

HEL Chairman's report to loHDT – FYE 31.03.21

Operational performance:

Increasing difficulties were experienced in relation to service and response times from Enercon – mounting losses and expense associated with outages were recorded ahead of dialogue with Enercon – following which reassurances were received that things would improve over time – sadly we are still waiting. The lightning damage sustained in August of 2020 was repaired without claiming on insurance, in order to minimise premium increases at the subsequent renewal. Additional remedial work to reduce future risk from lightning was also undertaken, the cost of which was again absorbed as part of the annual operational costs. Adoption of Covid related operating practices brought some additional costs, mainly in terms of IT equipment, however these also brought some savings over the second half of the year through reduced logistical costs.

Financial:

The company reported a pre-tax profit of £167,797 on a turnover of £410,571, compared to a profit of £203,565 on a turnover of £440,995 in the previous year. This apparent fall in turnover is due mainly to the previous year being exceptionally high rather than this year being particularly low, the FYE 2021 total is in fact nearer to the projects mean average performance as modelled at the outset of the project.

Direct costs have remained reasonably consistent with the prior year, falling marginally from £112,122 to £110,383.

Administrative expenses also fell from £87,631 to £83,513.

Interest charges continue to fall as loan balances are reduced.

The balance sheet reports net assets of £656,872 at the year end, up from £566,790 the previous year.

The carrying value of tangible fixed assets fell as the turbine and other assets continue to be depreciated (£72,819 charge in the current year), however there was investment of over £16k in new equipment - £11k in the legacy project, which was still under construction in the year and £5k in IT equipment such as GSM broadband connections.

Net current assets increased marginally from £763,562 to £774,807, which includes the £100k on loan and due from Island of Hoy Development Trust.

It is calculated that the company is liable to £31,988.59 corporation tax for this period, and as a result the HEL board has elected to make a donation of £168,361 to the loHDT before the 31st of December in order to extinguish this liability altogether.

The HEL board held it's AGM on October 14th 2021 wherein the financial statements for YE 31.03.21 were formally adopted and all directors confirmed they would remain in post.

Maxwell Collop (Chair)

November 2021