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Registered number 07521321

Grimsargh Solar Limited

Annual Report and Financial Statements
For the year ended 31 March 2022

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Company Information

Directors:	J Skinner N Hildyard
Company Number:	07521321
Registered Office:	15 Diddenham Court Lambwood Hill Grazeley RG7 1JQ

Directors' Report

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activity

The principal activity of the company is the operation of a ground mounted solar photo-voltaic installation in the United Kingdom.

Directors

The directors, who served throughout the year and to the date of signing of the financial statements except as noted, were as follows:

Julian Skinner
Nigel Hildyard

Operational risk

Performance Risk: Performance of the installed equipment over the life of the lease. The risk is mitigated by the operations and maintenance agreement in place with an experienced O&M Contractor.

Energy yield risk: Variability of solar irradiance which affects the generation achieved by the installation. This risk is mitigated to a manageable level through performance guarantees.

Results and dividends

The company made a loss before taxation of £38k (2021: £68k loss) and has net liabilities of £434k (2021: £352k). The company has net current assets of £326k (2021: £243k).

The directors did not declare a dividend during the year (2021: £Nil).

Going concern

The Company performed well during the year, relative to the P50 generation target. The O&M provider Anesco continues to proactively monitor and manage the solar farm, and are expected to be able to continue delivering its O&M performance.

The Russian invasion of Ukraine commenced in February 2022. Due to Europe's reliance on Russian commodities, high prices being maintained, despite an increase in renewable generation. The company's revenue structure is largely fixed due to the Renewable Obligation Certificate and Power Purchase Agreement floor price, however as long term power prices increased, the portfolio hedged power price exposure until March 2025.

The Company's forecasts and projections, taking into account potential changes in trading patterns, indicate that the Company will be able to continue current operations for the foreseeable future.

In performing their review, the directors have considered the commitment and ability of the parent company to continue to be able to provide ongoing financial support. Accordingly, the going concern basis has been adopted in preparing the annual report and financial statements.

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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.

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

Approved by the Board and signed on its behalf by:

DocuSigned by
Julian Skinner
E0527D6952824DE

Julian Skinner
Director
14 December 2022

15 Diddenham Court
Lambwood Hill
Grazeley
RG7 1JQ

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Directors' Responsibilities Statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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; 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 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.

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STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022	2021
		£	£
Turnover	5	341,867	307,468
Cost of sales		(70,602)	(65,944)
Gross profit		**271,265**	**241,524**
Administrative expenses		(131,891)	(131,877)
Operating profit	6	**139,374**	**109,647**
Finance costs	7	(177,771)	(177,571)
Loss before taxation		**(38,397)**	**(67,924)**
Tax on loss	8	(43,057)	(3,452)
Loss for the financial year		**(81,454)**	**(71,376)**

There were no recognised gains and losses for 2022 and 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2022 (2021: £Nil).

The notes on pages 9 to 18 form part of the financial statements.

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STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
Non-current assets					
Property, plant and equipment	9	2,278,267		2,397,577	
			2,278,267		**2,397,577**
Current assets					
Debtors	10	343,392		259,206	
		343,392		**259,206**	
Creditors: amounts falling due within one year	11	(17,881)		(16,297)	
Net current assets			**325,511**		**242,909**
Total assets less current liabilities			**2,603,778**		**2,640,486**
Creditors: amounts falling due after more than one year	12		(2,942,710)		(2,942,710)
Provisions for liabilities	13		(94,583)		(49,837)
Net Liabilities			**(433,515)**		**(352,061)**
Capital and reserves					
Called up share capital	15		1		1
Profit and loss account			(433,516)		(352,062)
Equity shareholders' funds			**(433,515)**		**(352,061)**

For the financial year ended 31 March 2022 the Company was entitled to exemptions from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its financial statements for the year ended 31 March 2022 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

(a) ensuring that the Company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006: and

(b) preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the Company.

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

These financial statements were approved by the board of directors on 14 December 2022 and were signed on its behalf by:

DocuSigned by:
Julian Skinner
Julian Skinner
Director

Registered number 07521321
The notes on page 9 to 18 form part of the financial statements.

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Notes

(forming part of the financial statements)

1 General Information

Grimsargh Solar Limited (the "Company") is a private company limited by shares and incorporated, domiciled and registered in the UK. The registered number is 07521321.

The principal activity of the Company is the operation of ground mounted solar photo-voltaic installations in the UK. The portfolio strategy for which the Company is part of is to operate these installations efficiently and optimise generation revenues, whilst maintaining the installations to maximise generation of electricity over the installation's economic life.

2 Accounting policies

2.1 Basis of Preparation

The financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial* Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling.

The company has prepared these financial statements in accordance with FRS 102 section 1A.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2.2 *Measurement convention*

The financial statements are prepared on the historical cost basis.

2.3 *Going concern*

The Company performed well during the year, relative to the P50 generation target. The O&M provider Anesco continues to proactively monitor and manage the solar farm, and are expected to be able to continue delivering its O&M performance.

The Russian invasion of Ukraine commenced in February 2022. Due to Europe's reliance on Russian commodities, high prices being maintained, despite an increase in renewable generation. The company's revenue structure is largely fixed due to the Renewable Obligation Certificate and Power Purchase Agreement floor price, however as longterm power prices increased, the portfolio hedged power price exposure until March 2025.

The Company's forecasts and projections, taking into account potential changes in trading patterns, indicate that the Company will be able to continue current operations for the foreseeable future.

In performing their review, the directors have considered the commitment and ability of the parent company to continue to be able to provide ongoing financial support. Accordingly, the going concern basis has been adopted in preparing the annual report and financial statements.

2 Accounting policies *(continued)*

2.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include the costs of site preparation, installation and assembly, and testing of functionality.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Solar photovoltaic (PV) facilities: 25 years

The estimated useful life of the asset is based on the life the Solar PV facilities are expected to be in operation.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

2.5 *Impairment excluding stocks and deferred tax assets*

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2.6 *Decommissioning provision*

Provisions for decommissioning are recognised in full when the related facilities are constructed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to plant and equipment. The unwinding of the discount on the decommissioning provision is included as a finance cost.

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2 Accounting policies *(continued)*

2.7 *Turnover*

Revenue

Sales of Electricity: Revenue comprises the fair value of the consideration received or receivable in respect of the invoiced value of generated electricity, Renewable Obligation Certificates (ROCs) and accrued income. Revenue is shown net of sales/value added tax, returns, rebates and discounts.

Revenue on the generation of energy comprises the value of units supplied during the year. Units are determined by energy volumes recorded on the solar park meters and market settlement systems.

Under the terms of its Power Purchase Agreements with customers, ROC's are immediately transferable to the customer. Revenue in relation to ROC's is recognised in line with the generation of energy.

Accrued income represents the sales value of energy (and related ROC's) 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 ROC's.

The company recognises revenue when:

- The amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the company's activities.

There is only one operating activity and all revenue is generated within the United Kingdom.

2.8 *Expenses*

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case, the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable

Interest payable and similar expenses includes interest payable, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss.

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

2 Accounting policies *(continued)*

2.9 ***Taxation***

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Companys' accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 *Critical judgements in applying the Company's accounting policies*

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

i) *Useful lives of property, plant and equipment*

The determination of useful lives of property, plant and equipment requires judgement in assessing the assets' level of use and maintenance. Assumptions regarding the level of use and the impact of continuing maintenance regimes, determines the useful life of the asset to which entail a degree of judgement. At 31 March 2022 the depreciation charged in the profit and loss account is £120k (2021: £120k).

ii) *Carrying value of property, plant and equipment*

The carrying value of property, plant and equipment is the higher of fair value less costs of disposal and the amount that could be obtained through using the asset (value in use). Value in use is calculated by forecasting the cash flows that the asset is expected to generate and discounting them to their present value. Impairment tests are only required when there has been some indication that an impairment has occurred. There were no such events occuring in the year.

At 31 March 2022 the carrying value of the property, plant and equipment is £2.3m (2021: £2.4m).

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

i) *Accrued income*

Estimates must be made in respect of elements of the accrued income including the ROC recycling revenue. These are based on the Company's best estimate of the price at the time based on previous history of settled prices. In order to determine an appropriate estimate, the Company have made use of forecasts provided by industry experts. These forecasts indicate that the ROC recycle price should be roughly 10% of the ROC buyout price, which is in line with Ofgem's ROC shortfall target.

As a result of the estimate, the accrued revenue recorded in the profit and loss account is £20k (2021: £16k).

ii) *Decommissioning provision*

Decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new technology or experience at other assets. The expected timing, work scope and amount of expenditure may also change. Therefore significant estimates and assumptions are made in determining the provision for decommissioning. The Company engaged their specialist O&M providers to undertake an assessment of the estimated cost of decommissioning the sites, being £20k/MW (excluding inflation). The provision has been discounted at an annual rate of 1.83% (2021: 1%) and this discount is being unwound over the lease term of each asset.

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4 Staff numbers and costs

The Company had no employees during the period. Although there are 2 directors, whom are not paid by the company (2021: no employees), (2021: 2 directors).

5 Turnover

An analysis of the Company's turnover by class of business is set out below.

	2022	2021
	£	£
Turnover:		
Power Purchase Agreement	139,857	106,565
Renewables Obligation Certificate	189,660	183,494
Renewables Energy Guarantees Origin	1,094	689
Battery revenue	11,256	5,616
Other	-	11,104
	341,867	307,468

6 Operating Profit

Profit before taxation is stated after charging:

	Notes	2022	2021
		£	£
Depreciation of tangible fixed assets	9	119,791	119,791
Operating lease	14	25,710	25,664

7 Finance costs

	2022	2021
	£	£
Interest payable and similar expenses	176,563	176,562
Unwinding of discount on decommissioning provision	1,208	1,009
	177,771	177,571

8 Tax on Loss

Analysis of tax credit

The tax credit on the loss for the year was as follows:

	2022	2021
	£	£
Deferred tax	43,057	3,452
Total tax on loss	43,057	3,452

The differences between the total tax credit shown above and the amount calculated by applying the standard rate of UK corporation tax of 19% (2021: 19%) to the profit before tax is as follows:

	2022	2021
Loss before tax	(38,397)	(67,924)
Effects of:		
- Tax at 19%	(7,295)	(12,905)
- Expenses not deductible for tax purposes	872	774
- Tax rate changes	6,567	-
- Effects of group relief/other reliefs	42,684	15,293
- Deferred tax not provided	229	290
Total tax expense	43,057	3,452

Deferred tax not provided relates to unused tax loss for the year and unwinding discount on decommissioning cost.

Deferred taxes have been measured at 25% (2021 - 19%) which represents future corporation tax that was enacted at the balance sheet date. The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the COVID-19 pandemic. These included increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted on 24 May 2021.

9 Tangible fixed assets

	Property, Plant & Equipment
	£
Cost	
Balance at 1 April 2021	2,997,024
Opening balance adjustment	481
Balance at 31 March 2022	**2,997,505**
Depreciation and impairment	
Balance at 1 April 2021	(599,447)
Depreciation charge for the year	(119,791)
Balance at 31 March 2022	**(719,238)**
Net book value	
At 31 March 2021	2,397,577
At 31 March 2022	**2,278,267**

Security

The net amount of tangible assets is charged against security for liabilities with ING Bank.

10 Debtors

	2022	2021
	£	£
Amounts receivable from Parent Company	277,459	203,523
Accrued Income	58,206	47,695
Prepayments	4,240	4,242
VAT receivable	3,487	3,746
	343,392	**259,206**

Amounts receivable from parent are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

11 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	16,537	15,885
Accruals and deferred income	1,344	412
	17,881	**16,297**

12 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Amounts owed to parent	2,942,710	2,942,710
	2,942,710	**2,942,710**

The amounts owed to the parent company, £2.9m (2021: £2.9m), is an unsecured loan made on normal commercial terms and conditions at an interest rate of 6% respectively. The loan is repayable on demand but the directors of the parent company have given an undertaking that they will not recall any of the loan within one year of when this financial statements are approved.

13 Provisions for liabilities

	Deferred Taxation	Decomm. Provision	Total
	£	£	£
At 1 April 2021	(15,696)	65,533	49,837
Charged to profit and loss account	43,057	1,208	44,265
Adjustment in respect of prior years	-	481	481
At 31 March 2022	**27,361**	**67,222**	**94,583**

A provision has been recognised for decommissioning costs associated with the solar farms owned by the company. The company is committed to decommissioning the solar farms as a result of the construction of the solar farms for the production of power.

The provision has been discounted at an annual rate of 1.83% (2021: 1%) and this discount will be unwound and charged to the profit and loss account. The estimated date of decommissioning would at least commence in 2041.

Deferred tax

Deferred tax is provided as follows:

	2022	2021
Company	£	£
Fixed asset timing differences	93,643	69,559
Losses	(66,282)	(85,255)
Provision for deferred tax	**27,361**	**(15,696)**

There is no expiry date on timing differences, unused tax losses or tax credits. The effect of deferred tax not provided for is the result of the tax impact of the unwinding of the decommissioning provision to the Statement of Comprehensive Income, for which deferred tax has not been recognised.

14 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2022	2021
	£	£
Less than one year	25,710	25,664
Between one and five years	102,840	102,656
More than five years	514,200	538,944
	642,750	**667,264**

The operating leases noted above relate to the lease of land on which the solar sites are situated and is recorded as an expense in the profit and loss account.

15 Called-up share capital and reserves

	2022	2021
	£	£
Allotted, called-up and fully-paid		
1 ordinary share of £1 each	1	1

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16 Ultimate parent company and parent company of larger company

The Company is a subsidiary undertaking of Sundance Acquisitions Limited.

The Company is ultimately controlled by Arjun GP (Company number SC589945). As Arjun GP does not prepare consolidated accounts for public use, the largest group which prepares consolidated accounts in which the results of the Company are included is Fivesuns 1 Limited, a Jersey-registered company (company registration number: 128368). The registered address of Fivesuns 1 Limited is: 3rd Floor 37 Espanade, St Helier, Jersey, JE1 1AD.

The smallest group which prepares consolidated accounts in which the results of the Company are included is Sundance Acquisitions Limited (company registration number: 09880877).
The registered address of Sundance Acquisitions Limited is: 15 Diddenham Court, Lambwood Hill, Grazeley, Reading, RG7 1JQ.