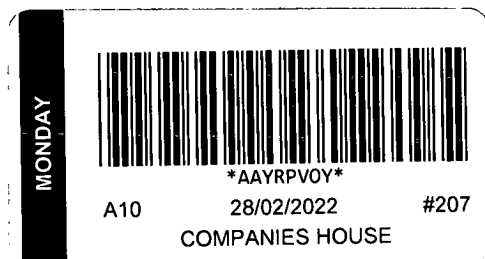


Company no. 10738131

Yorkshire Hydropower Holdings Limited
Directors' Report and
Audited Consolidated Financial Statements For The Year Ended 31 March 2021



Yorkshire Hydropower Holdings Limited

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Yorkshire Hydropower Holdings Limited

Company Information For The Year Ended 31 March 2021

Directors:	J P Hardy C Holmes
Registered office:	C/o Res White Limited Beaufort Court Egg Farm Lane Kings Langley Hertfordshire WD4 8LR
Registered number:	10738131 (England and Wales)
Independent auditors:	Geoffrey Cole & Co Ltd 4 Reading Road Pangbourne Berkshire RG8 7LY
Bankers:	Triodos Bank UK Ltd Deanery Road Bristol BS1 5AS

Yorkshire Hydropower Holdings Limited

Directors' Report For The Year Ended 31 March 2021

The directors present their report with the financial statements of the Company and the Group for the year ended 31 March 2021.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Further information on the basis of preparation of these financial statements can be found in note 2.

Principal activity

The principal activity of the Group in the period under review is the design, build, financing and operation of a 500kW single-turbine Kirkthorpe hydropower project located on the River Calder, a 260KW Thrybergh hydro project on the River Don and a 1.2MW battery co-located at Thrybergh.

Impact of COVID-19

Since the start of 2020 there has been an outbreak of COVID-19 (coronavirus) which has led to uncertainty in the market. The directors continue to follow advice given by the World Health Organisation and Public Health England to ensure that best practice measures are followed. To date there has not been a material impact on the company's operations. The directors do not believe that there is a significant risk to the business as a result of the COVID-19 pandemic but will continue to monitor any future developments.

Dividends

The loss during the period ended 31 March 2021 was £(949,940) (31 March 2020: £(13,038) loss).

The Company did not pay any interim dividends in the period (31 March 2020: £nil).

The directors have not recommended payment of a final dividend (31 March 2020: £nil).

Directors

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

J P Hardy
C Holmes

Other changes in directors holding office are as follows:

Y Ho Tang - resigned 27 August 2020

Yorkshire Hydropower Holdings Limited

Directors' Report For The Year Ended 31 March 2021

Going concern

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate. This follows a full review of the Group's future discounted cash flows through a value in use calculation that led to an impairment to fixed assets being booked in the year, see note 10 for more details.

The impact of the COVID-19 pandemic on operations and going concern has been assessed by the directors. To date, there has not been a material impact on the Group's operations or supply chain. The directors saw a negative impact on power prices in the short term due to a reduction in demand for electricity and lower commodities prices, however power prices have since rebounded and stabilised at a level that gives no rise to going concern issues. Furthermore, whilst power price variability is not welcomed, the other main source of revenue, the revenues associated with the Feed-in Tariff (FIT), has fixed prices per MWh that adds some certainty to future revenues and therefore the going concern assumption. The directors will continue to closely monitor the situation and to take appropriate action if deemed necessary.

Further details regarding the adoption of the going concern basis can be found in note 2 of the Accounting Policies.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditors

The auditors, Geoffrey Cole & Co Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:

DocuSigned by:

Joe Hardy

.....DCC9240EF882433.....

J P Hardy - Director

24 February 2022 | 11:23 GMT
Date:

Yorkshire Hydropower Holdings Limited

Statement of Directors' Responsibilities For The Year Ended 31 March 2021

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including 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 the Group and of the profit or loss of the Group 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;
- 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 and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report to the Members of Yorkshire Hydropower Holdings Limited

Opinion

We have audited the financial statements of Yorkshire Hydropower Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Financial Statements, 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 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditors' Report to the Members of Yorkshire Hydropower Holdings Limited

Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' Report and the Statement of Directors' Responsibilities, but does not include the financial statements and our Auditors' 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 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 this regard.

Report on other legal and regulatory requirements

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Group Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the Members of Yorkshire Hydropower Holdings Limited

Auditors' 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 Auditors' 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, The Energy Act and The Renewables Obligation Order 2015; and
- 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.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.


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 Auditors' Report.

Independent Auditors' Report to the Members of Yorkshire Hydropower Holdings Limited

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 Auditors' 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.

DocuSigned by:


900EC9543747448...

G S J Cole (Senior Statutory Auditor)
for and on behalf of Geoffrey Cole & Co Ltd
Pangbourne
Berkshire

Date: 24 February 2022 | 13:01 GMT
.....

Yorkshire Hydropower Holdings Limited**Consolidated Statement of Comprehensive Income
For The Year Ended 31 March 2021**

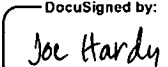
		Year ended 31/3/21 £	Period 1/7/19 to 31/3/20 £
	Notes		
Turnover	3	685,570	575,608
Cost of sales		(290,625)	(238,143)
Gross profit		394,945	337,465
Administrative expenses		(1,227,198)	(265,713)
Operating (loss)/profit	5	(832,253)	71,752
Interest receivable and similar income		499	507
		(831,754)	72,259
Interest payable and similar expenses	7	(118,186)	(85,297)
Loss before taxation		(949,940)	(13,038)
Tax on loss	8	-	-
Loss for the financial year		(949,940)	(13,038)
Other comprehensive income		-	-
Total comprehensive loss for the year		(949,940)	(13,038)
Loss attributable to: Owners of the parent		(949,940)	(13,038)
Total comprehensive income attributable to: Owners of the parent		(949,940)	(13,038)

The notes on pages 15 to 29 form part of these financial statements

Yorkshire Hydropower Holdings Limited (Registered number: 10738131)**Consolidated Balance Sheet
31 March 2021**

	Notes	2021 £	2020 £
Fixed assets			
Tangible fixed assets	10	7,438,927	8,453,136
Investments	11	-	-
		<u>7,438,927</u>	<u>8,453,136</u>
Current assets			
Debtors: amounts falling due within one year	12	380,629	189,127
Cash at bank		156,745	151,813
		<u>537,374</u>	<u>340,940</u>
Creditors			
Amounts falling due within one year	13	(528,509)	(252,473)
Net current assets		<u>8,865</u>	<u>88,467</u>
Total assets less current liabilities		<u>7,447,792</u>	<u>8,541,603</u>
Creditors			
Amounts falling due after more than one year	14	(3,645,382)	(3,829,253)
Provisions for liabilities	18	(140,000)	-
Net assets		<u><u>3,662,410</u></u>	<u><u>4,712,350</u></u>
Capital and reserves			
Called up share capital	19	6,425	6,425
Merger reserve		5,071,532	5,071,532
Retained earnings		(1,415,547)	(365,607)
Shareholder funds		<u><u>3,662,410</u></u>	<u><u>4,712,350</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 February 2022 at 11:23 AM and were signed on its behalf by:

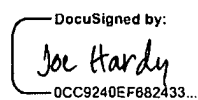
DocuSigned by:

 J P Hardy - Director

The notes on pages 15 to 29 form part of these financial statements

Yorkshire Hydropower Holdings Limited (Registered number: 10738131)**Company Balance Sheet
31 March 2021**

	Notes	2021 £	2020 £
Fixed assets			
Tangible fixed assets	10	-	-
Investments	11	6,425	6,425
		<u>6,425</u>	<u>6,425</u>
Current assets			
Debtors: amounts falling due within one year	12	236,735	49,975
Cash at bank		2,249	2,214
		<u>238,984</u>	<u>52,189</u>
Creditors			
Amounts falling due within one year	13	(298,341)	(8,000)
Net current (liabilities)/assets		<u>(59,357)</u>	<u>44,189</u>
Total assets less current liabilities		<u>(52,932)</u>	<u>50,614</u>
Capital and reserves			
Called up share capital	19	6,425	6,425
Retained earnings		(59,357)	44,189
Shareholder funds		<u>(52,932)</u>	<u>50,614</u>
Company's loss for the financial year		<u>(3,546)</u>	<u>(10,746)</u>

The financial statements were approved by the Board of Directors and authorised for issue on ...24.February.2022..11:23.GMT and were signed on its behalf by:

DocuSigned by:

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J P Hardy - Director

The notes on pages 15 to 29 form part of these financial statements

Yorkshire Hydropower Holdings Limited**Consolidated Statement of Changes in Equity
For The Year Ended 31 March 2021**

	Called up share capital £	Retained earnings £	Merger reserve £	Total equity £
Balance at 1 July 2019	6,425	(452,569)	5,071,532	4,625,388
Changes in equity				
Total comprehensive loss	-	(13,038)	-	(13,038)
Capital contribution from parent	-	100,000	-	100,000
Balance at 31 March 2020	<u>6,425</u>	<u>(365,607)</u>	<u>5,071,532</u>	<u>4,712,350</u>
Changes in equity				
Total comprehensive loss	-	(949,940)	-	(949,940)
Capital contribution from parent	-	(100,000)	-	(100,000)
Balance at 31 March 2021	<u>6,425</u>	<u>(1,415,547)</u>	<u>5,071,532</u>	<u>3,662,410</u>

The notes on pages 15 to 29 form part of these financial statements

Yorkshire Hydropower Holdings Limited**Company Statement of Changes in Equity
For The Year Ended 31 March 2021**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2019	6,425	(45,065)	(38,640)
Changes in equity			
Total comprehensive loss	-	(10,746)	(10,746)
Capital contribution from parent	-	100,000	100,000
Balance at 31 March 2020	<u>6,425</u>	<u>44,189</u>	<u>50,614</u>
Changes in equity			
Total comprehensive loss	-	(3,546)	(3,546)
Capital contribution from parent	-	(100,000)	(100,000)
Balance at 31 March 2021	<u><u>6,425</u></u>	<u><u>(59,357)</u></u>	<u><u>(52,932)</u></u>

The notes on pages 15 to 29 form part of these financial statements

Yorkshire Hydropower Holdings Limited**Consolidated Cash Flow Statement
For The Year Ended 31 March 2021**

	Notes	Year ended 31/3/21 £	Period 1/7/19 to 31/3/20 £
Cash flows from operating activities			
Cash generated from operations	23	132,819	163,874
Interest paid		(118,186)	(85,297)
Net cash from operating activities		<u>14,633</u>	<u>78,577</u>
Cash flows from investing activities			
Loan from parent		126,000	100,000
Refund of tangible fixed assets		20,385	-
Interest received		499	507
Net cash from investing activities		<u>146,884</u>	<u>100,507</u>
Cash flows from financing activities			
Loan repayments in year		(156,585)	(116,004)
Net cash from financing activities		<u>(156,585)</u>	<u>(116,004)</u>
Increase in cash and cash equivalents		<u>4,932</u>	<u>63,080</u>
Cash and cash equivalents at beginning of year	24	151,813	88,733
Cash and cash equivalents at end of year	24	<u><u>156,745</u></u>	<u><u>151,813</u></u>

The notes on pages 15 to 29 form part of these financial statements

Yorkshire Hydropower Holdings Limited

Notes to the Consolidated Financial Statements For The Year Ended 31 March 2021

1. General information

Yorkshire Hydropower Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. Accounting policies

Basis of preparing the financial statements

The financial statements have been prepared in accordance with the applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The particular accounting policies adopted are described below and have been applied consistently throughout the current and prior financial period.

As permitted by the standard, the consolidation accounting of the reorganisation in 2017 applied merger accounting principles and so results and cash flows of all the combining entities were brought into the financial statements from the beginning of the prior financial year.

The difference between the fair value of the consideration given and the nominal value of the shares received in exchange is shown as a movement on the merger reserve in the consolidated financial statements.

Going Concern

The financial statements have been prepared on the basis the Group is a going concern, which the directors consider appropriate. This follows a full review of the Group's future discounted cash flows through a value in use calculation that led to an impairment to fixed assets being booked in the year, see note 10 for more details.

The directors have separately reviewed integrated forecasts for the Group, for the foreseeable future being at least 12 months from the date of approval of the annual report, which indicate that the Group will be able to meet its cash flow demands and liabilities as they fall due from cash flows from operations and existing working capital.

The impact of the COVID-19 pandemic on operations and going concern has been assessed by the directors. To date, there has not been a material impact on the Group's operations or supply chain. The directors saw a negative impact on power prices in the short term due to a reduction in demand for electricity and lower commodities prices, however power prices have since rebounded and stabilised at a level that gives no rise to going concern issues. Furthermore, whilst power price variability is not welcomed, the other main source of revenue, the revenues associated with the Feed-in Tariff (FIT), has fixed prices per MWh that adds some certainty to future revenues and therefore the going concern assumption. The directors will continue to closely monitor the situation and to take appropriate action if deemed necessary.

Yorkshire Hydropower Holdings Limited

Notes to the Consolidated Financial Statements - continued For The Year Ended 31 March 2021

2. Accounting policies - continued

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the 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 period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Power Purchase Agreement

The Directors have considered whether the Power Purchase Agreement entered into by the Company meets the definition of a derivative under FRS 102 in the context of characteristics of derivative contracts set out within the definition. The Power Purchase Agreement was entered into and continues to be held for the purpose of the Company delivering electrical output to be received by the offtaker in accordance with the requirements set out in the contract, and therefore is not considered to be a financial instrument.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Deferred taxation

The Directors have used their judgement, based on long term projections, in estimating whether there will be sufficient taxable profits in the future to recognise a deferred tax asset in relation to tax losses carried forward. The Directors have also made estimates, based on those projections, about the expected timing or reversal of the deductible and taxable temporary differences when considering whether a deferred tax asset can be recognised.

Operating lease commitments

The classification of leases as operating or finance leases requires the Company to determine, based on evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires recognition on the balance sheet.

Yorkshire Hydropower Holdings Limited

Notes to the Consolidated Financial Statements - continued For The Year Ended 31 March 2021

2. Accounting policies - continued

Turnover

Turnover represents the value of power generated during the period, excluding value added tax, in the UK.

Turnover recognition

Turnover is recognised when the significant risks and rewards are considered to have transferred to the buyer and is recorded at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before turnover is recognised:

a) Generation and embedded benefits turnover

Turnover from the sale of electricity represents the invoice value, pre sales tax, of electricity provided to third parties and is recognised when electricity is generated. Embedded benefits are paid to generating plant located on the distribution network to reflect the lower cost of transporting electricity to the end user and are recorded at the invoice value.

b) TRIADS turnover

Turnover from the sale of TRIADS (bonus for generating at peak demand times during the winter months) represents the invoice value, before sales tax, of TRIADS provided to third parties and is recognised when eligible electricity is generated.

c) FITs turnover

The Feed-in tariff scheme (FITs) is an incentive for electricity-generating technology from a renewable or low carbon source. Turnover is paid directly from OFGEM and is recognised at the point of generation.

Tangible fixed assets

Tangible assets are stated at cost less accumulated provisions for depreciation and any impairment.

Depreciation is provided at the following rates in order to write off each asset over its estimated useful life.

Hydro electric plant and machinery - Straight line over the estimated useful life and the lease for the land on which the asset operates, 60 years.

Battery cells - Straight line over 10 years.

Assets under construction are stated at cost and are not depreciated until brought into use.

Tangible assets not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence that they may be impaired. If there is such an indication, the recoverable amount of the asset is compared to the carrying value of the asset. The recoverable amount is the lower of the value in use and the net book value of the asset. Value in use is the present value of the estimated future cash flows discounted at a pre-tax discount rate representing the current market risk free rate and the risks inherent in the asset.

Yorkshire Hydropower Holdings Limited

Notes to the Consolidated Financial Statements - continued For The Year Ended 31 March 2021

2. Accounting policies - continued

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 assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

Yorkshire Hydropower Holdings Limited

Notes to the Consolidated Financial Statements - continued For The Year Ended 31 March 2021

2. Accounting policies - continued

Financial instruments - continued

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is computed on its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Yorkshire Hydropower Holdings Limited

Notes to the Consolidated Financial Statements - continued For The Year Ended 31 March 2021

2. Accounting policies - continued

Financial instruments - continued

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Taxation

Current tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before taxation as reported in the Income statement 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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Deferred tax assets and liabilities are offset only if the Company has a legally enforceable right to set off current tax assets against current tax liabilities.

Yorkshire Hydropower Holdings Limited

Notes to the Consolidated Financial Statements - continued For The Year Ended 31 March 2021

2. Accounting policies - continued

Cash

Cash and cash equivalents are basic financial assets and include cash at bank, cash in hand, 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.

Accrued income

Accrued income represents accruals for electricity generation and FIT income not yet billed.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

Operating leases

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Borrowing costs

Borrowing costs are expensed as incurred.

Merger accounting

Following the reorganisation of the direct ownership of Yorkshire Hydropower Limited in 2017, the Group has adopted a merger accounting basis for preparing the consolidated financial statements. See note 26 for further information.

3. Turnover

The turnover and loss before taxation are attributable to the one principal activity of the Group.

4. Employees and directors

There were no staff costs for the year ended 31 March 2021 nor for the period ended 31 March 2020.

The average number of employees by undertakings that were proportionately consolidated during the year was NIL (2020 - NIL).

Services are provided to the Company through third party asset management agreements.

None of the Directors received any remuneration from the Company during the period (31 March 2020: None).

Yorkshire Hydropower Holdings Limited**Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2021****5. Operating (loss)/profit**

The operating loss (2020 - operating profit) is stated after charging:

	Year ended 31/3/21 £	Period 1/7/19 to 31/3/20 £
Other operating leases	47,891	38,641
Depreciation - owned assets	226,318	170,600
Auditor's remuneration - auditing of financial statements	11,552	8,561
Impairment of tangible fixed assets	<u>767,506</u>	<u>-</u>

6. Exceptional items

	Year ended 31/3/21 £	Period 1/7/19 to 31/3/20 £
Exceptional items	<u>(907,506)</u>	<u>(18,666)</u>

Included on the profit and loss account, under administrative expenses is an amount of £140,000 (31 March 2020: £nil) which relates to costs regarding an on-going health and safety investigation, see note 18 for further information and an amount of £767,506 (31 March 2020: £nil) which represents an impairment in the year on tangible fixed assets, see note 10 for further information. The remaining balance of £nil (31 March 2020: £18,666) represents costs incurred by the Group in connection with its acquisition by JLEN Environmental Assets Group (UK) Limited. These are disclosed as exceptional items by virtue of their size and or nature.

7. Interest payable and similar expenses

	Year ended 31/3/21 £	Period 1/7/19 to 31/3/20 £
Loan Interest	<u>118,186</u>	<u>85,297</u>

8. Taxation**Analysis of the tax charge**

No liability to UK corporation tax arose for the year ended 31 March 2021 nor for the period ended 31 March 2020.

Yorkshire Hydropower Holdings Limited**Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2021****8. Taxation - continued****Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK.
The difference is explained below:

	Year ended 31/3/21 £	Period 1/7/19 to 31/3/20 £
Loss before tax	<u>(949,940)</u>	<u>(13,038)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(180,489)	(2,477)
Effects of:		
Expenses not deductible for tax purposes	104,480	13,339
Unrecognised deferred tax	<u>76,009</u>	<u>(10,862)</u>
Total tax charge	<u>-</u>	<u>-</u>

As at 31 March 2021 there is a deferred tax asset recognised of £nil (2020: £nil).

In addition, as at year end there is also an unrecognised deferred tax asset of £103,067 in respect to a £305,697 asset for tax losses which is offset against a liability of £202,630 for accelerated capital allowances.

9. Individual statement of comprehensive income

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

Yorkshire Hydropower Holdings Limited**Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2021****10. Tangible fixed assets****Group**

	Plant and machinery £
Cost	
At 1 April 2020	9,091,463
Additions	(20,385)
	<hr/>
At 31 March 2021	9,071,078
	<hr/>
Depreciation	
At 1 April 2020	638,327
Charge for year	226,318
Impairments	767,506
	<hr/>
At 31 March 2021	1,632,151
	<hr/>
Net book value	
At 31 March 2021	7,438,927
	<hr/>
At 31 March 2020	8,453,136
	<hr/>

Impairment in the year relates to tangible fixed assets being impaired down to their recoverable amount through a value in use calculation.

11. Fixed asset investments**Company**

	Shares in group undertaking £
Cost	
At 1 April 2020 and 31 March 2021	6,425
	<hr/>
Net book value	
At 31 March 2021	6,425
	<hr/>
At 31 March 2020	6,425
	<hr/>

Investments are directly owned 100% holdings of the ordinary share capital of one subsidiary, Yorkshire Hydropower Limited. This subsidiary is incorporated in the United Kingdom with the principal activity in the period being the operation of the hydropower and battery projects. The registered address of the investments is C/O RES White Limited, Beaufort Court, Egg Farm Lane, Kings Langley, Hertfordshire WD4 8LR.

Yorkshire Hydropower Holdings Limited**Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2021****12. Debtors: amounts falling due within one year**

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	268,968	6,029	-	-
Amounts owed by group undertakings	-	-	236,735	48,706
Other debtors	-	1,065	-	1,065
VAT	-	17,885	-	204
Accrued income	111,661	164,148	-	-
	<u>380,629</u>	<u>189,127</u>	<u>236,735</u>	<u>49,975</u>

13. Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts (see note 15)	167,110	160,327	-	-
Trade creditors	32,439	13,972	-	-
Amounts owed to group undertakings	236,735	-	298,342	-
VAT	4,425	-	-	-
Other creditors	20,501	20,501	-	-
Accruals and deferred income	67,299	57,673	(1)	8,000
	<u>528,509</u>	<u>252,473</u>	<u>298,341</u>	<u>8,000</u>

Amounts owed to group companies are repayable on demand.

The amount of £236,735 (2020: £nil), within amounts owed by group undertakings is a short term loan bearing a fixed interest rate of 5% owed to JLEN Environmental Assets Group (UK) Limited.

14. Creditors: amounts falling due after more than one year

	Group	
	2021	2020
	£	£
Bank loans (see note 15)	2,247,890	2,411,259
Other creditors	1,397,492	1,417,994
	<u>3,645,382</u>	<u>3,829,253</u>

Yorkshire Hydropower Holdings Limited**Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2021****15. Loans**

An analysis of the maturity of loans is given below:

	Group	
	2021	2020
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>167,110</u>	<u>160,327</u>
Amounts falling due between two and five years:		
Bank loans - 1-5 years	<u>742,197</u>	<u>712,071</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>1,505,693</u>	<u>1,699,188</u>

16. Leasing agreements

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2021	2020
	£	£
Within one year	8,000	8,000
Between one and five years	32,000	32,000
In more than five years	<u>520,000</u>	<u>528,000</u>
	<u>560,000</u>	<u>568,000</u>

The total operating lease payments are variable and based on a percentage of gross income and an additional percentage on the relevant operating surplus, the minimum payable is disclosed above.

17. Secured debts

Triodos bank NV holds a fixed charge and a negative pledge over the company's assets.

In respect of the Company's subsidiary Tridos Bank NV holds a charge by way of a first legal mortgage on all estates and interest in freehold, leasehold and other immovable property in which the chargee has an interest together with fixed and floating charges.

18. Provisions for liabilities

The provision of £140,000 is in relation to costs regarding an on-going health and safety investigation following an incident at one of the Company's hydropower facilities in 2019.

Yorkshire Hydropower Holdings Limited**Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2021****19. Called up share capital**

Allotted, issued and fully paid:		Nominal value:	2021	2020
Number:	Class:		£	£
5,093,790	Ordinary A	0.001	5,094	5,094
1,330,936	Ordinary B	0.001	1,331	1,331
			<u>6,425</u>	<u>6,425</u>

20. Off-balance sheet arrangements

The Group enters into operating lease arrangements for the land on which the hydro and battery projects are located. The Group's lease rental expense is disclosed in note 5 and the Group commitments under these arrangements are disclosed in note 16. There are no other material off-balance sheet arrangements.

21. Related party disclosures

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

22. Ultimate controlling party

The Company's ultimate parent and controlling entity is JLEN Environmental Assets Group Limited, a company incorporated in Guernsey, Channel Islands, with a registered address of Sarnia House, Le Truchot, St. Peter Port, Guernsey, GY1 4NA.

Copies of the financial statements of JLEN Environmental Assets Group Limited are available from the website www.jlen.com.

The immediate parent company is JLEN Environmental Assets Group (UK) Limited and is the smallest member of the group which prepare consolidated statements. JLEN Environmental Assets Group (UK) Limited is registered in England and Wales and the financial statements are available from the registered office at C/O Foresight Group Llp The Shard, 32 London Bridge Street, London, United Kingdom, SE1 9SG.

Yorkshire Hydropower Holdings Limited**Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2021****23. Reconciliation of loss before taxation to cash generated from operations**

	Year ended 31/3/21 £	Period 1/7/19 to 31/3/20 £
Loss before taxation	(949,940)	(13,038)
Depreciation charges	226,317	170,600
Impairment of tangible fixed assets	767,506	-
Other provisions less payments	140,000	-
Finance costs	118,186	85,297
Finance income	(499)	(507)
	<u>301,570</u>	<u>242,352</u>
(Increase)/decrease in trade and other debtors	(191,503)	21,743
Increase/(decrease) in trade and other creditors	<u>22,752</u>	<u>(100,221)</u>
Cash generated from operations	<u><u>132,819</u></u>	<u><u>163,874</u></u>

24. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2021

	31/3/21 £	1/4/20 £
Cash and cash equivalents	<u>156,745</u>	<u>151,813</u>

Period ended 31 March 2020

	31/3/20 £	1/7/19 £
Cash and cash equivalents	151,813	143,674
Bank overdrafts	-	(54,941)
	<u><u>151,813</u></u>	<u><u>88,733</u></u>

Yorkshire Hydropower Holdings Limited**Notes to the Consolidated Financial Statements - continued**
For The Year Ended 31 March 2021**25. Analysis of changes in net debt**

	At 1/4/20 £	Cash flow £	At 31/3/21 £
Net cash			
Cash at bank	151,813	4,932	156,745
	<u>151,813</u>	<u>4,932</u>	<u>156,745</u>
Debt			
Debts falling due within 1 year	(160,327)	(6,783)	(167,110)
Debts falling due after 1 year	(2,411,259)	163,369	(2,247,890)
	<u>(2,571,586)</u>	<u>156,586</u>	<u>(2,415,000)</u>
Total	<u>(2,419,773)</u>	<u>161,518</u>	<u>(2,258,255)</u>

26. Merger reserve

The merger reserve originally arose from the reorganisation of the direct ownership of Yorkshire Hydropower Limited in 2017, whereby Yorkshire Hydropower Holdings Limited acquired Yorkshire Hydropower Limited by issuing shares to the Yorkshire Hydropower Limited owners. Therefore merger accounting was applied and £5,071,532 was recognised in the merger reserve to reflect the share premium paid on the original subscription to Yorkshire Hydropower Limited.