

BALAGOWAN HYDRO LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023
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BALAGOWAN HYDRO LIMITED

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BALAGOWAN HYDRO LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	4		1,125,382		1,211,155
Current assets					
Debtors	5	116,089		119,550	
Cash at bank and in hand		18,106		965	
		134,195		120,515	
Creditors: amounts falling due within one year	6	(36,526)		(14,690)	
Net current assets			97,669		105,825
Total assets less current liabilities			1,223,051		1,316,980
Creditors: amounts falling due after more than one year	7		(1,279,018)		(1,391,978)
Provisions for liabilities	8		(45,982)		(51,347)
Net liabilities			(101,949)		(126,345)
Capital and reserves					
Called up share capital	9		1		1
Profit and loss reserves	11		(101,950)		(126,346)
Total equity			(101,949)		(126,345)

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

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

12 / 10 / 2023

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



.....
M Orr
Director

Company Registration No. SC485598

BALAGOWAN HYDRO LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2021	1	(102,685)	(102,684)
Year ended 31 March 2022:			
Loss and total comprehensive loss for the year	-	(23,661)	(23,661)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2022	1	(126,346)	(126,345)
Year ended 31 March 2023:			
Profit and total comprehensive income for the year	-	24,396	24,396
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2023	1	(101,950)	(101,949)
	<hr/>	<hr/>	<hr/>

BALAGOWAN HYDRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Balagowan Hydro Limited is a private company limited by shares incorporated in Scotland. The registered office is 4 Melville Crescent, Edinburgh, EH3 7JA.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of The Wemyss Development Company Limited. These consolidated financial statements are available from its registered office, 4 Melville Crescent, Edinburgh, EH3 7JA.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The net liabilities position in the current year is due to amounts due to group undertakings of £1,279,018 (2022: £1,391,978). Whilst these amounts remain repayable on demand, the directors have received confirmation from the other group companies that there is no intention that they will be recalled in such a way that would prevent Balagowan Hydro Limited from meeting its obligations as they fall due. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents the sale of electricity from the supply and generation of hydro electric power net of VAT, being the value of units supplied during the period.

BALAGOWAN HYDRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

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

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

Hydro facilities plant	5% straight line basis
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1.5 Borrowing costs related to fixed assets

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

1.7 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.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

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

Basic financial assets

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

BALAGOWAN HYDRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors 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.

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

1.9 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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.10 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 profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

BALAGOWAN HYDRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

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

Impairment of fixed assets

The carrying value of fixed assets is considered annually. The valuation of the hydro schemes is based on analysing expected future cash flows discounted to present value.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 0 (2022 - 0)

4 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 April 2022 and 31 March 2023	1,679,728
Depreciation and impairment	
At 1 April 2022	468,573
Depreciation charged in the year	85,773
At 31 March 2023	554,346
Carrying amount	
At 31 March 2023	1,125,382
At 31 March 2022	1,211,155

BALAGOWAN HYDRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

5 Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Trade debtors	53,227	11,045
Amounts due from group undertakings	45,804	45,804
Accrued income and prepayments	17,058	62,701
	<u>116,089</u>	<u>119,550</u>

Amounts due from group undertakings are interest free and repayable on demand.

6 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	7,997	9,165
Amounts due to parent undertakings	20,256	-
Other taxation and social security	1,723	125
Other creditors	6,550	5,400
	<u>36,526</u>	<u>14,690</u>

Amounts due to parent undertakings are interest free and repayable on demand.

7 Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Amounts due to parent undertakings	<u>1,279,018</u>	<u>1,391,978</u>

The long-term loans are unsecured, incur interest at 4% and are repayable on demand.

8 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2023	Liabilities 2022
	£	£
Balances:		
Accelerated capital allowances	<u>45,982</u>	<u>51,347</u>

BALAGOWAN HYDRO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

8 Deferred taxation

(Continued)

	2023 £
Movements in the year:	
Liability at 1 April 2022	51,347
Credit to profit or loss	(5,365)
Liability at 31 March 2023	<u>45,982</u>

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature within the same period.

9 Called up share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and fully paid				
Ordinary share of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Irvine Spowart and the auditor was Johnston Carmichael LLP.

11 Profit and loss reserve

Profit and loss reserves are the cumulative net profits in the statement of comprehensive income.

Movements on these reserves are set out in the statement of changes in equity.

12 Related party transactions

As a wholly owned subsidiary of The Wemyss Development Company Limited, advantage has been taken of the exemption granted by Section 33 Related Party Disclosures 33.1A, not to disclose transactions entered into between two or more members of the group, with entities that are wholly owned by the common parent undertaking.

13 Controlling party

The company's immediate parent undertaking is Wemyss Renewables Limited, a company registered in Scotland. the company's ultimate parent undertaking is The Wemyss Development Company Limited, a company registered in Scotland.

In the directors' opinion, the company has no ultimate controlling party.