

REGISTERED NUMBER: 07611290 (England and Wales)

**Churchtown Farm Solar Limited**  
**Directors' Report and**  
**Financial Statements for the Year Ended 31 December 2019**

SATURDAY



\*A97LA2KG\*

A14

20/06/2020

#169

COMPANIES HOUSE

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Directors' Report</b>	<b>2</b>
<b>Statement of Directors' Responsibilities</b>	<b>4</b>
<b>Report of the Independent Auditor</b>	<b>5</b>
<b>Profit and loss account</b>	<b>7</b>
<b>Statement of Comprehensive Income</b>	<b>8</b>
<b>Balance Sheet</b>	<b>9</b>
<b>Statement of Changes in Equity</b>	<b>10</b>
<b>Cash Flow Statement</b>	<b>11</b>
<b>Notes to the Cash Flow Statement</b>	<b>12</b>
<b>Notes to the Financial Statements</b>	<b>13</b>

**Churchtown Farm Solar Limited**

**Company Information  
for the Year Ended 31 December 2019**

---

**DIRECTORS:**

M C Wayment  
T J Scott  
L E Hoddell  
R A Mattholie

**REGISTERED OFFICE:**

Beaufort Court  
Egg Farm Lane  
Off Station Road  
Kings Langley  
Hertfordshire  
WD4 8LR

**REGISTERED NUMBER:**

07611290 (England and Wales)

**AUDITORS:**

Deloitte LLP  
1 New Street Square  
London  
EC4A 3HQ

**Directors' Report  
for the Year Ended 31 December 2019**

---

The Directors present their report with the audited financial statements of the Company for the year ended 31 December 2019.

**PRINCIPAL ACTIVITY**

Churchtown Farm Solar Limited's principal activity is the generation and sale of electricity from solar power.

**REVIEW OF BUSINESS**

The Company was incorporated on 20 April 2011 and commenced trading on 20 July 2011.

The Company has performed well compared to budget during the year therefore the Directors' are satisfied with the performance of each Company.

Financing costs result in a trading loss in the year and puts the Company in a net liability position. The Directors do not anticipate any changes to the business activities in the forthcoming year.

**Future Developments**

The Directors do not anticipate any changes to the business activities in the forthcoming year.

The outbreak of COVID-19 is a very significant humanitarian and economic event facing many businesses. It has become clear that this will result in a significant economic slowdown, if not recession, in the months ahead. In this period of huge uncertainty, it is very difficult to make forward looking statements or predictions with any great certainty. However, we believe that the impact of COVID-19 will be a temporary disruption and will ultimately pass. In the meantime, we have stress tested our business model to understand what the impact would be, as discussed in the Going Concern statements in this annual report.

**Results and dividends**

The Company made a loss of £62,720 (2018: £272,746) and has net liabilities of £2,614,028 (2018: £2,551,308). No dividends were paid during the current year or prior year.

**Going Concern Review**

Since the start of 2020 there has been an outbreak of COVID-19 (coronavirus) which has led to uncertainty in the market. The Directors of Churchtown Farm Solar Limited 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.

The Company made a loss of £62,720 (2018: £272,746) and has net liabilities of £2,614,028 (2018: £2,551,308).

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the notes to the financial statements.

COVID-19 is a post balance sheet non adjusting event. While it will cause widespread economic disruption, its impact should be temporary. Given the use of group funding to fund the underlying operations the Directors do not foresee any going concern issues.

**Financial risk management objectives and policies**

The Company has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the Company's performance. The Directors have policies for managing each of these risks and they are summarised below:

**Inflation risk**

The Company receives Feed in Tariff (FiT) revenue based on a fixed tariff rate which is subject to an annual RPI adjustment. The effect of changes in inflation on the Company's future revenue is managed at the parent Company level through RPI linked borrowings.

**Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks.

**Trade receivables:**

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

**Directors' Report  
for the Year Ended 31 December 2019**

---

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 December 2019 and 2018 is the carrying amounts.

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's policy to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of intercompany facilities and by ensuring adequate internally generated funds.

Refer to notes 13 - 14 for more information regarding the maturity of the Company's financial liabilities. Trade and other payables in most circumstances are due within 3 months from the date of invoice.

**Events after the balance sheet date**

Details of significant events since the balance sheet date are contained in note 22 to the financial statements.

**DIRECTORS**

The Directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

M C Wayment  
T J Scott

Other changes in Directors holding office are as follows:

S W Hughes - resigned 28 November 2019  
M R Patel - resigned 30 December 2019  
L E Hoddell - appointed 30 December 2019  
R A Mattholie - appointed 30 December 2019

**AUDITOR**

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**Reappointment of auditor**

Deloitte LLP has indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an AGM.

The Company has taken advantage of the exemption for the requirement to disclose an enhanced business review and to prepare a Strategic Report in accordance with section 414B of the Companies Act 2006.

**APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF BY:**

*Laura E. Hoddell*

.....  
L E Hoddell - Director

Date: 4 May 2020

**Statement of Directors' Responsibilities  
for the Year Ended 31 December 2019**

---

The Directors are responsible for preparing the Annual 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 FRS102 "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 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 transactions and disclose with reasonable accuracy at any time the financial position of the Company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of Churchtown Farm Solar Limited ('The Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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.

**We have audited the financial statements which comprise:**

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- notes to the cash flow statement; and
- related notes 1 to 22.

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).

**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 auditor's 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 UK, including the Financial Reporting Council's (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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report and the Statement of Directors' Responsibilities, other than the financial statements and our auditor's 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, 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.

### **Auditor's 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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions 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.

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 any material misstatements in the Directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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 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 strategic report.

We have nothing to report in respect of these matters.

### **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 auditor's 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.



Anthony Matthews FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

Date: 4 May 2020



**Churchtown Farm Solar Limited (Registered number: 07611290)**

**Profit and loss account  
for the Year Ended 31 December 2019**

	Notes	2019 £	2018 £
<b>TURNOVER</b>	3	2,368,421	2,059,056
Cost of sales		<u>(765,451)</u>	<u>(882,205)</u>
<b>GROSS PROFIT</b>		1,602,970	1,176,851
Administrative expenses		<u>(206,343)</u>	<u>(183,325)</u>
		1,396,627	993,526
Other operating income	4	<u>-</u>	<u>184,797</u>
<b>OPERATING PROFIT</b>	6	1,396,627	1,178,323
Finance costs	7	<u>(1,324,063)</u>	<u>(1,303,734)</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		72,564	(125,411)
Tax on profit/(loss)	8	<u>(135,284)</u>	<u>(147,335)</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u><u>(62,720)</u></u>	<u><u>(272,746)</u></u>

The notes form part of these financial statements

**Churchtown Farm Solar Limited (Registered number: 07611290)**

**Statement of Comprehensive Income  
for the Year Ended 31 December 2019**

	Notes	2019 £	2018 £
LOSS FOR THE YEAR		(62,720)	(272,746)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(62,720)</u>	<u>(272,746)</u>

The notes form part of these financial statements

**Churchtown Farm Solar Limited (Registered number: 07611290)**

**Balance Sheet  
31 December 2019**

	Notes	2019 £	2018 £
<b>FIXED ASSETS</b>			
Intangible assets	9	654,145	694,119
Tangible assets	10	<u>9,040,944</u>	<u>9,157,326</u>
		<u>9,695,089</u>	<u>9,851,445</u>
<b>CURRENT ASSETS</b>			
Stocks	11	59,056	52,458
Debtors: amounts falling due within one year	12	485,166	787,700
Cash at bank and in hand		<u>877,525</u>	<u>715,960</u>
		1,421,747	1,556,118
<b>CREDITORS</b>			
Amounts falling due within one year	13	<u>(12,980,276)</u>	<u>(13,404,300)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(11,558,529)</u>	<u>(11,848,182)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(1,863,440)	(1,996,737)
<b>PROVISIONS FOR LIABILITIES</b>	16	<u>(750,588)</u>	<u>(554,571)</u>
<b>NET LIABILITIES</b>		<u>(2,614,028)</u>	<u>(2,551,308)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	20	20
Profit and loss account		<u>(2,614,048)</u>	<u>(2,551,328)</u>
<b>SHAREHOLDERS' DEFICIT</b>		<u>(2,614,028)</u>	<u>(2,551,308)</u>

The financial statements were approved by the Board of Directors on 4 May 2020 and were signed on its behalf by:

*Laura E. Hoddell*

.....  
L E Hoddell - Director

**Statement of Changes in Equity  
for the Year Ended 31 December 2019**

	Called up share capital £	Profit and loss account £	Total equity £
<b>Balance at 1 January 2018</b>	20	(2,278,582)	(2,278,562)
<b>Changes in equity</b>			
Total comprehensive loss	-	(272,746)	(272,746)
<b>Balance at 31 December 2018</b>	20	(2,551,328)	(2,551,308)
<b>Changes in equity</b>			
Total comprehensive loss	-	(62,720)	(62,720)
<b>Balance at 31 December 2019</b>	20	(2,614,048)	(2,614,028)

**Cash Flow Statement**  
for the Year Ended 31 December 2019

	Notes	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,304,256	1,162,512
Interest paid		<u>(1,760,000)</u>	<u>(650,000)</u>
Net cash from operating activities		<u>544,256</u>	<u>512,512</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment		<u>(382,691)</u>	<u>(959,829)</u>
Net cash from investing activities		<u>(382,691)</u>	<u>(959,829)</u>
<b>Cash flows from financing activities</b>			
New loans in year		<u>-</u>	<u>350,000</u>
Net cash from financing activities		<u>-</u>	<u>350,000</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>161,565</u>	<u>(97,317)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>715,960</u>	<u>813,277</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>877,525</u></u>	<u><u>715,960</u></u>

**Notes to the Cash Flow Statement  
for the Year Ended 31 December 2019**

**1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2019 £	2018 £
Profit/(loss) before taxation	72,564	(125,410)
Depreciation and amortisation charges	590,408	553,254
Loss on disposal of assets	-	185,222
Finance costs	<u>1,324,063</u>	<u>1,303,734</u>
	1,987,035	1,916,800
Increase in stocks	(6,598)	(17,677)
Decrease/(increase) in trade and other debtors	302,533	(392,313)
Decrease in trade and other creditors	(1,150)	(133,979)
Increase/(decrease) in accruals and deferred income	<u>22,436</u>	<u>(210,319)</u>
<b>Cash generated from operations</b>	<u><b>2,304,256</b></u>	<u><b>1,162,512</b></u>

**2. 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 December 2019**

	31/12/19 £	1/1/19 £
Cash and cash equivalents	<u>877,525</u>	<u>715,960</u>

**Year ended 31 December 2018**

	31/12/18 £	1/1/18 £
Cash and cash equivalents	<u>715,960</u>	<u>813,277</u>

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1/1/19 £	Cash flow £	At 31/12/19 £
<b>Net cash</b>			
Cash at bank	<u>715,960</u>	<u>161,565</u>	<u>877,525</u>
	<u>715,960</u>	<u>161,565</u>	<u>877,525</u>
<b>Debt</b>			
Debts falling due within 1 year	<u>(11,951,742)</u>	<u>-</u>	<u>(11,951,742)</u>
	<u>(11,951,742)</u>	<u>-</u>	<u>(11,951,742)</u>
<b>Total</b>	<u><b>(11,235,782)</b></u>	<u><b>161,565</b></u>	<u><b>(11,074,217)</b></u>

**Notes to the Financial Statements  
for the Year Ended 31 December 2019**

---

**1. GENERAL INFORMATION AND BASIS OF ACCOUNTING**

**General information and basis of accounting**

Churchtown Farm Solar Limited (the "Company") is a private limited Company incorporated and domiciled in England and Wales. The address of the Company's registered office is Beaufort Court, Egg Farm Lane, Off Station Road, Kings Langley, Hertfordshire, WD4 8LR.

The financial statements have been prepared on a going concern basis, under the historical cost convention (modified to include certain items at fair value) and in accordance with the Companies Act 2006 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The principal accounting policies, which have been applied consistently throughout the current year and prior year, are set out below.

The financial statements are presented in the functional currency of the Company, Pounds Sterling (£), as this is the currency of the primary economic environment in which the Company operates.

**Going Concern**

The Company made a loss of £62,720 (2018: £272,746) and has net liabilities of £2,614,028 (2018: £2,551,308).

The financial statements have been prepared on the going concern basis.

The intermediate holding Company, The Renewables Infrastructure Group (UK) Investments Limited (TRIG UK) has confirmed and committed to the Directors that it will not demand repayment for existing unsecured intercompany loans such that insolvency would result, for a period of at least twelve months from the date of signing of the Annual Report and Financial Statements.

The Directors have considered the Company's cash flow forecast for the period to the end of March 2021 and are satisfied that the Company, taking account of the Company's and the Group's reasonably possible changes in trading performance and the current funds available, the Company and the Group are able to operate for at least twelve months from the signing of the Annual Report and Financial Statements. For this reason, the Directors believe that the Company has adequate resources to continue in operational existence and therefore it is appropriate that the Company continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Company has not taken advantage of any of the FRS 102 disclosure exemptions available to qualifying entities.

**Turnover**

Turnover represents income from the generation of energy from an operational solar park during the year. Any uninvoyed income is accrued in the period in which it has been generated. Feed-in Tariff revenue is recognised at the point of generation. Electricity revenue is recognised at the point of the DNO / production meter.

Turnover is stated net of value added tax and is generated entirely within the United Kingdom.

**Intangible fixed assets**

Intangible fixed assets are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost of fixed assets, less their residual value, over their expected useful lives on a straight line basis as follows:

Other intangibles	- 4% straight line
-------------------	--------------------

Other intangibles represents the cost of know-how, in connection with the development of a solar park and the benefits of contracts including grid connection offers.

An amortisation period of 25 years has been used in line with the solar park's expected useful economic life under the Feed in Tariff regime. The amortisation charge is included within "Cost of sales" in the Profit & Loss Account presented on page 7.

2. ACCOUNTING POLICIES - continued

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Tangible fixed assets are depreciated to their estimated residual values on a straight line basis over their expected useful lives as follows:

Solar PV Assets	- 4% per annum
Inverters	- 6.67% per annum

Solar PV Assets represents the costs of construction of solar plants (excluding inverters), solar panels, civil/structural and electrical costs, grid connection, planning and professional fees that are directly attributable to bringing the assets to their working condition for their intended use.

Rent and interest costs incurred prior to the commissioning of the solar parks have been capitalised.

**Decommissioning costs**

The Company has recognised a provision for decommissioning obligations associated with its solar park. Provision for decommissioning is recognised in full when the related facilities are installed. A corresponding amount equal to the provision is also recognised as part of the cost of the related plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of decommissioning provision or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to plant and equipment. The unwinding of the discount on the decommissioning provision is included as a finance cost. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.



2. ACCOUNTING POLICIES - continued

**Operating leases**

Rentals payable under operating leases are based on the level of income received during the period and are charged to the profit and loss account on an accruals basis.

**Interest payable**

Interest payable on loans is charged to the profit and loss account on an accruals basis.

**Financial instruments**

The Company has chosen to adopt the recognition and measurement provisions of Section 11 & 12 of FRS 102 for 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 Group after deducting all of its 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 finance 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 balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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 Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

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

**Basic financial instruments**

**Trade and other debtors / creditors**

Trade and other debtors/creditors are classified as payable or receivable within one year and are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

**Interest-bearing borrowings classified as basic financial instruments**

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

**Cash and cash equivalents**

Cash and cash equivalents include cash at bank and on hand.

**Equity**

Equity comprises the following:

- "Share capital" represents the nominal value of ordinary equity shares.
- "Profit and loss account" includes all current results as disclosed in the profit or loss.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

**Significant accounting estimates and judgements**

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The most critical accounting judgements and estimates in determining the financial condition and results of the group are those requiring a greater degree of subjective or complete judgement. These relate to:

**Critical accounting judgements**

- Depreciation of property, plant and equipment

The depreciation methods estimated remaining useful lives and residual values are reviewed on an ongoing basis. The estimated useful life of Inverters was revised in 2015 to a total of 15 years as a result of the review (previously 25 years).

**Key sources of estimation uncertainty**

- Deferred taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

- Decommissioning provision

The Company recognises a provision for decommissioning obligations associated with its solar park. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs. The decommissioning provision at the year end is £598,409 (2018: £537,677).

3. TURNOVER

The Company's turnover is derived entirely from the generation of electricity within the United Kingdom. Turnover recognised in the profit or loss account is analysed as follows:

	2019	2018
	£	£
Sale of electricity	255,655	223,895
Feed-in Tariff	<u>2,112,766</u>	<u>1,835,161</u>
	<u>2,368,421</u>	<u>2,059,056</u>

4. OTHER OPERATING INCOME

	2019	2018
	£	£
Business Interruption	<u>-</u>	<u>184,797</u>

Other operating income comprises of insurance proceeds received during the reporting period relating business interruptions.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

5. EMPLOYEES AND DIRECTORS

There were no employees or staff costs for the year ended 31 December 2019 nor for the year ended 31 December 2018.

	2019 £	2018 £
Directors' remuneration	-	-

The Directors' emoluments were borne by a group undertaking in both the current year and prior period. It is not practicable to allocate costs to the Company for the services performed by the Directors in relation to the Company.

6. OPERATING PROFIT

The operating profit is stated after charging:

	2019 £	2018 £
Rent	114,845	115,238
Depreciation	550,434	513,515
Other intangibles amortisation	39,974	39,975
Auditor's remuneration	5,240	5,260
Impairment of fixed assets	-	185,222
Insurance proceeds	-	(172,487)

No non-audit services were provided to the Company during the current year or prior year.

7. FINANCE COSTS

	2019 £	2018 £
Other loan interest	1,314,692	1,294,440
Unwinding of discount on provision	9,371	9,294
	<u>1,324,063</u>	<u>1,303,734</u>

8. TAXATION

The tax charge comprises:

	2019 £	2018 £
<b>Current tax:</b>		
UK Corporation tax	-	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	135,284	147,335
Effect of change in tax rates	-	-
Total deferred tax (see note 16)	<u>135,284</u>	<u>147,335</u>
Total tax on loss on ordinary activities	<u>135,284</u>	<u>147,335</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019**TAXATION (continued)**

A previously enacted reduction in the main rate of Corporation Tax from 19% to 17% was due to take effect from 1 April 2020. As deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods of reversal, the Company has recognised all deferred tax closing balances using a rate of 17%. While the Finance Bill published on 19 March 2020 includes provision to reverse the reduction to 17%, leaving the rate at 19% from 1 April 2020, this legislation was not substantively enacted at the balance sheet date. The effect of restating the deferred tax closing balances to use a rate of 19% would be to increase the closing deferred tax liability by £17,903, from £152,178 to £170,081.

**Factors affecting the tax charge**

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit/(loss) before tax is as follows:

	2019 £	2018 £
Profit/(loss) before tax	<u>72,564</u>	<u>(125,410)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	13,787	(23,828)
Effects of:		
Expenses not deductible for tax purposes	12,755	12,613
Group relief surrendered for no payment	124,658	175,883
Change in tax rates	<u>(15,916)</u>	<u>(17,333)</u>
Total tax charge for period	<u>135,284</u>	<u>147,335</u>

**9. INTANGIBLE FIXED ASSETS**

	Other intangibles £
<b>COST</b>	
At 1 January 2019 and 31 December 2019	<u>1,000,000</u>
<b>AMORTISATION</b>	
At 1 January 2019	305,881
Amortisation for year	<u>39,974</u>
At 31 December 2019	<u>345,855</u>
<b>NET BOOK VALUE</b>	
At 31 December 2019	<u>654,145</u>
At 31 December 2018	<u>694,119</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

10. TANGIBLE FIXED ASSETS

	Solar PV Assets		Totals
	£	£	£
<b>Cost</b>			
At 1 January 2019	11,567,228	1,063,764	12,630,992
Additions:			
Property, plant and equipment	62,091	320,600	382,691
Decommissioning provision	51,361	-	51,361
at 31 December 2019	11,680,680	1,384,364	13,065,044
<b>Depreciation</b>			
At 1 January 2019	3,304,890	168,776	3,473,666
Charge for the year	449,565	100,869	550,434
at 31 December 2019	3,754,455	269,645	4,024,100
<b>NET BOOK VALUE</b>			
At 31 December 2019	<u>7,926,225</u>	<u>1,114,719</u>	<u>9,040,944</u>
At 31 December 2018	<u>8,262,338</u>	<u>894,988</u>	<u>9,157,326</u>

The tangible assets are pledged as security against the Group's bank borrowings.

11. STOCKS

	2019	2018
	£	£
Spare parts	<u>59,056</u>	<u>52,458</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade receivables	-	11,189
Intercompany debtors	204,726	404,948
Social security & other taxes	9,438	50,920
Prepayments and accrued income	<u>271,002</u>	<u>320,643</u>
	<u>485,166</u>	<u>787,700</u>

Due to the nature of these receivables, the carrying value approximates their fair value.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade payables	69,159	70,311
Other creditors	(5)	(5)
Accruals and deferred income	959,380	1,382,252
Loans from parent Company (see note 14)	<u>11,951,742</u>	<u>11,951,742</u>
	<u>12,980,276</u>	<u>13,404,300</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

14. LOANS

An analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due in more than five years but which are repayable on demand:		
Group Company loans	<u>11,951,742</u>	<u>11,951,742</u>

Loans are repayable on demand with repayment being no later than 24 July 2036 and therefore have been classified as current liabilities in 2019. Interest is charged on the loan at a rate of 11%. Loans were issued at market value and are measured at amortised cost.

15. LEASING AGREEMENTS

The following operating lease payments are committed to be paid within one year:

	2019 £	2018 £
Land and buildings	<u>44,281</u>	<u>42,581</u>

The Company has no non-cancellable operating leases more than one year.

16. PROVISIONS FOR LIABILITIES

Decommissioning costs

	2019 £	2018 £
At 1 January	554,571	525,980
Unwinding of discount	9,372	9,294
Re-assessment of provision due to change in discount rate	51,361	2,403
Movement in deferred tax liability	<u>135,284</u>	<u>16,894</u>
	<u>750,588</u>	<u>554,571</u>

The provision for decommissioning costs represents the Directors' best estimate of the costs required to return the site to its previous use at the end of the 25 year life of the solar park. The present value of the estimated cost has been arrived at using a discount rate equal to the current 25 year UK government bond yield at year end (1.24%, 2018: 1.74%)

Deferred tax liability

Based on the forecast profitability of the Company, it is expected that certain timing differences will reverse in the future to increase current taxation. Accordingly a deferred tax liability has been recognised. All movements on the deferred tax asset/liability have been transferred to the profit and loss account (see note 8).

The deferred tax asset assuming a tax rate of 17% (2018: 17%) can be analysed as follows:

	2019 £	2018 £
Accelerated depreciation in excess of capital allowances	162,872	(25,994)
Other timing differences	<u>(10,694)</u>	<u>9,101</u>
	<u>152,178</u>	<u>(16,894)</u>

The movement in the deferred tax asset comprises of:

	2019 £
Balance at 1 January 2019	16,894
Debit to profit and loss account during period	<u>135,284</u>
Balance at 31 December 2019	<u>152,178</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

---

17. CALLED UP SHARE CAPITAL

	No.	2019 £	No.	2018 £
Allotted, called up and fully paid				
Ordinary shares of £0.01 each	2,000	<u>20</u>	2,000	<u>20</u>

18. ULTIMATE PARENT Company

At 31 December 2019 the Company's immediate parent undertaking is European Investments (Cornwall) Limited.

In the Directors' opinion the ultimate parent undertaking is The Renewables Infrastructure Group Limited, a Company registered in Guernsey. This Company's registered address is: The Renewables Infrastructure Group Limited, East Wing, Trafalgar Court, Les Banques, St Peter Port, GY1 3PP, Guernsey.

The largest and smallest group which consolidates the results of the Company is European Investments (Cornwall) Holdings Limited. This Company's registered address is Beaufort Court, Egg Farm lane, Off Station Road, Kings Langley, Hertfordshire, WD4 8LR.

19. CONTINGENT LIABILITIES

The Company is included within a group VAT registration scheme, involving certain group undertakings. As such the Company is jointly and severally liable for the amounts owed by the other companies at the balance sheet date. At 31 December 2019 this amounted to £Nil (2018: £Nil). As at 31 December 2019, £38,613 (2018: £90,726) VAT was refundable to the group.

Certain loan balances outstanding in the immediate parent undertaking, European Investments (Cornwall) Limited are secured by a fixed and floating charge over the assets of the subsidiary companies. At the balance sheet date, the maximum extent of the charge was £48,418,564 (2018: £49,394,169).

20. CAPITAL COMMITMENTS

There were no capital commitments at the balance sheet date (2018: £Nil).

21. RELATED PARTY DISCLOSURES

These financial statements are included within the consolidated financial statements of European Investments (Cornwall) Holdings Limited, which are publicly available. Consequently, the Company has taken the exemption under Section 33.1A of FRS 102 not to provide information on related party transactions with other undertakings within the European Investments (Cornwall) Holdings Limited Group.

22. POST BALANCE SHEET EVENTS

As noted in the Directors' Report the Directors have considered the impact of the COVID-19 virus. Working together with the relevant third parties, the Directors have implemented an emergency recovery plan to ensure that the operational impact on the solar farm will be minimised. At the time of signing, it is expected that the virus will have a limited impact on the performance of the farm. Accordingly, there has been no adjustment to any current or prior year figures as a result of the virus, and the going concern basis is still deemed appropriate.