

Registered number: SC631215

MORVOLTS LTD

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

MORVOLTS LTD

COMPANY INFORMATION

Directors	Ms S Jones Mr A F G Robertson Mr N G Tordoff
Registered number	SC631215
Registered office	Lochaline Harbour Lochaline Morvern Oban PA80 5XT
Independent auditors	EQ Accountants LLP Chartered Accountants & Statutory Auditors 14 City Quay Dundee DD1 3JA

MORVOLTS LTD

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

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

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Directors

The directors who served during the year were:

Ms S Jones
Mr A F G Robertson
Mr N G Tordoff

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

MORVOLTS LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Auditors

The auditors, EQ Accountants LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 27 December 2021 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'A F G Robertson', with a long horizontal stroke extending to the right.

Mr A F G Robertson
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MORVOLTS LTD

Opinion

We have audited the financial statements of MorVolts Ltd (the 'Company') for the year ended 31 March 2021, which comprise the Statement of income and retained earnings, the Statement of financial position and the related notes, 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; 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 13 to the financial statements, 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 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.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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 course of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MORVOLTS LTD (CONTINUED)

Opinion 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 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 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 1, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MORVOLTS LTD (CONTINUED)

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.

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:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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.

Other matters

Morvolts Limited was not audited in the prior period.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MORVOLTS LTD (CONTINUED)

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.



Mark Gallacher (Senior statutory auditor)

for and on behalf of
EQ Accountants LLP

Chartered Accountants
Statutory Auditors

14 City Quay
Dundee
DD1 3JA

27 December 2021

MORVOLTS LTD

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Administrative expenses	(72,172)	(353)
Operating loss	(72,172)	(353)
Loss after tax	(72,172)	(353)
Retained earnings at the beginning of the year	(353)	-
Loss for the year	(72,172)	(353)
Retained earnings at the end of the year	(72,525)	(353)

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of income and retained earnings.

The notes on pages 9 to 15 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

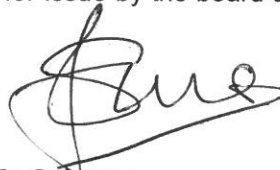
		2021 £	2020 £
Fixed assets			
Tangible assets		3,747,741	179,817
		<u>3,747,741</u>	<u>179,817</u>
Current assets			
Debtors: amounts falling due after more than one year	5	50,000	-
Debtors: amounts falling due within one year	5	129,309	26,214
Cash at bank and in hand		92,440	99
		<u>271,749</u>	<u>26,313</u>
Creditors: amounts falling due within one year	6	<u>(1,857,915)</u>	<u>(85,880)</u>
Net current liabilities		<u>(1,586,166)</u>	<u>(59,567)</u>
Total assets less current liabilities		<u>2,161,575</u>	<u>120,250</u>
Creditors: amounts falling due after more than one year	7	<u>(2,234,000)</u>	<u>(120,503)</u>
Net liabilities		<u><u>(72,425)</u></u>	<u><u>(253)</u></u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		<u>(72,525)</u>	<u>(353)</u>
		<u><u>(72,425)</u></u>	<u><u>(253)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 December 2021.



Mr A F G Robertson
Director



Ms S Jones
Director

The notes on pages 9 to 15 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. General information

Morvolts Limited is a private company, limited by shares, incorporated in Scotland with the registration number SC631215. The registered office is Lochaline Harbour Lochaline, Morvern, Oban, Scotland, PA80 5XT.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

2.2 Going concern

The company has made a large loss for the year and has net liabilities. This position was expected as the company has not yet completed construction of its hydro-electric scheme.

Following the balance sheet date, the short-term borrowings were converted to a term loan. The directors have modelled the income and expenditure of the company and are confident that the company will be able to continue trading for the foreseeable future, therefore the accounts are prepared on a going concern basis.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.4 Borrowing costs

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

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Development	- Not depreciated
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Employees

The average monthly number of employees, including directors, during the year was 3 (2020 - 3).

4. Tangible fixed assets

	Development £
Cost or valuation	
At 1 April 2020	179,817
Additions	3,384,798
Transfers intra group	183,126
At 31 March 2021	<u>3,747,741</u>
Net book value	
At 31 March 2021	<u><u>3,747,741</u></u>
At 31 March 2020	<u><u>179,817</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

5. Debtors

	2021	2020
	£	£
Due after more than one year		
FLS Lease restoration bond	50,000	-
	50,000	-
	2021	2020
	£	£
The FLS Lease restoration bond is an amount lodged with Forestry and Land Scotland to provide security for the restoration of the land leased by MorVolts Limited at the end of the lease term.		
Due within one year		
SSE construction security	26,523	14,547
VAT recoverable	102,786	11,667
	129,309	26,214

The SSE construction security is an amount lodged with SSE as security for MorVolts' obligations to them in respect of the electrical grid connection.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

6. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	25	-
Bank loans	1,359,899	-
Trade creditors	316,723	84,430
Other creditors	59,134	1,100
Accruals and deferred income	122,134	350
	<u>1,857,915</u>	<u>85,880</u>

The following liabilities were secured:

	2021 £	2020 £
Bank loans	1,359,889	-
Bank overdrafts	25	-
	<u>1,359,914</u>	<u>-</u>

Details of security provided:

Bank overdrafts and loans are secured by a standard security in favour of Triodos Bank UK Limited over all and whole tenant's interest in lease of land at Barr Forest, Lochaline, Morvern and forms part and portion of all and whole of the estates of Glenmorvern and Drimmin and via an an existing first bond and floating charge over all assets and undertakings (both present and future) of the company.

The other loan from the Energy Investment Fund is secured by a standard security in favour of Scottish Enterprise (as administrator of the Energy Investment Fund) over all and the whole of the tenant's interest in the lease of land at Barr Forest, Lochaline, Morvern. A ranking agreement is in place giving first charge to Triodos Bank in respect of this land.

In addition, Triodos have the right of set-off for any liability against any accounts held with the bank by the company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

7. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Other loans	2,234,000	120,503
	<u>2,234,000</u>	<u>120,503</u>

The following liabilities were secured:

	2021 £	2020 £
Other loans	2,234,000	-
	<u>2,234,000</u>	<u>-</u>

Details of security provided:

Bank overdrafts and loans are secured by a standard security in favour of Triodos Bank UK Limited over all and whole tenant's interest in lease of land at Barr Forest, Lochaline, Morvern and forms part and portion of all and whole of the estates of Glenmorvern and Drimmin and via an an existing first bond and floating charge over all assets and undertakings (both present and future) of the company.

The other loan from the Energy Investment Fund is secured by a standard security in favour of Scottish Enterprise (as administrator of the Energy Investment Fund) over all and whole the tenant's interest in the lease of land at Barr Forest, Lochaline, Morvern. A ranking agreement is in place giving first charge to Triodos Bank in respect of this land.

In addition, Triodos have the right of set-off for any liability against any accounts held with the bank by the company.

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	2021 £	2020 £
Repayable by instalments	2,051,141	-
	<u>2,051,141</u>	<u>-</u>

The other loan from Energy Investment Fund (administered by Scottish Enterprise) is repayable by instalments following an agreed schedule. The first installment is due in October 2022 and the final instalment is due in April 2042.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

8. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	1,359,899	-
	<u>1,359,899</u>	<u>-</u>
Amounts falling due 1-2 years		
Other loans	41,840	120,503
	<u>41,840</u>	<u>120,503</u>
Amounts falling due 2-5 years		
Other loans	141,019	-
	<u>141,019</u>	<u>-</u>
Amounts falling due after more than 5 years		
Other loans	2,051,141	-
	<u>2,051,141</u>	<u>-</u>
	<u><u>3,593,899</u></u>	<u><u>120,503</u></u>

The bank loan repayable within 1 year represents the construction facility agreed with Triodos Bank UK Limited. On the completion of the construction phase of the Barr Hydro Electric scheme, the loan was repaid by the drawdown of a term loan at lower rate of interest.

9. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
100 (2020 - 100) Ordinary shares of £1.00 each	100	100
	<u><u>100</u></u>	<u><u>100</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**
10. Capital commitments

At 31 March 2021 the Company had capital commitments as follows:

	2021 £	2020 £
Contracted for but not provided in these financial statements	1,409,292	4,977,216
	<u>1,409,292</u>	<u>4,977,216</u>

The company had entered into commitments with various suppliers for the completion of the Barr Hydro Scheme.

11. Commitments under operating leases

At 31 March 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	1	-
Later than 1 year and not later than 5 years	4	-
Later than 5 years	35	-
	<u>40</u>	<u>-</u>

In addition to the annual rental charge of £1, MorVolts is obliged to pay the landlord:

- 2.5% of gross revenue from commissioning to the 13th anniversary; and
- 5% thereafter

12. Controlling party

The company is a wholly owned subsidiary of The Morvern Community Development Company (MCDC), a company limited by guarantee incorporated in Scotland with registration number SC200325. MCDC is the ultimate controlling party and has its registered office at Lochaline Harbour, Lochaline, Morvern, Oban, Argyll, PA80 5XT.

13. Provisions available for audits of small entities

In keeping with many other businesses of our size and nature, we use our auditor to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

MORVOLTS LTD

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Overheads		
Administration expenses	(72,172)	(353)
Operating loss	(72,172)	(353)
Loss for the year	(72,172)	(353)

MORVOLTS LTD**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021**

	2021 £	2020 £
Administration expenses		
Computer costs	135	-
Legal and professional	470	-
Auditors' remuneration	1,500	-
Accountancy fees	1,500	350
Bank charges	50,998	3
Difference on foreign exchange	16,334	-
General expenses	1,028	-
SEPA return	207	-
	<u>72,172</u>	<u>353</u>