



Hoy Energy Ltd – Chairman's report for Financial Year ending March 31st 2022

Trading Conditions

A year of challenges amidst a gloomy climate within the industry, particularly in respect of the continuing difficulties centred around Enercon in terms of service and support. The company management in Germany have stated that many changes and improvements have been made, but these have yet to materialise in Orkney. Options around alternative third party service provision have been in focus for many months, but the bespoke nature of the Enercon technology is proving to be an insurmountable obstacle.

Financial Performance

The company reports a pre-tax profit of £129k on turnover of £375k, compared to a profit of £168k on turnover of £411k in the previous year. The fall in turnover reflects the lower levels of generation compared to the prior year, and a drop in the export rate during this financial year to a variable rate of approx. 4.6p per unit from a fixed rate of 5.7p in the previous year. A new power purchase agreements has been agreed for the 2022-23 year which should pay slightly over 12p per unit inclusive of embedded benefits.

Operating costs totalled £202k compared with £194k in the previous year; finance costs totalled £45k compared to £50k in the previous year. Interest charges continue to fall as the loan balances are paid down.

The balance sheet reports net assets of £631k at the year end, a reduction from £657k the previous year.

Corporation Tax

To reduce the corporation tax liability to £nil the HEL directors decided once again to donate the maximum trading surplus, this year a total of £112,180 to the IoHDT.

Audit

The annual audit of HEL accounts and company procedures was carried out by AJB Scholes of Kirkwall and concluded that there were no anomalies or internal financial control matters that required attention.

End

Max Collop

Chairman

Hoy Energy Ltd