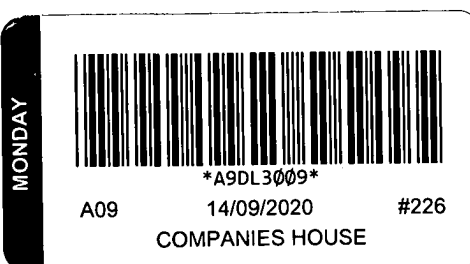


**Pencoose Solar Limited**

**Directors' Report and**

**Audited Financial Statements For The Year Ended 31 December 2019**



**Pencoose Solar Limited**

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For The Year Ended 31 December 2019**

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**Pencoose Solar Limited**

**Company Information  
For The Year Ended 31 December 2019**

<b>Directors:</b>	J K Rhodes-Journeay S C Tetot
<b>Registered office:</b>	C/O Reg White Limited Beaufort Court Egg Farm Lane Kings Langley Hertfordshire WD4 8LR
<b>Registered number:</b>	08126576 (England and Wales)
<b>Independent auditors :</b>	Deloitte LLP Statutory Auditor 110 Queen Street Glasgow United Kingdom G1 3BX
<b>Bankers:</b>	HSBC 3 Rivergate Temple Quay Bristol BS1 6ER

## **Pencoose Solar Limited**

### **Directors' Report For The Year Ended 31 December 2019**

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

This Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Further information on the basis of preparation of these financial statements and the going concern assumption can be found in note 2.

#### **Principal activity**

The principal activity of the Company in the period under review was the operation of the 8.145MW solar farm at in Pencoose Farm in Cornwall and this is expected to continue to be the principal activity of the Company.

#### **Impact of COVID-19**

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

#### **Dividends**

The profit during the year ended 31 December 2019 was £59,093 (31 December 2018: £(13,442) loss).

The directors paid interim dividends of £nil in the period (31 December 2018: £184,000).

The directors have not recommended payment of a final dividend (31 December 2018: £nil).

#### **Events since the end of the year**

Information relating to events since the end of the year is given in the notes 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.

J K Rhodes-Journeay  
S C Tetot

## **Pencoose Solar Limited**

### **Directors' Report For The Year Ended 31 December 2019**

#### **Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The impact of the COVID-19 pandemic on operations and going concern has been assessed by the directors. To date, there has not been a material impact on the Company's operations or supply chain. The directors expect a negative impact on power prices in the short term due to a reduction in demand for electricity and lower commodities prices, however this is not expected to be significant enough to cause any going concern issues due to there being no material impact on the fixed prices per MWh associated with the Renewable Obligation Certificate (ROC) buyout revenue stream. The directors will continue to closely monitor the situation and to take appropriate action if deemed necessary.

Further details regarding the adoption of the going concern basis can be found in note 2 of the Accounting Policies.

#### **Risks and uncertainties**

The Company is exposed to fluctuations in UK power prices. The company seeks to manage the volatility in power prices by fixing prices at least six months in advance whenever possible.

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. However, the directors believe that the impact of COVID-19 to the Company will be a temporary disruption and will ultimately pass. In the meantime, the business model has been stress tested to understand what the impact would be, with further details provided in the Going concern section of this annual report.

#### **Directors' indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

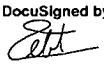
#### **Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Auditors**

The auditors, Deloitte LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

#### **On behalf of the board:**

DocuSigned by:  
  
.....C8BAF5DC48EF444.....  
S C Tetot - Director

Date: 05 August 2020  
.....

## **Pencoose Solar Limited**

### **Statement of Directors' Responsibilities For The Year Ended 31 December 2019**

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 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.

## **Independent Auditors' Report to the Members of Pencoose Solar Limited**

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

#### **Opinion**

In our opinion the financial statements of Pencoose 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 profit 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 14.

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 annual report, 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

## **Independent Auditors' Report to the Members of Pencoose Solar Limited**

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 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



**Independent Auditors' Report to the Members of  
Pencoose Solar Limited**

- 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.

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.



David Mitchell (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Glasgow  
UK  
6<sup>th</sup> August 2020

**Pencoose Solar Limited****Income Statement  
For The Year Ended 31 December 2019**

	Notes	31/12/19 £	31/12/18 £
<b>Turnover</b>	3	982,188	984,598
Cost of sales		(577,836)	(636,854)
<b>Gross profit</b>		404,352	347,744
Administrative expenses		(8,151)	(4,407)
<b>Operating profit</b>	5	396,201	343,337
Net finance charges		(342,189)	(364,521)
<b>Profit/(loss) before taxation</b>		54,012	(21,184)
Tax on profit/(loss)		5,081	7,742
<b>Profit/(loss) for the financial year</b>		<u>59,093</u>	<u>(13,442)</u>

The notes on pages 12 to 21 form part of these financial statements

**Pencoose Solar Limited****Statement of Other Comprehensive Income  
For The Year Ended 31 December 2019**

	Notes	31/12/19 £	31/12/18 £
<b>Profit/(loss) for the year</b>		59,093	(13,442)
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income/(loss) for the year</b>		<u>59,093</u>	<u>(13,442)</u>

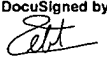
The notes on pages 12 to 21 form part of these financial statements

**Pencoose Solar Limited (Registered number: 08126576)****Balance Sheet  
31 December 2019**

	Notes	31/12/19 £	31/12/18 £
<b>Fixed assets</b>			
Tangible fixed assets	6	6,841,528	7,262,864
<b>Current assets</b>			
Debtors	7	460,909	461,354
Cash at bank		142,019	35,470
		<u>602,928</u>	<u>496,824</u>
<b>Creditors</b>			
Amounts falling due within one year	8	(5,196,602)	(5,570,927)
<b>Net current liabilities</b>		<u>(4,593,674)</u>	<u>(5,074,103)</u>
<b>Total assets less current liabilities</b>		<u>2,247,854</u>	<u>2,188,761</u>
<b>Capital and reserves</b>			
Called up share capital		100	100
Retained earnings		<u>2,247,754</u>	<u>2,188,661</u>
<b>Shareholder funds</b>		<u>2,247,854</u>	<u>2,188,761</u>

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

The financial statements were approved by the Board of Directors and authorised for issue on 05 August 2020 and were signed on its behalf by:

DocuSigned by:  
  
 C8BAF9DC48EF744  
 S C Tetot - Director

The notes on pages 12 to 21 form part of these financial statements

**Pencoose Solar Limited****Statement of Changes in Equity  
For The Year Ended 31 December 2019**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2018</b>	100	2,386,103	2,386,203
<b>Changes in equity</b>			
Dividends	-	(184,000)	(184,000)
Total comprehensive loss	-	(13,442)	(13,442)
<b>Balance at 31 December 2018</b>	<u>100</u>	<u>2,188,661</u>	<u>2,188,761</u>
<b>Changes in equity</b>			
Total comprehensive income	-	59,093	59,093
<b>Balance at 31 December 2019</b>	<u><u>100</u></u>	<u><u>2,247,754</u></u>	<u><u>2,247,854</u></u>

The notes on pages 12 to 21 form part of these financial statements

## **Pencoose Solar Limited**

### **Notes to the Financial Statements For The Year Ended 31 December 2019**

#### **1. General information**

Pencoose Solar Limited is a private company, limited by shares; registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

#### **2. Accounting policies**

##### **Basis of preparing the financial statements**

The financial statements have been prepared in accordance with the applicable United Kingdom accounting standards, including Financial Reporting Standard 102 section 1 A small entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The particular accounting policies adopted are described below and have been applied consistently throughout the current and prior financial period.

Section 1A for small companies has been applied on the basis that the entity meets the criteria set out within the Companies Act. The directors believe the entity is part of an eligible group on the basis that the ultimate controlling party is not listed on any market.

The Company has taken advantage of the exemptions available to small entities under section 1A in relation to presentation of a cash flow statement and disclosures of net finance charge, current taxation, financial instruments, share capital and reserves.

The financial statements are prepared under the historical cost convention, except for the modification to a fair value basis for certain assets and liabilities.

##### **Going concern**

The financial statements have been prepared on the basis the Company is a going concern, which the directors consider appropriate.

The directors have separately reviewed integrated forecasts for the Company, for the foreseeable future being at least 12 months from the date of approval of the annual report which indicate that the Company will be able to meet its cash flow demands and liabilities as they fall due from cash flows from operations and existing working capital.

The impact of the COVID-19 pandemic on operations and going concern has been assessed by the directors. To date, there has not been a material impact on the Company's operations or supply chain. The directors expect a negative impact on power prices in the short term due to a reduction in demand for electricity and lower commodities prices, however this is not expected to be significant enough to cause any going concern issues due to there being no material impact on the fixed prices per MWh associated with the Renewable Obligation Certificate (ROC) buyout revenue stream. The directors will continue to closely monitor the situation and to take appropriate action if deemed necessary.

The directors have written confirmation that RI Income UK Holdings Limited intends to continue to financially support the Company during the 12 months following the date the financial statements are signed.

## **Pencoose Solar Limited**

### **Notes to the Financial Statements - continued For The Year Ended 31 December 2019**

#### **2. Accounting policies - continued**

##### **Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

##### **Critical judgements**

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

##### **Deferred taxation**

Deferred tax assets are only recognised when management deem that it is highly probable that there will be sufficient taxable profits in future periods which can utilise the deferred tax asset.

##### **Operating lease commitments**

The classification of leases as operating or finance leases requires the Company to determine, based on evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires recognition on the balance sheet.

##### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### **Decommissioning provision**

Liabilities for decommissioning costs are recognised when the Company has an obligation to decommission and restore the land, with which the project has been built upon, to its original state. The obligation is assessed annually for changes in estimated costs which are then discounted to their net present value. If the net present value is deemed to be immaterial then no provision is recognised.

## **Pencoose Solar Limited**

### **Notes to the Financial Statements - continued For The Year Ended 31 December 2019**

#### **2. Accounting policies - continued**

##### **Turnover**

Turnover represents the value of power generated during the year, excluding value added tax, in the UK.

##### **Turnover recognition**

Turnover is recognised when the significant risks and rewards are considered to have transferred to the buyer and is recorded at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before turnover is recognised:

##### **a) Generation and embedded benefits turnover**

Turnover from the sale of electricity represents the invoice value, pre sales tax, of electricity provided to third parties and is recognised when electricity is generated. Embedded benefits are paid to generating plant located on the distribution network to reflect the lower cost of transporting electricity to the end user and are recorded at the invoice value.

##### **b) TRIADS turnover**

Turnover from the sale of TRIADS (bonus for generating at peak demand times during the winter months) represents the invoice value, before sales tax, of TRIADS provided to third parties and is recognised when eligible electricity is generated.

##### **c) ROCs turnover**

Renewable Obligation Certificates (ROCs) are issued to qualifying renewable generators under the terms of the generating station's OFGEM Renewable Obligation registration. These certificates may be traded separately from the electricity to which they relate. The ROCs are recorded as accrued income at fair value and recognised in turnover when the electricity to which they relate is generated. Any impairment of ROCs due to reduction in the market price is recorded in profit and loss.

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Solar farm plant & machinery - Straight line over 20 years

Plant and machinery is stated at cost less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met, but excludes the costs of day-to-day servicing which is expensed as incurred.



## **Pencoose Solar Limited**

### **Notes to the Financial Statements - continued For The Year Ended 31 December 2019**

#### **2. Accounting policies - continued**

##### **Financial instruments**

###### **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 Company after deducting all of its liabilities.

###### **Financial assets and 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 financing 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 statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company 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 Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

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

###### **Equity instruments**

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

###### **Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

###### **Non-financial assets**

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

**Pencoose Solar Limited**

**Notes to the Financial Statements - continued  
For The Year Ended 31 December 2019**

**2. Accounting policies - continued  
Financial instruments - continued**

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised for financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

## **Pencoose Solar Limited**

### **Notes to the Financial Statements - continued For The Year Ended 31 December 2019**

#### **2. Accounting policies - continued**

##### **Taxation**

Current tax, including UK corporation and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Deferred tax assets and liabilities are offset only if the Company has a legally enforceable right to set off current tax assets against current tax liabilities.

##### **Foreign Currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any exchange rate differences on revaluation arising is charged to profit and loss account in the period they arise.

## **Pencoose Solar Limited**

### **Notes to the Financial Statements - continued For The Year Ended 31 December 2019**

#### **2. Accounting policies - continued**

##### **Cash**

Cash at bank and in hand on the balance sheet comprise cash in hand and deposits held at call with banks.

##### **Accrued income**

Accrued income represents accruals for electricity generation and ROC income not yet billed.

##### **Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the year in which the dividends are approved by the Company's shareholders.

##### **Decommissioning provision**

Liabilities for decommissioning costs are recognised when the Company has an obligation to decommission and restore the land, with which the project has been built upon, to its original state. The obligation is assessed annually for changes in estimated costs which are then discounted to their net present value. If the net present value is deemed to be immaterial then no provision is recognised.

When this provision relates to an asset with sufficient future economic benefits, a decommissioning asset is recognised and included as part of the associated plant and machinery and depreciated accordingly. Changes in these estimates and changes to the discount rates are dealt with prospectively and reflected as an adjustment to the provision with a corresponding decommissioning asset included within plant and machinery. Unwinding of the discount on the provision is included in the income statement within interest expense.

##### **Operating leases**

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

##### **Borrowing costs**

Borrowing costs are expensed as incurred.

#### **3. Turnover**

The turnover and profit (2018 - loss) before taxation are attributable to the one principal activity of the Company.

#### **4. Employees and directors**

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

The average number of employees during the year was NIL (2018 - NIL).

Services are provided to the Company through a third party asset management agreement.

**Pencoose Solar Limited****Notes to the Financial Statements - continued  
For The Year Ended 31 December 2019****4. Employees and directors - continued**

No Directors received any remuneration from the Company during the period (31 December 2018: Nil).

**5. Operating profit**

The operating profit is stated after charging:

	31/12/19 £	31/12/18 £
Rentals under operating lease	51,840	51,840
Depreciation - owned assets	448,583	447,448
Auditor's remuneration - auditing of financial statements	4,050	4,220

**6. Tangible fixed assets**

	Solar farm plant & machinery £
<b>Cost</b>	
At 1 January 2019	8,905,058
Additions	27,247
At 31 December 2019	8,932,305
<b>Depreciation</b>	
At 1 January 2019	1,642,194
Charge for year	448,583
At 31 December 2019	2,090,777
<b>Net book value</b>	
At 31 December 2019	6,841,528
At 31 December 2018	7,262,864

**7. Debtors: amounts falling due within one year**

	31/12/19 £	31/12/18 £
Trade debtors	74,986	57,244
Amounts owed by group companies	139,575	-
Other debtors	100,000	107,985
Deferred tax asset	84,719	219,214
Accrued income	53,977	56,588
Prepayments	7,652	20,323
	460,909	461,354

**Pencoose Solar Limited****Notes to the Financial Statements - continued  
For The Year Ended 31 December 2019****7. Debtors: amounts falling due within one year - continued**

Deferred tax asset	31/12/19	31/12/18
	£	£
Accelerated capital allowances	84,719	99,024
Tax losses carried forward	-	120,190
	<u>84,719</u>	<u>219,214</u>

Within amounts owed by group companies £139,575 relates to an intercompany group relief estimate (31 December 2018: £Nil).

**8. Creditors: amounts falling due within one year**

	31/12/19	31/12/18
	£	£
Trade creditors	(9,580)	6,321
Amounts owed to group companies	5,113,867	5,497,119
VAT	42,768	31,158
Accruals and deferred income	49,547	36,329
	<u>5,196,602</u>	<u>5,570,927</u>

Amounts owed to group companies are repayable on demand.

Within amounts owed to group companies is an interest bearing amount of £5,113,867 owed to BRI UK Finance Limited (31 December 2018: £5,497,115).

Included within the interest bearing amount is an interest charge for the year of £27,780 (31 December 2018: £29,574).

**9. Leasing agreements**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31/12/19	31/12/18
	£	£
Within one year	58,514	51,840
Between one and five years	234,056	207,360
In more than five years	702,169	622,080
	<u>994,739</u>	<u>881,280</u>

**10. Deferred tax**

	£
Balance at 1 January 2019	(219,214)
Charge to Income Statement during year	134,495
	<u>(84,719)</u>
Balance at 31 December 2019	<u>(84,719)</u>

## **Pencoose Solar Limited**

### **Notes to the Financial Statements - continued For The Year Ended 31 December 2019**

#### **11. Off-balance sheet arrangements**

The Company enters into operating lease arrangements for the land on which the wind farm is located. The Company's lease rental expense is disclosed in note 5 and the Company commitments under these arrangements are disclosed in note 9. There are no other material off-balance sheet arrangements.

#### **12. Related party disclosures**

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

#### **13. Non adjusting events after the financial period**

As noted in the Directors' Report the directors have considered the impact of the COVID-19 pandemic. At the time of signing, it is expected that the pandemic will have a limited impact on the performance of the solar farm. Accordingly, there has been no adjustment to any current or prior year figures as a result of the pandemic, and the going concern basis is still deemed appropriate.

#### **14. Ultimate controlling party**

The ultimate parent undertaking and controlling party in this group is considered to be Renewable Income UK, a sub-fund of Blackrock Infrastructure Funds Public Limited Company, which is in turn an investment company registered in Ireland that accounts for investments at fair value and does not prepare consolidated financial statements.

The immediate parent company is RI Income UK Holdings Limited, an investment company registered in England and Wales which accounts for investments at fair value and does not prepare consolidated financial statements. The financial statements are available from the registered office at 12 Throgmorton Avenue, London, EC2N 2DL.