

Pen Bryn Oer Holdings Limited
Directors' Report and
Audited Financial Statements For The Year Ended 31 December 2020



Pen Bryn Oer Holdings Limited

**Contents of the Financial Statements
For The Year Ended 31 December 2020**

	Page
Company Information	1
Directors' Report	2
Statement of Directors' Responsibilities	5
Independent Auditors' Report	6
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13

Pen Bryn Oer Holdings Limited

Company Information For The Year Ended 31 December 2020

Directors:

S C Tetot
J K Rhodes-Journeay

Registered office:

C/O RES White Limited
Beaufort Court
Egg Farm Lane
Kings Langley
Hertfordshire
WD4 8LR

Registered number:

10376462 (England and Wales)

Independent auditors:

Deloitte LLP
Statutory Auditor
110 Queen Street
Glasgow
United Kingdom
G1 3BX

Pen Bryn Oer Holdings Limited

Directors' Report For The Year Ended 31 December 2020

The directors present their report with the financial statements of the Company for the year ended 31 December 2020.

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

Pen Bryn Oer Holdings Limited serves as a holding company for the subsidiary company which owns and operates a wind farm.

Impact of COVID-19

Since the start of 2020 there has been an outbreak of COVID-19 (coronavirus) which led to some 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 2020 was £283,609 (31 December 2019: £198,717).

The directors paid interim dividends of £283,609 in the period (31 December 2019: £198,717).

The directors have not recommended payment of a final dividend (31 December 2019: £nil).

Directors

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

S C Tetot
J K Rhodes-Journeay

Pen Bryn Oer Holdings Limited

Directors' Report For The Year Ended 31 December 2020

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 Company's principal activity is to serve as a holding company for a subsidiary company and so the impact of the COVID-19 pandemic on that subsidiary and their operations and going concern has been assessed by the directors. To date, there has not been a material impact felt in the subsidiary. The directors saw a negative impact on power prices in the subsidiary in the short term due to a reduction in demand for electricity and lower commodities prices, however power prices have since rebounded and stabilised at a level that gives no rise to going concern issues. Furthermore, whilst power price variability is not welcomed, the other main source of revenue, the buyout revenues on Renewable Obligation Certificates (ROCs), has fixed prices per MWh that adds some certainty to future revenues and therefore the going concern assumption. 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.

Directors' indemnities

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

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 has been and continues to be a very significant humanitarian and economic event facing many businesses. It has led to a significant economic slowdown and worldwide recession, however, the directors believe that the impact of COVID-19 to the Company will be a temporary disruption and will ultimately pass. The business model continues to be stress tested to model how the different scenarios might impact the business, with further details provided in the Going concern section of this annual 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.


Pen Bryn Oer Holdings Limited

**Directors' Report
For The Year Ended 31 December 2020**

Auditors

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

On behalf of the board:

DocuSigned by:

.....C8BAF5DC48EFA44.....
Director

20 July 2021 | 06:12 PDT
Date:

Pen Bryn Oer Holdings Limited

Statement of Directors' Responsibilities For The Year Ended 31 December 2020

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 auditor's report to the members of Pen Bryn Oer Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Pen Bryn Oer Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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 9.

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

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 auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not

Independent auditor's report to the members of Pen Bryn Oer Holdings Limited

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 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.

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. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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 considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

Independent auditor's report to the members of Pen Bryn Oer Holdings Limited

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and The Renewables Obligation Order 2015.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- There is a fraud risk on the basis that management may deliberately manipulate the revenue to improve the perception of the group's performance.
- We have addressed this risk by testing the revenue streams on a sample basis to determine if recognition is accurate through inspection of Power Purchase Agreements and other third-party documentation.
- Additionally, we have reviewed the monthly revenue reconciliation process and have tested the design and implementation of the key controls.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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.

Independent auditor's report to the members of Pen Bryn Oer Holdings Limited

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

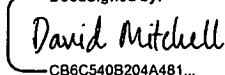
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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
- 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.

DocuSigned by:

CB6C540B204A481...

David Mitchell (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow
UK
Date:

21 July 2021 | 09:51 PDT

Pen Bryn Oer Holdings Limited**Statement of Comprehensive Income
For The Year Ended 31 December 2020**

	Notes	2020 £	2019 £
Turnover		-	-
Operating profit	4	-	-
Income from fixed asset investments		283,609	198,717
Profit before taxation		283,609	198,717
Tax on profit		-	-
Profit for the financial year		283,609	198,717
Other comprehensive income		-	-
Total comprehensive income for the year		283,609	198,717


The notes on pages 13 to 19 form part of these financial statements

Pen Bryn Oer Holdings Limited (Registered number: 10376462)**Balance Sheet
31 December 2020**

	Notes	2020 £	2019 £
Fixed assets			
Investments	5	893,298	893,298
Current assets			
Debtors	6	20	20
Total assets less current liabilities		<u>893,318</u>	<u>893,318</u>
Capital and reserves			
Called up share capital		113,318	113,318
Retained earnings		<u>780,000</u>	<u>780,000</u>
		<u>893,318</u>	<u>893,318</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 20 July 2021 | 06:12 PDT
..... and were signed on its behalf by:

DocuSigned by:

C8BAF50C48EF444.....
 Director

The notes on pages 13 to 19 form part of these financial statements

Pen Bryn Oer Holdings Limited**Statement of Changes in Equity
For The Year Ended 31 December 2020**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	113,318	780,000	893,318
Changes in equity			
Dividends	-	(198,717)	(198,717)
Total comprehensive income	-	198,717	198,717
Balance at 31 December 2019	<u>113,318</u>	<u>780,000</u>	<u>893,318</u>
Changes in equity			
Dividends	-	(283,609)	(283,609)
Total comprehensive income	-	283,609	283,609
Balance at 31 December 2020	<u><u>113,318</u></u>	<u><u>780,000</u></u>	<u><u>893,318</u></u>

The notes on pages 13 to 19 form part of these financial statements

Pen Bryn Oer Holdings Limited

Notes to the Financial Statements For The Year Ended 31 December 2020

1. General information

Pen Bryn Oer Holdings 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 financial period.

Section 1 A 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.

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, 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 review includes stress testing the integrated forecasts to model how the different scenarios might impact the business.

The Company's principal activity is to serve as a holding company for a subsidiary company and so the impact of the COVID-19 pandemic on that subsidiary and their operations and going concern has been assessed by the directors. To date, there has not been a material impact felt in the subsidiary. The directors saw a negative impact on power prices in the subsidiary in the short term due to a reduction in demand for electricity and lower commodities prices, however power prices have since rebounded and stabilised at a level that gives no rise to going concern issues. Furthermore, whilst power price variability is not welcomed, the other main source of revenue, the buyout revenues on Renewable Obligation Certificates (ROCs), has fixed prices per MWh that adds some certainty to future revenues and therefore the going concern assumption. 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 will continue to financially support the Company during the 12 months following the date the financial statements are signed.

Pen Bryn Oer Holdings Limited

Notes to the Financial Statements - continued For The Year Ended 31 December 2020

2. Accounting policies - continued

Preparation of consolidated financial statements

The financial statements contain information about Pen Bryn Oer Holdings Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Tranche 1 Holdings Limited, C/O Reg White Limited, Beaufort Court, Egg Farm Lane, Kings Langley, Hertfordshire WD4 8LR.

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. There have been no significant judgements or sources of estimation uncertainty impacting the financial statements.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Pen Bryn Oer Holdings Limited

Notes to the Financial Statements - continued For The Year Ended 31 December 2020

2. Accounting policies - continued

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.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

Pen Bryn Oer Holdings Limited

Notes to the Financial Statements - continued For The Year Ended 31 December 2020

2. Accounting policies - continued

Financial instruments - continued

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

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.

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.

Pen Bryn Oer Holdings Limited

Notes to the Financial Statements - continued For The Year Ended 31 December 2020

2. Accounting policies - continued

Impairment of assets - continued

Financial assets

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.

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.

Pen Bryn Oer Holdings Limited**Notes to the Financial Statements - continued
For The Year Ended 31 December 2020****2. Accounting policies - continued****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.

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.

Investments

Fixed asset investments are stated at cost less any provision for impairment.

3. Employees and directors

There were no staff costs for the year ended 31 December 2020 nor for the year ended 31 December 2019.

The average number of employees during the year was NIL (2019 - NIL).

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

None of the Directors received any remuneration from the Company during the period (31 December 2019: None).

4. Operating profit

Audit fees are borne by another group company.

5. Fixed asset investments

	Shares in group undertakin £
Cost	
At 1 January 2020 and 31 December 2020	893,298
Net book value	
At 31 December 2020	893,298
At 31 December 2019	893,298

Pen Bryn Oer Holdings Limited**Notes to the Financial Statements - continued
For The Year Ended 31 December 2020****5. Fixed asset investments - continued**

Investments are directly owned 100% holdings of the ordinary share capital of one subsidiary, Pen Bryn Oer Limited. This subsidiary is incorporated in the United Kingdom with the principal activity in the period being the operation of a wind farm. The registered address of the investments is C/O Reg White Limited, Beaufort Court, Egg Farm Lane, Kings Langley, Hertfordshire WD4 8LR.

6. Debtors: amounts falling due within one year

	2020	2019
	£	£
Amounts owed by group undertakings	20	20
	<u>20</u>	<u>20</u>

7. Off-balance sheet arrangements

There are no material off-balance sheet arrangements.

8. 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.

9. 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 Tranche 1 Holdings Limited and is the smallest and largest member of the group which prepare consolidated statements. Tranche 1 Holdings Limited is registered in England and Wales and the financial statements are available from the registered office at C/O Reg White Limited, Beaufort Court, Egg Farm Lane, Kings Langley, Hertfordshire WD4 8LR.