(loss) for the year after tax	5	(46)
Adjustments for:		
Taxation charged	-	1
Finance costs	2,286	2,418
Investment income	(2,291)	(2,423)
Impairment of intercompany balances	-	50
Movements in working capital:		
Decrease in debtors	2,987	2,320
Decrease in creditors	(1,046)	(2,274)
Cash generated from operations	1,941	46

Reconciliation of cashflows from financing activities:

	2020 £'000	Cashflow £'000	2021 £'000
Bonds	42,043	(2,880)	39,163
	2019 £'000	Cashflow £'000	2020 £'000
Bonds	44,292	(2,249)	42,043

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

16 Subsequent Events

Subsequent to year end, the successful sale of Speyside Renewable Energy Partnership (SREP) was completed. The sale allows the intercompany receivable between SREP and the Company to be repaid in full. On the 24 March 2022 confirmation was received from the Financial Conduct Authority that the bonds had now been cancelled.