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REGISTERED NUMBER: 09212326 (England and Wales)

Report of the Directors and

Financial Statements for the Year Ended 31st December 2021

for

Morton Solar Limited

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Contents of the Financial Statements
for the Year Ended 31st December 2021

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Morton Solar Limited

Company Information
for the Year Ended 31st December 2021

DIRECTORS:	NJ Pike D S Skilton
REGISTERED OFFICE:	c/o The Directors, The Centenary Chapel Chapel Road, Thurgarton Norwich NR11 7NP
REGISTERED NUMBER:	09212326 (England and Wales)
AUDITORS:	Moore Chartered Accountants and Statutory Auditors 30 Gay Street, Bath BA1 2PA

Morton Solar Limited

Report of the Directors
for the Year Ended 31st December 2021

The directors present their report with the financial statements of the company for the year ended 31st December 2021.

PRINCIPAL ACTIVITY
The principal activity during the year under review was the generation of electricity using solar technology.

BUSINESS REVIEW
During the year under review the company made a loss of £ (5,890) (2020: £548,556 loss).

The directors do not propose a dividend.

DIRECTOR
I Walsh held office throughout the year under review, subsequently resigning on 25 November 2022.

Subsequent to the end of the financial year, on 18 July 2022, J N Pike was appointed as director and D S Skilton was appointed as a director on 13 February 2023.

DIRECTORS' INSURANCE AND INDEMNITIES
The Company maintains liability insurance for its Directors and Officers. The indemnity is categorised as a 'qualifying third-party indemnity' for the purposes of the Companies Act 2006 and will continue in force for the benefit of Directors and Officers on an ongoing basis.

POLITICAL DONATIONS
The company made no political donations in the current year.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

DocuSigned by:
Daniel Skilton
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D S Skilton - Director

Date: 31 March 2023

Statement of Directors' Responsibilities for the Year Ended 31st December 2021

The directors are responsible for preparing the Report of the Directors and 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). Under company law the directors must not approve the financial statements unless he is satisfied that he gives a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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 and in accordance with FRS102 section 1A. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent Auditors' Report to the Members of
Morton Solar Limited

Opinion
We have audited the financial statements of Morton Solar Limited for the year ended 31st December 2021 which comprise the profit and loss account, the statement of financial position and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion, the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31st December 2021 and of its loss for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). 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 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.

Material uncertainty relating to going concern
We draw attention to note 2 in the financial statements, which indicates that the Company's ability to meet its liabilities as they fall due is dependent upon group support that cannot, at this time, be guaranteed. In addition, note 2 also indicates that the Company's ability to meet its liabilities as they fall due is also dependent upon the ongoing finance facility of the intermediate parent company remaining in place. As detailed in note 2 in the financial statements the facility's existence cannot at this time, be guaranteed. As stated in note 2 these events or conditions, along with the other matters as set forth in note 2 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
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 material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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 or returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors
As explained more fully in the Statement of Directors' responsibilities set out on page 3, 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 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.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.

- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 a Report of the Auditors 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, or the opinions we have formed.

DocuSigned by:
Mark Powell
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Mark Powell (Senior Statutory Auditor)
for and on behalf of Moore
Chartered Accountants and
Statutory Auditors
30 Gay Street, Bath
BA1 2PA

Date: 31 March 2023

Morton Solar Limited

Profit and Loss Account
for the Year Ended 31st December 2021

	31/12/21 £	31/12/20 £
TURNOVER	3,378,183	2,893,422
Cost of sales	(417,521)	(386,043)
GROSS PROFIT	2,960,662	2,507,379
Administrative expenses	(1,745,059)	(1,380,370)
OPERATING PROFIT	1,215,603	1,127,009
Interest payable and similar expenses	(1,915,171)	(1,533,009)
LOSS BEFORE TAXATION	(699,568)	(406,000)
Tax on loss	693,678	(142,556)
LOSS FOR THE FINANCIAL YEAR	(5,890)	(548,556)

The notes form part of these financial statements

Morton Solar Limited (Registered number: 09212326)

Statement of Financial Position
31st December 2021

	Notes	31/12/21 £	31/12/20 £
FIXED ASSETS			
Tangible assets	4	22,973,069	23,625,656
CURRENT ASSETS			
Debtors: amounts falling due within one year	5	133,343	5,461,811
Debtors: amounts falling due after more than one year	5	1,254,671	560,992
Cash at bank		13,212	4,310
		1,401,226	6,027,113
CREDITORS			
Amounts falling due within one year	6	(24,625,190)	(30,722,217)
NET CURRENT LIABILITIES		(23,223,964)	(24,695,104)
TOTAL ASSETS LESS CURRENT LIABILITIES		(250,895)	(1,069,448)
PROVISIONS FOR LIABILITIES	8	(1,136,131)	(311,688)
NET LIABILITIES		(1,387,026)	(1,381,136)
CAPITAL AND RESERVES			
Called up share capital	9	3,191,146	3,191,146
Retained deficit	10	(4,578,172)	(4,572,282)
SHAREHOLDER FUNDS		(1,387,026)	(1,381,136)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 31 March 2023 .... and were signed on its behalf by:

DocuSigned by:
Daniel Skilton
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D S Skilton - Director

The notes form part of these financial statements

1. GENERAL INFORMATION

Morton Solar Limited (09212326) is a private company, limited by shares, incorporated and domiciled in England. The address of the company's registered office is c/o The Directors, The Centenary Chapel, Chapel Road, Thurgarton, Norwich, NR11 7NP.

The principal activity of the company during the year under review was the generation of electricity using solar technology.

2. ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover
Turnover represents income from the generation of electricity from the operational solar park during the year. Any income not invoiced is accrued in the year in which it has been generated.

Turnover is stated net of value added tax and is generated entirely within the United Kingdom.

Going concern
The directors have considered the going concern basis of the Company in light of current events affecting the economy, specifically the situation in the United Kingdom, and the current status of the Company and wider Group's external financing arrangements. The directors have considered all aspects of the Company's business when looking at the going concern status.

Power Prices
Wholesale electricity markets have recovered post-Covid and are now exceeding pre-pandemic levels reaching record highs at the end of 2021. To mitigate exposure to wholesale power price volatility the Company has hedged power prices through a fixed-price power purchase agreement through to 30 September 2023 and will continue to consider hedges beyond this date.

Although the longer-term economic situation is still unclear the directors do not, at the time of signing these accounts, see any significant doubt as to the Company's ability to continue to trade at the current level and meet its day-to-day operating liabilities as they fall due.

External Financing
The Company and its solar farm asset are security against the wider group's financing structure which comprises an amortising loan from a syndicate of banks held by the Company's immediate parent Perpetual Power (UK) Limited (the 'Senior debt') and the issuance of bonds by an intermediate holding company (the 'Junior debt'). There are issues within both debt structures which lead to concerns as to the going concern of the Company.

Servicing of the debt facility described below consumes the vast majority of the net cash flows from operating activities. Full or partial demands for repayment of capital represent the primary liquidity risk for the Group and Company. The Group and Company do not have any undrawn financing facilities and, as all assets are already pledged, access to additional facilities would be challenging

Junior debt
In February 2021, the wider Group underwent a restructuring with Toucan Energy Holdings 1 Limited (TEHL1) becoming an intermediary holding company of the Company. As part of this restructuring, it was intended that the wider group's £655m junior financing arrangements from the issuance of bonds (initially issued by two group companies, Rockfire Investment Finance PLC and Toucan Bond Co 19 Limited) would be novated to TEHL1.

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2. **ACCOUNTING POLICIES - continued**

There has, however, been uncertainty as to whether this novation has validly taken place placing the Junior debt in a default situation. In June and July 2022, a new director was appointed in respect of various Group companies (including the Company) and discussions were undertaken with the holder of the Junior debt to seek to regularise the situation as soon as possible.

As part of the discussions an external valuation of the wider Group was obtained which showed that the value of TEHL1's liabilities exceeded its assets which instigated the Director to appoint Administrators to take over the affairs of TEHL1 on 10 November 2022. The Administrators have announced their intention to dispose of the TEHL1's assets (including the Company) by way of a solvent sale during 2023. The directors are working closely with the Administrators to achieve that aim.

Whilst the sale continues to be progressed the Administrators have confirmed that they do not intend, whilst they continue in office as agents for TEHL1, to cause TEHL1 to seek repayment of amounts loaned to the Company's parent for at least 12 months from the date of approval of the financial statements if repayment of these amounts would result in the Company being unable to meet its obligations. The holder of the junior debt is supportive of the Administrator's plans and their statement of proposals dated 22 December 2022 has been approved by creditors.

Senior debt
The external debt facility held by Perpetual Power (UK) Limited ('PPUK'), the Company's immediate parent, is in technical default. The event of default gives rights to lenders to demand full or partial repayment of capital. No partial or full payment demand has occurred. The default is administrative and is not connected to debt servicing, cashflow generation, performance or covenant compliance and is anticipated to be waived shortly after filing of these financial statements.

Management Conclusion
The directors have considered the going concern basis of the Company in light of the current status of the Company and the appointment of administrators to TEHL1. The directors have considered all aspects of the Company's business when looking at the going concern status.

The Company has net liabilities but having reviewed the Company's current position and cash flow projections for the next twelve months and taking into account the events after the reporting period, the directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future and meet its day-to-day operating liabilities as they fall due.

Therefore on this expectation and the combination of the expected waiver of the Senior debt default and TEHL1's Administrators' intentions to not call on the Company's liabilities for the foreseeable future whilst they effect a solvent sale of the Company leads the directors to conclude the going concern basis is appropriate despite the material uncertainties discussed above.

Plant and machinery
Plant and machinery are stated at cost less accumulated depreciation and any provision for impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Items of property, plant and equipment are depreciated to their estimated residual values on a straight line basis over their expected useful lives as follows:

Solar Photovoltaic (PV) assets - over 25 years

The depreciation methods, estimated remaining useful lives and residual values are reviewed at each reporting date, taking account of technological innovations and asset maintenance programmes. A change resulting from the review is treated as a change in accounting estimate. The depreciation expense is recognised in the Profit and Loss account.

continued...

2. **ACCOUNTING POLICIES - continued**

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, in which case it is recognised in equity.

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 temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Provisions
A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Liabilities for decommissioning costs are recognised when the company has an obligation to dismantle and remove the Solar PV equipment and to restore the land on which it is located. Liabilities may arise upon construction of such facilities, upon acquisition or through a subsequent change in legislation or regulations. The amount recognised is the estimated present value of expenditure determined in accordance with local conditions and requirements. A corresponding tangible asset of property, plant and equipment equivalent to the provision is also created.

Any changes in the present value of the estimated expenditure is added to or deducted from the cost of the asset to which it relates. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life.

Impairment of non financial assets
Carrying amounts of non-financial assets are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

After the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted in the future periods to allocate the asset's revised carrying amount, less its residual value, on a systematic basis over its useful life.

continued...

2. **ACCOUNTING POLICIES - continued**

Financial instruments
Financial instruments recognised on the Statement of Financial Position include current assets, cash at bank, accounts payable and creditors.

Initial recognition and measurement
Financial assets and financial liabilities are recognised on the balance sheet when the company becomes party to the contractual provisions of the instrument. Financial instruments are initially recorded at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, directly attributable transaction costs. Subsequent measurement and impairment for each classification is specified in the sections below.

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the company commits to purchase or sell the financial assets.

Derecognition of financial assets and liabilities
A financial asset, or a portion of a financial asset, is derecognised where:
- The rights to receive cash flows from the asset have expired;
- The company retains the right to receive the cash flow from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement, or
- The company has transferred the rights to receive cash flows from the asset and either:

(i) has transferred substantially all the risks and rewards of ownership of the asset or
(ii) has neither transferred nor retained substantially all the risks and rewards of ownership of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

Current assets
Current assets reflected on the balance sheet are net of an allowance for unrecoverable amounts.

Current assets are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Financial liabilities
Creditor amounts falling due within one year are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Interest payable relating to financial liabilities is included in the Profit & Loss Account. Interest payable is calculated so as to produce a constant rate of return on the outstanding liability.

Impairment of financial assets
The company's financial assets are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether or not there is any indication of impairment.

Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Profit and Loss account on a straight-line basis over the period of the lease.

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2. **ACCOUNTING POLICIES - continued**

Cash at bank
Cash at bank in hand on the balance sheet comprise of cash in hand and deposits held at call with banks.

Capital and reserves
Capital and reserves comprises the following:

- "Called up share capital" which represents the nominal value of ordinary equity shares issued and called.
- "Retained deficit" which includes all current results as disclosed in the Profit and Loss account.

Where financial instruments issued by the company do not have any features meeting the definition of a financial liability then such capital is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Capital risk management
The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. The loan balances represent intercompany loans.

Significant accounting estimates and assumptions
The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values that are not readily apparent from other sources. Actual values may differ from these 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 policies and estimates in determining the financial condition and results of the company are those requiring a greater degree of subjective or complete judgement. These are discussed below:

Capitalisation and depreciation of property, plant and equipment, including decommissioning costs
The company has recognised a provision for decommissioning obligations associated with the solar park. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs.

Deferred tax
Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the net effect of future tax planning strategies.

continued...

2. ACCOUNTING POLICIES - continued

Significant accounting estimates and assumptions - continued

Revenue relating to the accrued income for ROCs
The number of Renewable Obligations Certificates (ROCs) are calculated each month based on the number of mega-watts of power exported. The ROC buyout price is fixed for each compliance generation period and is published in advance by Ofgem. The ROC recycle price is not usually published until September following the accounting year end and thus management estimate the price using third party expert information if it is not published in time.The recycle price is not usually published until September following the accounting year end and thus management estimate the value accrued at the year end if it is not published in time. The estimated recycle value of the ROCs is an estimate of the future benefit that may be obtained from the ROC recycle fund at the end of the compliance period. The recycle fund provides a benefit where supplier buy-out charges (incurred by suppliers who do not procure sufficient ROCs to satisfy their obligations) are returned to renewable generators on a pro-rata basis. The estimate is based on assumptions about likely levels of renewable generation and supply over the compliance period and is thus subject to some uncertainty.

Management utilises external sources of information in addition to its own forecasts in calculating these estimates. Management monitor the total UK renewable generation on a quarterly basis through the use of an external expert to ensure this assumption remains reasonable. Past experience indicates that the values arrived at are reasonable but they remain subject to possible variation.

Impairment of non-financial assets
As discussed above management reviews the carrying value of non-financial assets by discounting estimated future cash flows. There are multiple inputs to the calculation of estimated cash flows and management procures and utilises third party industry expert reports to support these subjective inputs. As noted in the going concern report the director of Toucan Energy Holdings 1 Limited procured a valuation of the wider group. This did not indicate any impairment at the Company level.

3. EMPLOYEES AND DIRECTORS

The company has no employees, hence there were no staff costs for the year ended 31 December 2021 (2020: £nil). The directors are remunerated by a related party which charges management fees to the Company's parent, Perpetual Power (UK) Limited.

4. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1st January 2021	30,753,315
Additions	812,826
At 31st December 2021	31,566,141
DEPRECIATION	
At 1st January 2021	7,127,659
Charge for year	1,465,413
At 31st December 2021	8,593,072
NET BOOK VALUE	
At 31st December 2021	22,973,069
At 31st December 2020	23,625,656

5. DEBTORS

	31/12/21	31/12/20
	£	£
AMOUNTS FALLING DUE WITHIN ONE YEAR:		
Intercompany receivable	-	5,357,787
Prepayments and accrued income	42,365	51,354
VAT	90,978	52,670
	133,343	5,461,811

	31/12/21	31/12/20
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:		
Deferred tax	1,254,671	560,992

At the Spring Budget 2023, the Government confirmed the Corporation Tax main rate will be 25% for the financial year beginning 1 April 2023. The deferred tax asset at 31 December 2021 has been calculated taking the 25% rate into account.

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/21	31/12/20
	£	£
Trade creditors	49,357	53,047
Intercompany payable	141,317	172,747
Accruals	4,027	6,645
Interest bearing loans and borrowings:		
Perpetual Power (UK) Limited (Facility Agreement Tranche)	15,962,187	16,722,724
Perpetual Power (UK) Limited (TEHL 1 Tranche)	8,468,302	13,767,054
	24,625,190	30,722,217

Interest bearing loans and borrowings represent amounts due to Perpetual Power (UK) Limited ('PPUK'), the immediate parent company. The PPUK loan has two tranches; one related to the Facility Agreement dated 25 July 2016 between the intermediate parent company, Perpetual Power (UK) Limited and Barclays Bank PLC and one tranche related to undertakings from Toucan Energy Holdings 1 Limited ('TEHL 1'), a group company. Both tranches are repayable on demand.

Interest accrues on both tranches of the PPUK loan on a variable basis as determined by the underlying finance cost of the Senior loan held by PPUK and the Junior loan held by Toucan Energy Holdings 1 Limited.

The Company and its assets have been pledged as security under the terms associated with the Senior debt held by the Company's immediate parent, Perpetual Power (UK) Limited, which ranks senior to the terms associated with the Junior debt held by Toucan Energy Holdings 1 Limited. The Senior debt, is at the date of signing these financial statements, in default. However there has been no demand for full or partial repayment of Perpetual Power (UK) Limited's borrowings or the security pledged by the Company.

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7. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31/12/21	31/12/20
	£	£
Within one year	141,371	130,148
Between one and five years	520,592	520,592
In more than five years	1,806,740	1,936,887
	2,468,703	2,587,627

The operating lease agreement shown above is in connection to land & buildings.

8. PROVISIONS FOR LIABILITIES

Decommissioning provision	31/12/21	31/12/20
	£	£
Opening provision	311,688	301,592
Accretion charge for year	11,617	10,096
Increase in management estimate	812,826	-
Closing provision	1,136,131	311,688

In light of the current economic conditions, the directors have revised the underlying assumptions in reaching the estimated present value of expenditure required for decommissioning costs.

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31/12/21	31/12/20
			£	£
3,191,146	Ordinary	£1.00	3,191,146	3,191,146

10. RESERVES

	Retained deficit
	£
At 1st January 2021	(4,572,282)
Deficit for the year	(5,890)
At 31st December 2021	(4,578,172)

11. RELATED PARTY DISCLOSURES

Consolidated financial statements are prepared by the Company's immediate parent, Perpetual Power (UK) Limited. Accordingly, the company has taken advantage of the exemption in FRS102 from disclosing transactions with members of the group.

The Company purchased £19,353 (2020: £nil) of spare parts from a fellow group company, Toucan Energy Services Limited during the year.

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12. CONTROLLING PARTY AND POST BALANCE SHEET EVENTS

The immediate parent company is Perpetual Power (UK) Limited, a company incorporated in England and Wales. The registered office of Perpetual Power (UK) Limited is c/o The Directors, The Centenary Chapel, Chapel Road, Thurgarton, Norwich, NR11 7NP.

Perpetual Power (UK) Limited is the smallest member of the group which prepares consolidated financial statements, whilst Perpetual Power (UK) Holdings Limited is the largest member of the group which prepares consolidated financial statements. The registered office of Perpetual Power (UK) Holdings Limited is c/o The Directors, The Centenary Chapel, Chapel Road, Thurgarton, Norwich, NR11 7NP.

The ultimate parent company is Anyard Holdings Limited, a company incorporated in the Isle of Man. The registered office of Anyard Holdings Limited is 2nd Floor, St George's Court, Upper Church Street, Douglas, IM1 1EE, Isle of Man.

The ultimate beneficial party was Mr L J Kavanagh by virtue of his shareholding in Anyard Holdings Limited.

Joint Administrators were appointed to Toucan Energy Holdings 1 Limited, an immediate subsidiary of Anyard Holdings and the parent of Perpetual Power (UK) Holdings Limited, on 10 November 2022. Mr L J Kavanagh remains the ultimate controlling shareholder of Anyard Holdings Limited but no longer has effective control of Toucan Energy Holdings 1 Limited, and therefore the Company, now that the business, affairs and property of Toucan Energy Holdings 1 Limited are being managed by the Joint Administrators in their capacity as agents of that company.