

Company Registration No. 07296003 (England and Wales)

KS SPV 4 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020



KS SPV 4 LIMITED

COMPANY INFORMATION

Directors C J Tanner
J M Linney
J S Thompson (appointed 3 December 2019)
J T Elsworth (appointed 7 October 2020)

Company number 07296003

Registered office The Long Barn
Manor Courtyard
Stratton-On-The-Fosse
Radstock
BA3 4QF

Auditor Deloitte LLP
Statutory Auditor
London
United Kingdom

Bankers HSBC Bank PLC
8 Canada Square
London
E14 5HQ

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**DIRECTORS REPORT
FOR THE PERIOD ENDED 31 MARCH 2020**

The Directors present their annual report and audited financial statements for the period ended 31 March 2020.

Principal activities

The Company's principal activity is the financing and operation of a solar farm in Cornwall; Victoria.

Directors

The Directors who held office during the period and up to the date of signature of the financial statements were as follows:

C J Tanner

Y H Tang (termination of appointment 28 August 2020)

J M Linney

Dr G La Loggia (termination of appointment 26 October 2020)

J S Thompson (appointed 3 December 2019)

J T Elsworth (appointed 7 October 2020)

Impact of COVID-19

Since the start of 2020 the outbreak of COVID-19 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

Going Concern

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate.

In arriving at this conclusion, 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 have noted that there has been a negative impact on power prices and that this is expected to continue in the short term and is largely 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 1.2 of the Accounting Policies.

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provision for the benefit of its Directors during the period. These provisions remain in force at the reporting date.

Financial risk management objectives and policies

Liquidity risk

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business. The Company has debt facilities with its parent Company to ensure that the Company has sufficient funds over the life of the project.

Interest rate risk

The Company's borrowings expose it to cash flow risk primarily due to the financial risk of changes in interest rates. The Company uses a fixed rate loan to limit this risk.

Exposure to market prices

The Company is exposed to long term electricity market prices for the sale of power. This risk has been partially mitigated by the Company entering a short term fixed price Power Purchase Agreement ('PPA').

Credit risk

The Company's principal financial assets are cash and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables and accrued income which are with one counterparty. The Company monitors the financial standing of that counterparty in order to manage its credit risk.

Energy yield risk

The Company has, in preparing the project, engaged consultants to assess long term irradiation predictions and consequent energy yield for the given solar farm. It is recognised that while best practice methodologies were used in the Funder's satisfaction, there still remains a risk that energy yield may be less (or more) than modelled. The project was financed on an assumption that realistic downsides would not materially jeopardise the project. The Company will continue to monitor performance against the modelled plan.

Future developments

The Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next period.

DIRECTORS REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2020

Auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

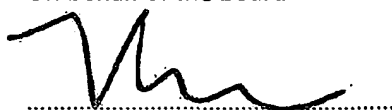
Each of the Directors in office at the date of approval of this annual report confirms that:

- 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 as 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.

This information is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The Directors' report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board



J S Thompson

Director, 18 January 2021

Date:

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2020

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 the financial statements for each financial period/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 Report 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 Company 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS REPORT
TO THE MEMBERS OF KS SPV 4 LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of KS SPV 4 Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its loss for the period from 1 January 2019 to 31 March 2020;
- 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; and
- the related notes on pages 11-26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standard, 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 Standard 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 (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 the 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.

INDEPENDENT AUDITORS REPORT (CONTINUED)
TO THE MEMBERS OF KS SPV 4 LIMITED

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 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITORS REPORT (CONTINUED)
TO THE MEMBERS OF KS SPV 4 LIMITED

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 period 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 misstatement 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 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 member as a body, for our audit work, for this report, or for the opinions we have formed.



William Brooks FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom 20 January 2021
Date:.....

KS SPV 4 LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2020

		15 Months ended 31 March 2020 £'000	Year ended 31 December 2018 £'000
	Notes		
Turnover	3	1,038	765
Cost of sales		<u>(304)</u>	<u>(83)</u>
Gross Profit		734	682
Administrative expenses		<u>(433)</u>	<u>(358)</u>
Operating profit	4	301	324
Interest payable and similar expenses	7	<u>(637)</u>	<u>(531)</u>
Loss before taxation		(336)	(207)
Tax on loss	8	(5)	12
Loss for the financial period		<u><u>(341)</u></u>	<u><u>(195)</u></u>

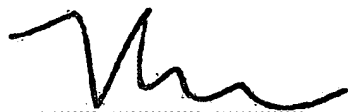
The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

KS SPV 4 LIMITED

BALANCE SHEET
AS AT 31 MARCH 2020

		2020		2018	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9		5,885		6,227
Current assets					
Debtors	10	362		100	
Cash at bank and in hand		49		822	
		<u>411</u>		<u>922</u>	
Creditors: amounts falling due within one year	11	<u>(539)</u>		<u>(494)</u>	
Net current assets/(liabilities) being total assets less current liabilities			<u>(128)</u>		<u>428</u>
Total assets less current liabilities			5,757		6,655
Creditors: amounts falling due after more than one year	12		(6,766)		(7,338)
Provision for liabilities	14		<u>(666)</u>		<u>(651)</u>
Net liabilities			<u>(1,675)</u>		<u>(1,334)</u>
Capital and reserves					
Called up share capital	16		-		-
Profit and loss reserves	16		<u>(1,675)</u>		<u>(1,334)</u>
Total Equity			<u>(1,675)</u>		<u>(1,334)</u>

The financial statements were approved by the board of Directors and authorised for issue on 18 January 2021 and are signed on its behalf by:



J S Thompson
Director

Company Registration No. 07296003

KS SPV 4 LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2020

	Called up share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2018	-	(1,139)	(1,139)
Year ended 31 December 2018:			
Total comprehensive loss for the year	-	(195)	(195)
Balance at 31 December 2018	-	(1,334)	(1,334)
Period ended 31 March 2020:			
Total comprehensive loss for the period	-	(341)	(341)
Balance at 31 March 2020	-	(1,675)	(1,675)

1 Accounting policies

Company Information

KS SPV 4 Limited is a private Company limited by shares, domiciled and incorporated in the United Kingdom and registered in England and Wales. The registered office is The Long Barn, Manor Courtyard, Stratton-On-The-Fosse, Radstock, BA3 4QF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102") and the requirements of the Companies Act 2006.

The financial statements are prepared in pounds sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The Company has changed its year end from 31 December 2019 to an extended 15 month period ended 31 March 2020. The reason for the change is so that the year ends are the same throughout the Group. Therefore the comparative amounts presented in the financial statements are not entirely comparable.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies are set out below and have been applied consistently in the current period and prior year.

This Company is a qualifying entity for the purposes of FRS102, being a member of a Group where the parent of that Group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Parties' – Related party transactions with other undertakings in the John Laing Environment Assets Group (UK) Limited Group.

The financial statements of the Company are consolidated in the financial statements of Branden Solar Parks (Holdings) Limited.

1 Accounting policies

(Continued)

1.2 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 have noted that there has been a negative impact on power prices and that this is expected to continue in the short term and is largely 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.

Additionally, the Company's intermediate parent company, JLEN Environmental Assets Group (UK) Limited, has provided the Company with a commitment of financial support for a period of at least twelve months from the date signing of the financial statements, should that be required. Further, with respect to intergroup creditor balances that are repayable on demand, JLEN Environmental Assets Group (UK) Limited has confirmed that there is no intention for these balances to be called until such time as the Company have sufficient funds with which to do so. We have assessed the ability of JLEN Environmental Assets Group (UK) Limited to provide this support to the Company.

1.3 Turnover

Turnover comprises amounts received and receivable in respect of the invoiced value of generated electricity, Renewable Obligation Certificates (ROCs) and accrued income. Turnover is recognised when it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured at the fair value of the consideration received, excluding discounts and sales taxes or duty.

Turnover on the generation of energy comprises the value of units supplied during the period. Units are determined by energy volumes recorded on the solar farm meters and market settlement systems. Under the terms of its Power Purchase Agreements (PPA) with customers, ROCs are immediately transferable to the customer. Turnover in relation to ROCs is recognised in line with the generation of energy.

Accrued income represents the sales value of energy (and related ROCs), which is yet to be invoiced and is based upon the value of units supplied with respect to energy and quantity of units supplied with respect to ROCs. There is only one operating activity and all turnover is generated within the United Kingdom.

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following basis:

Plant and equipment	25 years straight line
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Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting the estimated cost of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

1.5 Impairment of fixed assets

At each report end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating-unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies

(continued)

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in currently liabilities.

1.7 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the balance sheet, when there is a legally enforceable right to set off the recognised amount and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loan and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective rate of interest is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Classification of financial liabilities

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.

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

1.8 Equity instruments

Equity instrument issued by the Company are recorded as the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Provisions

Decommissioning

Provisions for future decommissioning costs are made in full when the Company has an obligation to dismantle and remove a facility, to restore the site on which it is located, and when a reasonable estimate of that liability can be made.

The amount recognised is the present value of the estimated future expenditure. An amount equivalent to the discounted initial provision for decommissioning costs is capitalised as part of the underlying fixed asset and depreciated over the life of that asset. Any change in the present value of the estimated expenditure resulting from changes in expected cash flows, inflation or discount rate is reflected as an adjustment to the provision and the underlying asset.

The unwinding of the discounts is recognised as a finance cost in profit or loss in the period it arises.

Other

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value.

1 Accounting policies

(continued)

1.11 Leases

Rentals payable under the operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

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

Power Purchase Agreement

The Directors have considered whether the Power Purchase Agreement entered into by the Company meets the definition of a derivative under FRS102 in the context of characteristics of derivative contracts set out within the definition. The Power Purchase Agreement was entered into and continues to be held for the purpose of the Company delivering electrical output to be received by the offtaker in accordance with the requirements set out in the contract, and therefore is not considered to be a financial instrument.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2020

2 Critical accounting judgements and key sources of estimation uncertainty (Continued)

Decommissioning provision

The Company has a decommissioning provision resulting from its obligation at the end of the license period to return the solar farm site to its original state and condition. The calculation used to estimate the future expected cost of decommissioning the site is based on a historic estimate of per panel cost plus anticipated fixed cost overheads provided by a qualified third party consultant, discounted back to present value at a suitable discount rate. The net present value of the provision at the balance sheet date was £614,985 (2018: £604,724). Details of the provision are set out in note 14. The Directors will continue to monitor market prices for decommissioning works for indications of material changes to the assumptions underlying the decommissioning provision calculation.

3 Turnover and other revenue

An analysis of the Company's turnover is as follows:

	2020 £'000	2018 £'000
Turnover analysed by class of business		
Renewable Obligation Certificate revenue & Power Purchase Agreement revenue	1,038	765
	<u>1,038</u>	<u>765</u>
	2020 £'000	2018 £'000
Turnover analysed by geographical market		
United Kingdom	<u>1,038</u>	<u>765</u>

Turnover is derived from the sale of electricity and the sale of renewable energy certificates to a third party energy supplier in the UK. Turnover is recognised at the point of generation.

4 Operating profit

	2020 £'000	2018 £'000
Operating profit for the period is stated after charging:		
Fees payable to the Company's auditor for the audit of the Company's financial statements	6	5
Depreciation of owned tangible fixed assets	346	279
Operating lease charges	<u>66</u>	<u>51</u>

5 Employees

The Company had no employees during the current or prior period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2020

6 Directors' remuneration

No Directors received any remuneration for services to the Company during the current or prior period.

7 Interest payable and similar expense

	2020 £'000	2018 £'000
Interest on financial liabilities measured at amortised cost:		
Interest payable to parent undertaking	627	516
Other finance cost:		
Unwinding of discount on provisions	10	10
Other Interest	-	5
Total interest expense	<u>637</u>	<u>531</u>

8 Taxation

	2020 £'000	2018 £'000
Current tax		
UK Corporation tax on profits for the current period	-	-
Deferred tax		
Changes in tax rates	5	3
Adjustment in respect of prior years	55	17
Tax losses carried forward	(3)	(65)
Accelerated capital allowances	(52)	33
Total deferred tax	<u>5</u>	<u>(12)</u>
Total tax charge/(credit)	<u>5</u>	<u>(12)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2020

8 Taxation**(Continued)**

The actual charge/(credit) for the period can be reconciled to the expected charge/(credit) for the period based on the profit or loss and the standard rate of tax as follows:

	2020 £'000	2018 £'000
Loss before taxation	(336)	(207)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(64)	(39)
Tax effect on the expenses that are not deductible in determining taxable profit	9	7
Effect of change in corporation tax rate	5	3
Prior year adjustments	55	17
Total tax charge/(credit)	<u>5</u>	<u>(12)</u>

For the period ended 31 March 2020, the UK Corporation tax rate of 19% is applied.

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective 1 April 2017 and to 18% effective 1 April 2020, was substantively enacted on 26 October 2015. Subsequently the Finance Act 2016, which provided a further reduction in the main rate of corporation tax to 17% effective 1 April 2020, was substantively enacted on 6 September 2016. The reduction in the tax rate was retracted and it will remain at 19% which has been reflected in the calculation of deferred tax at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2020

9 Tangible fixed assets

	Plant and Equipment £'000
Cost	
At 1 January 2019	7,757
Other changes	4
At 31 March 2020	<u>7,761</u>
Depreciation and impairment	
At 1 January 2019	1,530
Depreciation charged in the period	346
At 31 March 2020	<u>1,876</u>
Carrying amount	
At 31 March 2020	<u>5,885</u>
At 31 December 2018	<u>6,227</u>

Following a review of the discount rate applied to the decommissioning provision at 31 March 2020, an adjustment of £nil (2018: £3,000) has been included in other changes within the carrying value of tangible fixed assets.

10 Debtors

	2020 £'000	2018 £'000
Amounts falling due within one year:		
Amounts owed by Group undertakings	294	22
Other debtors	9	49
Prepayments and accrued income	59	29
	<u>362</u>	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2020

11 Creditors: amounts falling due within one year

		2020	2018
		£'000	£'000
	Notes		
Trade creditors		21	-
Amounts owed to parent undertakings	13	496	473
Accruals and deferred income		22	21
		<u>539</u>	<u>494</u>

12 Creditors: amounts falling due after more than one year

		2020	2018
		£'000	£'000
	Notes		
Amounts owed to parent undertakings	13	<u>6,766</u>	<u>7,338</u>
Amounts included above which fall due after five years are as follows:			
Payable by instalments		5,237	4,867
		<u>5,237</u>	<u>4,867</u>

13 Loans and overdrafts

	2020	2018
	£'000	£'000
Loans from parent undertakings	<u>7,262</u>	<u>7,679</u>
Payable within one year	496	341
Payable after one year	6,766	7,338
	<u>7,262</u>	<u>7,679</u>

The loans are secured by a fixed and floating charge over all the assets of the Company and a charge over the shares of the Company.

13 Loans and overdrafts**(Continued)****Senior Debt**

The Company has a senior debt facility of £6,581,000 with its immediate parent Company, from which unsecured fixed rate loan notes due December 2027 bearing an interest rate of 2.3% per annum plus a 3.25% margin per annum may be drawn. The principal amount of the Company's unsecured senior debt fixed rate loan notes is limited to £6,581,000, plus any unpaid interest added to the loan at the option of the borrower under the terms of the facility. Loan repayments are made in instalments over the life of the loan based on an agreed repayment profile and are deemed cancelled on repayment. The principal amount of the Company's unsecured senior debt fixed rate loan notes outstanding at 31 March 2020 was £4,024,123 (2018: £4,638,351). Interest accrued as at 31 March 2020 was £55,682 (2018: £64,886) and £nil (2018: £125,000) of unpaid interest was added to the principal during the year. Also included within loans from parent undertakings are the unamortised financing costs of £100,000 (2018: £100,000). These costs have been pushed down by the parent Company.

Subordinated debt

The Company has a subordinated debt facility of £2,672,000 with its immediate parent Company, from which unsecured fixed rate loan notes due December 2036 bearing an interest rate of 8.5% per annum may be drawn. The principal amount of the Company's unsecured subordinated debt fixed rate loan notes is limited to £2,672,000, plus any unpaid interest added to the loan at the option of the borrower under the terms of the facility. Loan repayments are made in instalments over the life of the loan based on an agreed repayment profile and are deemed cancelled on repayment. The principal amount of the Company's unsecured subordinated debt fixed rate loan notes outstanding at 31 March 2020 was £3,207,298 (2018: £3,140,024). Interest accrued as at 31 March 2020 was £67,968 (2018: £67,274) and £67,274 (2018: £187,000) of unpaid interest was added to the principal during the year.

14 Provisions for liabilities

		2020 £'000	2018 £'000
	Notes		
Decommissioning provision		615	605
Deferred tax liabilities	15	51	46
		<u>666</u>	<u>651</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2020

14 Provisions for liabilities**(Continued)**

Movement on provisions apart from deferred tax liabilities

	Decommissioning provision £'000
At 1 January 2019	605
Unwinding of discount	10
Adjustment for change in discount rate	-
At 31 March 2020	<u>615</u>

The Company's decommissioning provision results from its obligation at the end of the license period to return the solar farm sites to their original state and condition. The Company has estimated the net present value of the decommissioning provision to be £614,985 as at 31 March 2020 (2018: £604,724) based on an undiscounted total future liability of £828,000 (2018: £828,000). The discount factor, being the risk free rate related to the liability was 1.71% as at 31 March 2020 (2018: 1.71%).

15 Deferred taxation

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £'000	Liabilities 2018 £'000
Accelerated capital allowances	133	184
Tax losses	(82)	(138)
	<u>51</u>	<u>46</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2020

15 Deferred Taxation		(Continued)
		2020
		£'000
Movements in the period:		
Liability at 1 January 2019		46
Charge to profit or loss		(1)
Effect of change in tax rate – profit or loss		6
Liability at 31 March 2020		<u>51</u>

The deferred tax asset in relation to tax losses set out above is expected to reverse after more than five years and relates to the utilisation of tax losses against future expected profits over the project life.

16 Share capital

	2020	2018
	£'000	£'000
Ordinary share capital		
Issues and fully paid		
2 Ordinary share of £1 each	<u>-</u>	<u>-</u>

The Company has one class of Ordinary shares which carry no right to fixed income.

Other reserves

The profit and loss reserve represents cumulative profits or losses.

17 Operating lease commitments**Lessee**

The Company has entered into 25 year lease arrangements with land owners at Victoria in Cornwall, expiring on 1 October 2037.

At the report end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2018
	£'000	£'000
Within one year	54	50
Between two and five years	217	199
In over five years	679	683
	<u>950</u>	<u>932</u>

18 Related Party transactions

No guarantees have been given or received.

As a wholly owned subsidiary of Branden Solar Parks Limited, which is indirectly a wholly owned subsidiary of JLEN Environmental Assets Group (UK) Limited, the Company has taken advantage of the exemption under FRS 102 Section 33 not to provide information on related party transactions with other undertakings in the JLEN Environment Asset Group (UK) Limited Group. A copy of the published financial statements of JLEN Environmental Assets Group (UK) Limited can be obtained from Companies House.

19 Controlling party

The Company's ultimate parent and controlling entity is JLEN Environmental Assets Group (UK) Limited, a Company incorporated in Guernsey, Channel Islands, with a registered address of Sarnia House, Le Truchot, St. Peter Port, Guernsey, GY1 4NA.

Copies of the financial statements of JLEN Environmental Assets Group (UK) Limited are available from the website www.jlen.com.

The Company's immediate parent Company is Branden Solar Parks Limited, a Company incorporated in Great Britain and registered in England and Wales. The smallest Group in which its results are consolidated is Branden Solar Parks (Holdings) Limited, which has a registered address of The Long Barn, Manor Courtyard, Stratton-On-The-Fosse, Radstock, BA3 4QF. Copies of the consolidated financial statements are available from Companies House.