

GGRenewables Limited

Annual Report and Financial Statements

for the year ended 31 December 2020



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Company Information

Directors

Mr H Marg
Miss Meena Patel (appointed 16 November 2020)
Mr Stuart Beattie (appointed 8 January 2020, resigned 16 November 2020)

Registered Office

22 Chancery Lane
London
WC2A 1LS

Directors' Report for the Year Ended 31 December 2020

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

The Company has prepared these financial statements under FRS 101 and has taken advantage of certain disclosure exemptions allowed under this standard.

Directors of the Company

The directors who held office during the year and subsequently were as follows:

Mr H Marg

Miss Meena Patel (appointed 16 November 2020)

Mr Stuart Beattie (appointed 8 January 2020, resigned 16 November 2020)

Principal activity

The principal activity of the Company is to generate electricity from a solar farm which it has developed.

Political contributions

The Company made no political donations or incurred any political expenditure during the financial year.

Going concern

The Company made a loss of £523,839 (2019: loss £117,207) in the year and has net liabilities of £1,515,295 (2019: £991,453). In making their assessment of going concern the directors have considered the intentions of Allianz Renewable Energy Fund, S.A. SICAV-SIF, who will not request repayment of the loan in a way that would require the Company to file for insolvency or be otherwise unable to pay known or reasonably foreseeable debts or liabilities within a period of 12 months from any requested repayment.

After making enquiries and reviewing the forecasts for the business, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Special Provisions

This report is prepared in accordance with the provisions applicable to companies entitled to small companies within Part 15 of the Companies Act 2006. As such a Strategic Report has not been presented.

The members have not required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006.

Approved by the Board on 26/07/21 signed on its behalf by:



Mr H Marg
Director

Statement of Directors' Responsibilities in respect of the Director's report and the Financial Statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework' (FRS 101).

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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether UK Accounting Standards has 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.

Profit and Loss Account for the Year Ended 31 December 2020

		Year Ended 31 December 2020	Year Ended 31 December 2019
	Note	£	£
Turnover	3	2,759,567	2,553,437
Cost of Sales		(61,539)	(87,633)
Gross Profit		2,698,028	2,465,804
Operating Expenses		(1,782,712)	(608,541)
Operating Profit	4	915,316	1,857,263
Interest Payable	5	(1,581,919)	(1,943,447)
Loss before tax		(666,603)	(86,184)
Tax on (Loss)	6	142,764	(31,023)
Loss for the year		(523,839)	(117,207)

All profits and losses are attributable to continuing operating activities.

The notes on pages 9 to 22 form an integral part of these financial statements

Statement of Other Comprehensive Income for the Year Ended 31 December 2020

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Loss for the year	(523,839)	(117,207)
Total comprehensive Loss for the year	<u>(523,839)</u>	<u>(117,207)</u>

The notes on pages 9 to 22 form an integral part of these financial statements

Balance Sheet as at 31 December 2020

		31 December 2020 £	31 December 2019 £
Non-current Assets			
Tangible fixed assets	7	16,713,931	18,013,824
Deferred tax assets	6	958,090	801,056
Debtors	8	1,007,006	950,047
		<u>18,679,027</u>	<u>19,764,927</u>
Current Assets			
Debtors	8	412,933	606,188
Cash at bank and in hand	9	1,236,442	475,996
		<u>1,649,375</u>	<u>1,082,184</u>
Creditors: Amounts falling due within one year			
Loans and borrowings	11	(8,957,251)	(8,447,584)
Trade and other creditors	13	(263,971)	(239,104)
		<u>(9,221,222)</u>	<u>(8,686,688)</u>
Net current liabilities		(7,571,847)	(7,604,504)
Total assets less current liabilities		11,107,180	12,160,423
Creditors: Amounts falling due after more than one year			
Loans and borrowings	11	(11,629,998)	(12,048,822)
Deferred tax liabilities	6	(767,462)	(753,192)
Derivative financial liabilities	14	(225,015)	(349,864)
		<u>(12,622,475)</u>	<u>(13,151,878)</u>
Net liabilities		<u>(1,515,295)</u>	<u>(991,455)</u>
Capital and reserves			
Called up share capital	10	1,000	1,000
Profit and loss account		<u>(1,516,295)</u>	<u>(992,455)</u>
		<u>(1,515,295)</u>	<u>(991,455)</u>
Total shareholders' deficit		<u>(1,515,295)</u>	<u>(991,455)</u>

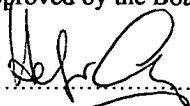
For the financial period in question the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

No members have required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Board on 26/07/21 and signed on its behalf by:



Mr H Marg
Director

The notes on pages 9 to 22 form an integral part of these financial statements

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share Capital	Retained Earnings	Total
	£	£	£
At 1 January 2020	1,000	(992,456)	(991,456)
Loss for the year	-	(523,839)	(523,839)
Total Comprehensive expense	-	(523,839)	(523,839)
At 31 December 2020	1,000	(1,516,295)	(1,515,295)

	Share Capital	Retained earnings	Total
	£	£	£
At 1 January 2019	1,000	(875,249)	(874,249)
Loss for the year	-	(117,207)	(117,207)
Total Comprehensive expense	-	(117,207)	(117,207)
At 31 December 2019	1,000	(992,456)	(991,456)

The notes on pages 9 to 22 form an integral part of these financial statements

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 incorporated and domiciled in the United Kingdom.

2. Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing the financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements are denominated in Sterling as this is the functional currency of the Company.

Summary of disclosure exemptions

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payments, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of Allianz Renewable Energy Fund, S.A. SICAV-SIF. The Group accounts of Allianz Renewable Energy Fund, S.A. SICAV-SIF are available to the public and can be obtained from the directors at 6A, route de Treves, L-2633, Senningerberg, Luxembourg.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (i) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (ii) the requirements of IAS 1 Presentation of Financial Statements:
- (iii) the requirements of IAS 7 Statement of Cash Flows: and
- (iv) the requirements of IAS 24 Related Party Disclosure to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Notes to the Financial Statements for the Year Ended 31 December 2020**2. Accounting policies (continued)****Going concern**

The Company made a loss of £523,839 (2019: Loss £117,207) in the year, and has net liabilities of £1,515,295 (2019: £991,453). In making their assessment of going concern the directors have considered the intentions of Allianz Renewable Energy Fund, S.A. SICAV-SIF, who will not request repayment of the outstanding loan in a way that would require the Company to file for insolvency or be otherwise unable to pay known or reasonably foreseeable debts or liabilities within a period of 12 months from any requested repayment.

After making enquiries and reviewing the forecasts for the business, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their value; derivative financial instruments, financial instruments classified as fair value through the profit or loss.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2020 have had a material effect on the financial statements.

Turnover recognition

The Company recognises turnover when the amount can be reliably measured, it is probable that future economic benefit will flow to the entity and when specific criteria have been met as described below.

Income from the sale of Electrical Energy

The Company sells electricity under the terms of a long term power purchase agreement ("PPA"). Under the PPA, turnover is recognised according to the contractual prices per unit of output multiplied by the actual power output delivered to the customer in the period.

A Renewable Obligation Certificate ("ROC") is a green certificate issued to accredited generators for eligible renewable electricity. 1.6 ROCs are issued for each megawatt hour of eligible renewable electricity generated. Income from the sale of ROCs is recognised at the point of sale of the associated electricity at contractually agreed amounts.

Income from the sale of electrical energy is recognised net of VAT and other sales taxes.

Interest receivable and payable

Interest receivable is recognised on a time-proportion basis using the effective interest method.

Interest payable is recognised on a time-proportion basis using the effective interest rate method and expensed in the profit and loss account. Interest on loan amounts used for capital expenditure are capitalised according to the nature of the capital expenditure.

Notes to the Financial Statements for the Year Ended 31 December 2020**2. Accounting policies (continued)****Foreign currency transactions**

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the individual transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rate ruling at the reporting date are recognised in the profit and loss account. Non-monetary assets and liabilities that are not carried at fair value are not subsequently restated and are carried at the rate of exchange at the date they are acquired.

Tax

Income tax for the period comprises current, if applicable, and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Income tax is recognised in the Company's profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Tangible fixed assets

Tangible fixed assets are stated at cost, less any accumulated depreciation and accumulated impairment losses.

The cost of tangible fixed assets includes directly attributable incremental costs incurred in their acquisition and installation.

Financing costs which are directly attributable to the construction of solar farms are capitalised as part of the cost of those assets. Capitalisation ceases when the asset is fully operational.

Notes to the Financial Statements for the Year Ended 31 December 2020**2. Accounting policies (continued)****Depreciation**

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Assets under construction are not depreciated. Depreciation commences when the asset is ready for its intended use. The residual values, if not insignificant, and remaining useful lives are reassessed at each reporting date. When parts of an item of tangible fixed assets have different useful lives, those components are accounted for as separate items of tangible fixed assets. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount and are recognised within Other income/(expenditure) net in the profit and loss account.

Asset class

Solar Farm - Plant and Machinery

Depreciation method and rate

over the 20 year life of the assets

Cash at bank and in hand

Cash at bank and in hand 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 changes in value.

Trade debtors

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for 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.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit and loss account within administrative expenses. When a trade debtor is uncollectable, it is written off against the allowance account for trade debtors. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the profit and loss account.

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 payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, 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.

Notes to the Financial Statements for the Year Ended 31 December 2020**2. Accounting policies (continued)****Borrowings**

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. 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 income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Loan costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other loan costs are expensed.

Leases

Leases where the Company is the lessee, and the lessor maintains a significant portion of the risks and rewards related to ownership of the fixed asset, are recorded as operating leases. Fixed lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the life of the lease. Where lease payments are contingent, for example on power output, the rent is recognised as an expense in the profit and loss account when the contingency is resolved, for example when the level of power output in the period is known.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Derivatives and hedging

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 16.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Notes to the Financial Statements for the Year Ended 31 December 2020**2. Accounting policies (continued)****Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

Recoverability of tangible fixed assets:

Management have made key assumptions regarding solar yield assessments, securing customers under Power Purchase Agreements and the UK inflationary environment which directly impact the future economic benefits to be derived from the tangible fixed assets. Changes in these assumptions affect the carrying values of tangible fixed assets. Management expect the future economic benefits that will result from the use of the tangible fixed assets will exceed the cost of the investments and thus the costs of the tangible fixed assets are recoverable.

Derivative financial instruments:

Derivative financial instruments are re-measured to fair value at the end of the reporting period. The Company estimates fair value based on forward exchange rates and forward interest rates, subject to an appropriate discount rate. Changes in these estimates, which are subject to risk and uncertainty, will affect the value recognised in the financial statements.

Estimation of decommissioning costs:

The Company estimates, at the time of construction, the likely cost of removing solar farm equipment and making good the damage to the site where a contractual decommissioning and restoration obligation exists. It is the opinion of the Company that the residual scrap value of the solar assets will cover the costs of the decommissioning and restoration obligations arising, and hence no provision need be recognised in respect of this.

Deferred tax assets:

Deferred tax assets, including those arising from tax losses carried forward for the future tax periods, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered. The likelihood of such recoverability is dependent on the generation of sufficient future taxable profits which relevant deferred tax asset can be utilised to offset.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty and there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, the carrying amount of recognised deferred tax assets may require adjustment, resulting in corresponding charge or credit to the profit and loss account.

Notes to the Financial Statements for the Year Ended 31 December 2020**3. Turnover**

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

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Generation of Electricity	<u>2,759,567</u>	<u>2,553,437</u>

All income is derived from the United Kingdom.

4. Operating Profit

Arrived at after charging

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Depreciation expense	1,299,893	1,296,342
Foreign exchange (gains)/losses	<u>1,226,585</u>	<u>(1,152,081)</u>

The Directors received £16,189 (2019: £14,515) for their duties in respect of the Company. There are no employees in the Company therefore no employee costs.

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

5. Interest receivable/(payable)

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Interest on borrowings	(478,094)	(562,315)
Finance costs of derivatives	(2,090)	11,159
Loss on revaluation of derivative financial instruments	<u>(1,101,735)</u>	<u>(1,392,291)</u>
	<u>(1,581,919)</u>	<u>(1,943,447)</u>

6. Taxation

Tax charged in the income statement

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Deferred tax charged	<u>(142,764)</u>	<u>31,023</u>
Total tax credited	<u>(142,764)</u>	<u>31,023</u>

The tax on the profit before tax for the period is lower than the standard rate of corporation tax in the UK of 19% (2019: 19%).

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

6. Taxation (continued)

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Loss before tax	<u>(666,603)</u>	<u>(86,184)</u>
Corporation tax at standard rate of 19% (2019: 19%)	(126,654)	(16,375)
UK deferred tax charge/(credit) relating to changes in tax rates or laws	(24,490)	29,801
Deferred tax (credited) – adjustment in relation to prior year	5	(138)
Origination/reversal of temporary differences	454	-
Permanent differences	<u>7,921</u>	<u>17,735</u>
Total tax charge	<u>(142,764)</u>	<u>31,023</u>

The Company has recognised the deferred tax asset that arises due to losses incurred to date on the basis that the Directors' assessment of the business is that future taxable profits will arise such that these losses will be fully relieved.

The Company has also recognised a deferred tax liability that arises as a result of temporary differences between the recognition of depreciation in the accounts and capital allowances for tax purposes, and the temporary differences between the deduction of interest incurred in the period in the accounts and tax calculations.

The main rate of corporation tax was reduced to a rate of 19% from 1 April 2017.

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

6. Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

	Asset	Liability	Net deferred Tax
2020	£	£	£
Tax losses carry-forwards	958,090	-	958,090
Accelerated tax depreciation	-	(767,462)	(767,462)
	<u>958,090</u>	<u>(767,462)</u>	<u>190,628</u>

	Asset	Liability	Net deferred Tax
2019	£	£	£
Tax losses carry-forwards	801,056	-	801,056
Accelerated tax depreciation	-	(753,192)	(753,192)
	<u>801,056</u>	<u>(753,192)</u>	<u>47,864</u>

Deferred tax movement during the year:

	At 1 January 2020	Recognised in income	At 31 December 2020
	£	£	£
Tax losses carry-forwards	801,056	157,034	958,090
Accelerated tax depreciation	(753,192)	(14,270)	(767,462)
Net tax assets/(liabilities)	<u>47,864</u>	<u>142,764</u>	<u>190,628</u>

Deferred tax movement during the prior period:

	At 1 January 2019	Recognised in income	At 31 December 2019
	£	£	£
Tax losses carry-forwards	796,279	4,777	801,056
Accelerated tax depreciation	(717,392)	(35,800)	(753,192)
Net tax assets/(liabilities)	<u>78,887</u>	<u>(31,023)</u>	<u>47,864</u>

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

7. Tangible fixed assets

	Solar farm £	Total £
Cost or Valuation		
At 1 January 2020	25,653,362	25,653,362
Disposals	-	-
At 31 December 2020	<u>25,653,362</u>	<u>25,653,362</u>
Depreciation		
At 1 January 2020	7,639,538	7,639,538
Charge for the period	<u>1,299,893</u>	<u>1,299,893</u>
At 31 December 2020	<u>8,939,431</u>	<u>8,939,431</u>
Carrying amount		
At 31 December 2020	<u>16,713,931</u>	<u>16,713,931</u>
At 31 December 2019	<u>18,013,824</u>	<u>18,013,824</u>

Tangible fixed assets with a carrying amount of £16,713,930 as at 31 December 2020 (2019: £18,013,824) have been pledged as a collateral for bank loans.

8. Trade and other debtors

	31 December 2020 £	31 December 2019 £
Trade debtors	6,165	155,725
Restricted deposits	1,007,006	950,047
Accrued income	344,314	398,451
Prepayments	62,456	52,012
Total current trade and other debtors	<u>1,419,941</u>	<u>1,556,235</u>
Due within one year	412,935	606,188
Due after more than one year	1,007,006	950,047

Debtors include restricted deposits of £1,007,006 (2019: £950,047) due after more than one year. This balance comprises of a long-term deposits held with Bayern LB as a security deposit.

The maximum exposure to credit risk at each reporting date is in the fair value of each debtor shown above. The directors consider that the carrying amount of trade and other debtors approximate their fair value.

9. Cash at bank and in hand

	31 December 2020 £	31 December 2019 £
Cash at bank	<u>1,236,442</u>	<u>475,996</u>

Allotted, authorised and called up share

All shares have been fully paid at the year end.

11. Loans and borrowings

Bank borrowings of £12,769,044 (2019: £13,119,785) are denominated in EUR, repayable over 11 years ending 31 December 2031 and are secured over the assets of the Company. Interest was payable quarterly from 15 May 2014 and principal repayments are payable quarterly from 30 March 2018. The effective interest rate on the borrowings is 4.27%. The interest rate was calculated using the internal rate of return. Of the total outstanding at year-end £1,139,046 (2019: £1,070,964) is payable within 1 year or less, £4,596,813 (2019: £4,321,364) is payable within 1-5 years and £7,033,185 (2019: £7,727,458) falls due after more than 5 years, and all are repayable by instalments.

The loan was revalued at 31 December 2020, and an exchange loss of £784,929 (2019: gain £755,556) was recognised.

At the balance sheet date, the Company had an amount outstanding to Allianz Renewable Energy Fund, S.A. SICAV-SIF of £7,818,205 (2019: £7,376,621). This loan is denominated in EUR and the loan is interest-free, unsecured and repayable on demand.

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

12. Obligations under leases and hire purchase contracts

Operating leases

The Company leases the land on which the solar farm is to be constructed under non-cancellable operating lease arrangements. The Company has agreed a lease of 26 years commencing 18 January 2013 with the option to extend.

A minimum contingent rent of £91,500, index-linked, is due per annum.

Under the terms of the lease GGRenewables Limited is obligated at the end of the lease (which is of 26-year duration) to remove all solar panels, plant machinery, tools, vehicles, waste and rubbish.

The total future value of minimum lease payments is as follows:

	2020 £	2019 £
Within one year	104,100	100,897
In two to five years	416,400	403,588
In over five years	832,800	908,072
	<u>1,353,300</u>	<u>1,412,557</u>

The amount of non-cancellable operating lease payment recognised as an expense during the year was £101,698 (2019: £100,252).

13. Trade and other creditors

	31 December 2020 £	31 December 2019 £
Trade creditors	75,315	57,255
Accrued expenses	27,740	18,352
Other payables	160,915	163,497
	<u>263,970</u>	<u>239,104</u>

The directors consider that the carrying amount of trade and other creditors approximate their fair value.

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

14. Derivative financial instruments

Financial (liabilities)/assets

	Carrying Value		Fair Value	
	31 December 2020 £	31 December 2019 £	31 December 2020 £	31 December 2019 £
Cross-currency interest rate swaps	<u>(225,015)</u>	<u>(349,864)</u>	<u>(225,015)</u>	<u>(349,864)</u>

The Company uses derivatives to manage the risk associated with fluctuating exchange rates on its long-term borrowings. Due to the long-term contract periods cross-currency interest rate swaps are classified as non-current assets or liabilities.

The notional principal amount of the outstanding cross-currency interest rate swap contracts at 31 December 2020 was £12,769,044 (2019: £13,119,785). The maximum exposure to credit risk at each reporting date is the fair value of the derivative assets and liabilities in the balance sheet.

All derivative financial instruments are classified as fair value through profit or loss and are designated as such upon initial recognition.

Fair value measurements recognised in the statement of financial position

Financial instruments which are measured subsequent to initial recognition at fair value are grouped, based on the degree to which the fair value is observable, into Level 1 - 3 as defined below. All of the Company's derivative financial instruments are considered to be Level 2.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation of derivative financial instruments

In order to calculate the fair values of cross-currency interest rate swaps, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments. Cross-currency interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates, with exchange rates being measured using quoted forward exchange rates.

15. Related Party Transactions

During the year a total of £nil (2019: £355,000) was repaid to Allianz Renewable Energy Fund, S.A. SICAV-SIF. At period end the Company had an outstanding loan denominated in EUR due to Allianz Renewable Energy Fund, S.A. SICAV-SIF of £7,818,205 (2019: £7,376,621).

16. Parent and ultimate parent undertaking

The Company's immediate, ultimate and most senior parent entity producing publicly available financial statements is Allianz Renewable Energy Fund, S.A. SICAV-SIF. These financial statements are available upon request from 6A, Route de Treves, L-2633, Senningerberg, Luxembourg.