

Registration number: 08264799

Egmere Airfield Solar Park Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



Egmere Airfield Solar Park Limited

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Egmere Airfield Solar Park Limited

Company Information

Directors	Mitesh Patel
	Tracy Scott
	Laura Hoddell
	Jonathan Beeson
	Giorgia Martina
Company secretary	Dominic Hearth
Registered office	Beaufort Court
	Egg Farm Lane
	Off Station Road
	Kings Langley
	Hertfordshire
Bankers	WD4 8LR
	Lloyds Bank
	PO Box 72
	Bailey Drive
	Gillingham Business Park
Auditor	Gillingham
	Kent
	ME8 0LS
	Deloitte LLP
	Statutory Auditor
	London
	United Kingdom

Egmere Airfield Solar Park Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal activity

The principal activity of the company is the generation and sale of solar generated electricity and associated benefits. The Directors do not anticipate any changes to the business activities in the forthcoming year.

Review of business

The company made a loss for the year ended 31 December 2020 of £270,000 (2019: loss of £253,000) and revenues of £2,421,000 (2019: £2,636,000).

Total revenue was 8.16% lower than the prior year due to a decrease in solar radiation and decreasing unit prices. Cost of sales was 4.02% lower than the prior year due to lower operations and maintenance fees, consequently gross profit was 13.16% lower.

The company is evaluated using key performance indicators. The two main financial indicators are revenue and profit, as detailed above. The company's key non-financial performance indicator is yield for the year and was 20,555 MWh (2019: 20,634 MWh) which is a 0.38% decrease. The assets and liabilities and financial position of the company at the end of the financial year can be found on page 13.

Dividends

No interim dividends were paid during the year (2019: £Nil). The directors do not recommend the payment of a final dividend (2019: £Nil).

Principal risks and uncertainties

The principal risks and uncertainties of the business relate to the level of solar radiation arising at the site during the year and the variability of market prices. Refer to note 2.

Financial risk management

Details regarding managements approach to financial risk management can be found in note 2.

The impact of the UK's exit from the EU

Following the UK's exit from the EU, there has been no significant impact on the business. The directors will continue to monitor the impact in line with business risk management processes and procedures.

Egmere Airfield Solar Park Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Impact of COVID-19

Since the start of 2020 there has been an outbreak of COVID-19 (coronavirus) which has led to uncertainty in the market. The directors of Egmere Airfield Solar Park Limited continue to follow advice given by the World Health Organisation and Public Health England to ensure that best practice measures are followed. To date there has not been a material impact on the company's operations. The directors do not believe that there is a significant risk to the business as a result of the COVID-19 pandemic but will continue to monitor any future developments.

Approved by the Board on 28 May 2021 and signed on its behalf by:

DocuSigned by:
Mitesh Patel
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Mitesh Patel
Director

Egmere Airfield Solar Park Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020.

The requirements for Financial Risk Management and Dividends are disclosed in the Strategic Report.

Directors of the company

The directors who held office during the year, and up to the date of signing this report unless otherwise stated, were as follows:

Mark Wayment (resigned 8 October 2020)

Mitesh Patel

Tracy Scott

Laura Hoddell

Giorgia Martina (appointed 8 October 2020)

The following director was appointed after the year end:

Jonathan Beeson (appointed 28 January 2021)

Company Secretary

Dominic Hearth served as the company secretary throughout the current and prior year.

Directors' indemnities

The Company has made no qualifying third party indemnity provisions for the benefit of its directors.

Going concern

The financial position of the Company is set out in the Balance Sheet, the Statement of Cash Flows and the accompanying notes to the financial statements.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors have considered the company's cash flow for the period of 12 months from the approval date of these financial statements. Thus, they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies in the notes to the financial statements.

The COVID-19 pandemic has developed rapidly in 2020 and into 2021. While it will cause widespread economic disruption, its impact should be temporary. Given the long-term PPA's in place and the use of group funding to fund the underlying operations the directors do not foresee any going concern issues.

Future developments

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

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

Egmere Airfield Solar Park Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Disclosure of information to the auditor

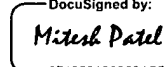
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

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

Reappointment of auditors

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board on 28 May 2021 and signed on its behalf by:

DocuSigned by:

.....0710591083834C5.....
Mitesh Patel
Director

Egmere Airfield Solar Park Limited

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;
- 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 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.

Egmere Airfield Solar Park Limited

Independent Auditor's Report to the Members of Egmere Airfield Solar Park Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Egmere Airfield Solar Park 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 18.

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.

Egmere Airfield Solar Park Limited

Independent Auditor's Report to the Members of Egmere Airfield Solar Park Limited (continued)

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 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 a 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.

Egmere Airfield Solar Park Limited

Independent Auditor's Report to the Members of Egmere Airfield Solar Park Limited (continued)

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 UK Companies Act and tax legislation; and
- 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. These included the company's operating licence, environmental regulations and health and safety regulations.

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 area, and our specific procedures performed to address it are described below:

- Revenue recognition in relation to the company's accrued income for renewable obligation certificate ("ROC") recycle buyout as there is judgement involved in estimating the price of the ROC recycle buyout. We assessed the accuracy of management's estimates of the price through benchmarking to external forecasts.

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 and in-house 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Egmere Airfield Solar Park Limited

Independent Auditor's Report to the Members of Egmere Airfield Solar Park Limited (continued)

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.

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.

Marianne Milnes

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Marianne Milnes FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

London
United Kingdom

28 May 2021

Egmere Airfield Solar Park Limited**Profit and Loss Account for the Year Ended 31 December 2020**

	Note	2020 £ 000	2019 £ 000
Revenue	3	2,421	2,636
Cost of sales		<u>(1,385)</u>	<u>(1,443)</u>
Gross profit		1,036	1,193
Administrative expenses		<u>(10)</u>	<u>(13)</u>
Operating profit	4	<u>1,026</u>	<u>1,180</u>
Other interest receivable and similar income	3	8	25
Interest payable and similar expenses	7	<u>(1,425)</u>	<u>(1,460)</u>
		<u>(1,417)</u>	<u>(1,435)</u>
Loss before tax		(391)	(255)
Tax on loss	8	<u>121</u>	<u>2</u>
Loss for the financial year		<u>(270)</u>	<u>(253)</u>

All transactions are derived from continuing operations.

Egmere Airfield Solar Park Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020


	2020	2019
	£ 000	£ 000
Loss for the year	<u>(270)</u>	<u>(253)</u>
Total comprehensive expense for the year	<u>(270)</u>	<u>(253)</u>

Egmere Airfield Solar Park Limited**(Registration number: 08264799)****Balance Sheet as at 31 December 2020**

	Note	2020 £ 000	2019 £ 000
Fixed assets			
Tangible assets	9	17,737	18,583
Current assets			
Debtors	10	1,617	1,222
Cash at bank and in hand		<u>2,148</u>	<u>3,244</u>
		3,765	4,466
Creditors: Amounts falling due within one year	11	<u>(2,247)</u>	<u>(2,799)</u>
Net current assets		<u>1,518</u>	<u>1,667</u>
Total assets less current liabilities		19,255	20,250
Creditors: Amounts falling due after more than one year	11	(18,503)	(19,282)
Provisions for liabilities	12	<u>(2,759)</u>	<u>(2,705)</u>
Net liabilities		<u>(2,007)</u>	<u>(1,737)</u>
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account	15	<u>(2,007)</u>	<u>(1,737)</u>
Total equity		<u>(2,007)</u>	<u>(1,737)</u>

Registered Number 08264799

Approved and authorised by the Board on 28 May 2021 and signed on its behalf by:

DocuSigned by:

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Mitesh Patel

Director

The notes on pages 16 to 28 form an integral part of these financial statements.

Egmore Airfield Solar Park Limited**Statement of Changes in Equity for the Year Ended 31 December 2020**

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020	-	-	(1,737)	(1,737)
Loss for the year	-	-	(270)	(270)
Total comprehensive expense	-	-	(270)	(270)
At 31 December 2020	-	-	(2,007)	(2,007)

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2019	-	1,055	(2,539)	(1,484)
Loss for the year	-	-	(253)	(253)
Total comprehensive expense	-	-	(253)	(253)
Reduction in share premium	-	(1,055)	1,055	-
At 31 December 2019	-	-	(1,737)	(1,737)

A reduction in share capital took place during 2019 reducing share premium from £1,054,900 to £Nil.

Egmore Airfield Solar Park Limited**Statement of Cash Flows for the Year Ended 31 December 2020**

	Note	2020 £ 000	2019 £ 000
Cash flows from operating activities			
Loss for the year		(270)	(253)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	845	846
Finance income	3	(8)	(25)
Finance expense	7	1,425	1,460
Income tax credit	8	(121)	(2)
		1,871	2,026
Working capital adjustments			
(Increase)/decrease in debtors	10	(177)	113
Decrease in creditors	11	(648)	(310)
Net cash flow from operating activities		1,046	1,829
Cash flows from investing activities			
Interest received		8	25
Cash flows from financing activities			
Repayment of other borrowing		(2,150)	(1,910)
Net decrease in cash and cash equivalents		(1,096)	(56)
Cash and cash equivalents at 1 January		3,244	3,300
Cash and cash equivalents at 31 December		2,148	3,244

Cash and cash equivalents represent cash at bank and in hand.

Egmere Airfield Solar Park Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The company is a private company limited by share capital and incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The particular accounting policies adopted by the directors are described below. The registered office is Beaufort Court, Egg Farm Lane, Off Station Road, Kings Langley, Hertfordshire, WD4 8LR.

2 Accounting policies

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies.

The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £000 unless otherwise stated.

The company has voluntarily included a cash flow statement for the users of the financial statements but not included a statement of net debt that would normally also be included reflecting the exemptions available under FRS 102.

Revenue recognition

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 wind farm 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.

Egmere Airfield Solar Park Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Finance income and costs policy

Interest received and paid is recognised on a time apportioned basis.

The company has elected not to capitalise borrowing costs in accordance with FRS 102 section 25.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes the cost of replacing parts of the property, plant and equipment, and borrowing costs for long-term construction projects if the recognition criteria are met. All repair and maintenance costs are recognised in the profit and loss account as incurred. The present value of the expected cost for the decommissioning of the asset after its use, is included in the cost of the respective asset if the recognition criteria for a provision are met.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Other property, plant and equipment - Solar Farm Infrastructure	3.45% straight line
Solar inverters	8% straight line

Leases

Operating lease rentals for land on which the Company's solar farms are situated are charged to the profit and loss account on a straight line basis over the life of the lease.

Tax

The tax expense for the year comprises current tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Egmere Airfield Solar Park Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Decommissioning costs

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. The carrying amount for the provision as at 31 December 2020 was £2,758,661 (2019: £2,704,569).

Egmere Airfield Solar Park Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Financial instruments

Classification

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.

Recognition and measurement

The company has chosen to adopt the recognition and measurement provisions of Sections 11 and 12 of FRS 102 for financial instruments.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

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

Egmore Airfield Solar Park Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Going concern

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

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

The directors have considered the company's cash flow forecast for the period to the end of May 2022 and are satisfied that the company, taking account of the company's and the wider group's reasonably possible changes in trading performance and the current funds available, is able to operate for at least twelve months from the signing of the Annual Report and Financial Statements. For this reason the directors believe that the company has adequate resources to continue in operational existence and therefore it is appropriate that the company continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Financial risk management

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market process. Market prices comprise of a number of types of risk, the following are discussed below. Financial instruments affected by market risk include: loans and borrowings, deposits.

The Company's risk management focuses on the major areas of credit risk and liquidity risk.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The company does not have significant exposure in this respect.

Regulatory risk

Regulatory risk is the risk that a change in regulations and law that might affect an industry or a business. Renewable energy projects are dependent for their commercial viability on a suitable regulatory regime. There is a risk that governments introduce retrospective changes to the regime that is agreed at the time the project commenced. This however is unusual in the market and changes to the regulatory regime are more typically for future projects.

Energy resource risk

The energy resource risk is the risk that the amount of the renewable energy resource (e.g. wind and solar irradiation) that is available for a given project is lower than the amount that is expected in the financial model.

Capital risk management

Capital held by the Company and managed centrally as part of the The Renewables Infrastructure Group (UK) Limited comprises share capital and reserves which can be found in the Balance Sheet on page 13.

Credit risk

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

Egmore Airfield Solar Park Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The company's policy for managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions.

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

Summary of significant accounting judgements and key accounting estimates

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.

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

The most critical accounting judgements and estimates in determining the financial condition and results of the company are those requiring a greater degree of subjective or complete judgement. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Critical judgements in applying accounting policies

Deferred tax

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

Key sources of estimation uncertainty

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, amount of expenditure and risk weighting may also change. Therefore significant estimates and assumptions are made in determining the provision for decommissioning, which at 31 December 2020 was £2,758,661 (2019: £2,704,569).

3 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2020 £ 000	2019 £ 000
Area of activity:		
Sale of electricity, including renewable incentives	<u>2,421</u>	<u>2,636</u>

Egmere Airfield Solar Park Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Revenue (continued)

The analysis of the Company's revenue for the year by market is as follows:

	2020 £ 000	2019 £ 000
UK	<u>2,421</u>	<u>2,636</u>

	2020 £ 000	2019 £ 000
Interest income on bank deposits	<u>8</u>	<u>25</u>

4 Operating profit

Arrived at after charging

	2020 £ 000	2019 £ 000
Depreciation expense	845	846
Operating lease expense - property	<u>116</u>	<u>119</u>

5 Auditor's remuneration

	2020 £ 000	2019 £ 000
Audit of the financial statements	<u>6</u>	<u>6</u>

6 Staff costs

The Company had no employees and no directors were paid by the Company for their services during the current nor the prior financial year.

7 Interest payable and similar expenses

	2020 £ 000	2019 £ 000
Unwinding of discount on provision	54	53
Interest payable on loans from group undertakings	<u>1,371</u>	<u>1,407</u>
	<u>1,425</u>	<u>1,460</u>

Egmere Airfield Solar Park Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Taxation

Tax credited in the profit and loss account

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	97	123
Deferred taxation		
Arising from origination and reversal of timing differences	(141)	(140)
Arising from changes in tax rates and laws	<u>(77)</u>	<u>15</u>
Total deferred taxation	<u>(218)</u>	<u>(125)</u>
Tax credit in the profit and loss account	<u>(121)</u>	<u>(2)</u>

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2019: higher than the standard rate of corporation tax in the UK) of 19% (2019: 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Loss before tax	<u>(391)</u>	<u>(255)</u>
Corporation tax at standard rate	(74)	(48)
Expenses not deductible for tax purposes	30	31
Tax rate changes	<u>(77)</u>	<u>15</u>
Total tax credit	<u>(121)</u>	<u>(2)</u>

At the balance sheet date, the UK rate of corporation tax is 19%. In the Spring Budget 2021, the UK Government announced that from 1 April 2023, the main rate of corporation tax would increase from 19% to 25%. The new law had not been substantively enacted at the balance sheet date and therefore no impact is reflected in these financial statements, however it is likely that the overall effect of the change, had it been substantively enacted at the balance sheet date, would be to increase the deferred tax asset by £275,000.

Egmere Airfield Solar Park Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

	Asset £ 000
2020	
Fixed asset timing differences	820
Short term timing differences	51
Losses	-
	<u>871</u>
2019	
Fixed asset timing differences	617
Short term timing differences	37
Losses	-
	<u>654</u>

9 Tangible assets

	Solar inverters £ 000	Other property, plant and equipment £ 000	Total £ 000
Cost or valuation			
At 1 January 2020	<u>1,062</u>	<u>22,314</u>	<u>23,376</u>
At 31 December 2020	<u>1,062</u>	<u>22,314</u>	<u>23,376</u>
Depreciation			
At 1 January 2020	402	4,391	4,793
Charge for the year	<u>85</u>	<u>761</u>	<u>846</u>
At 31 December 2020	<u>487</u>	<u>5,152</u>	<u>5,639</u>
Carrying amount			
At 31 December 2020	<u>575</u>	<u>17,162</u>	<u>17,737</u>
At 31 December 2019	<u>660</u>	<u>17,923</u>	<u>18,583</u>

Egmore Airfield Solar Park Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

10 Debtors

	2020 £ 000	2019 £ 000
Trade debtors	403	228
Prepayments	21	31
Accrued income	322	309
Deferred tax assets	871	654
	<u>1,617</u>	<u>1,222</u>
Less non-current portion	<u>(871)</u>	<u>(654)</u>
Total current trade and other debtors	<u>746</u>	<u>568</u>

Details of non-current trade and other debtors

£870,674 (2019: £653,779) of Deferred tax asset is classified as non-current.

11 Creditors

	Note	2020 £ 000	2019 £ 000
Due within one year			
Trade creditors		57	65
VAT liability		128	140
Accrued expenses		135	30
Income tax liability		278	182
Deferred income		<u>1,649</u>	<u>2,382</u>
		<u>2,247</u>	<u>2,799</u>
Due after one year			
Amounts owed to group undertaking	17	<u>18,503</u>	<u>19,282</u>

12 Other provisions

	Decommissioning provision £ 000
At 1 January 2020	2,705
Unwinding of discount	<u>54</u>
At 31 December 2020	<u>2,759</u>

Egmere Airfield Solar Park Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

12 Other provisions (continued)

A provision has been recognised for decommissioning costs associated with the solar farm owned by the Company.

The Company is committed to decommissioning the solar farm as a result of the construction of the solar farm for the production of power.

The decommissioning provision provides for the future costs of decommissioning of the solar farm. The decommissioning costs were estimated at the time of construction based on the number of panels installed. The provision has been discounted at an annual rate of 2% (2019: 2%) and this discount will be unwound and charged to the profit and loss account until 2043, the estimated date of decommissioning.

13 Financial instruments

Categorisation of financial instruments

	2020 £ 000	2019 £ 000
Financial liabilities measured at amortised cost	18,503	19,282
	<u>18,503</u>	<u>19,282</u>

Items of income, expense, gains or losses

The total interest expense for financial liabilities not measured at fair value through profit or loss is £1,371,297 (2019: £1,407,068).

14 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary 'A' shares of £1 each	100	100	100	100
Ordinary 'B' shares of £1 each	100	100	100	100
	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>

The company has two classes of share that carry no right to fixed income. The 'B' shares carry no voting rights.

Egmore Airfield Solar Park Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

15 Reserves

The company's reserves are as follows:

The profit and loss reserve represents the cumulative profit or losses, net of dividends and other adjustments.

16 Obligations under leases and hire purchase contracts

Operating leases

The company has entered into lease agreements with the landowners on which its wind farm is situated to pay rent based on fixed amounts and amounts linked to turnover and production. Future minimum rentals payable under non-cancellable operating leases are as follows:

	2020 £ 000	2019 £ 000
Not later than one year	125	123
Later than one year and not later than five years	498	492
Later than five years	<u>3,591</u>	<u>3,671</u>
	<u>4,214</u>	<u>4,286</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £115,903 (2019: £119,235).

17 Related party transactions

Loans from related parties

2020	Parent £ 000
At start of year	(19,282)
Repaid	2,150
Interest transactions	<u>(1,371)</u>
At end of year	<u>(18,503)</u>

Terms of loans from related parties

Intercompany borrowings consist of unsecured loan notes maturing in 2034 denominated in GBP and bearing interest at 6.5% and 8% per annum. The loan notes are redeemable on 31 December 2034.

Egmere Airfield Solar Park Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

18 Parent and ultimate parent undertaking

The company's immediate parent is European Investments Solar Holdings Limited, incorporated in Great Britain. The registered office address is Level 7 One Bartholomew Close, Barts Square, London, EC1A 7BL.

The ultimate parent is The Renewables Infrastructure Group Limited, incorporated in Guernsey. The registered office address is East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3PP.

These financial statements are available upon request from the registered office address.

The ultimate controlling party is The Renewables Infrastructure Group Limited, which is owned by a number of investors with no one investor having individual control. No group financial statements are drawn up for any group of which the company is a member.