REGISTERED NUMBER: 09212326 (England and Wales)

Report of the Director and

Financial Statements for the Year Ended 31st December 2020

for

Morton Solar Limited

Contents of the Financial Statements
for the Year Ended 31st December 2020

Morton Solar Limited

Company Information
for the Year Ended 31st December 2020

DIRECTOR:	I Walsh
REGISTERED OFFICE:	c/o Quintas Energy UK Ltd 8th Floor 3 Harbour Exchange Square London E14 9GE
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 Director
for the Year Ended 31st December 2020

The director presents his report with the financial statements of the company for the year ended 31st December 2020.

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 £548,556 (2019: £100,192 loss).

The director does not propose a dividend.

DIRECTORS
The director shown below has held office during the year to the date of this report.

I Walsh

During the financial year, on 28 January 2020, A P Williams resigned as director and I Walsh was immediately appointed as director. On 25 July 2020, L J Kavanagh resigned as director.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the director is 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 he 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:
Ian Walsh
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I Walsh - Director

Date: 12 May 2022

Morton Solar Limited

Statement of Director's Responsibilities
for the Year Ended 31st December 2020

The director is responsible for preparing the Report of the Director and financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director 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 director is 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 director is 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. He is 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 director is 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 2020 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 2020 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 director's 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 director is responsible for the other information. The other information comprises the information in the Report of the Director, 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 Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Director 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 Director.

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 director's remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The director was 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 Director.

Responsibilities of director
As explained more fully in the Statement of Director's responsibilities set out on page 3, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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 director.
- Conclude on the appropriateness of the director's 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:
Dan Slocombe
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Dan Slocombe (Senior Statutory Auditor)
for and on behalf of Moore
Chartered Accountants and
Statutory Auditors
30 Gay Street, Bath
BA1 2PA

Date: 12 May 2022

Morton Solar Limited

Profit and Loss Account
for the Year Ended 31st December 2020

	31/12/20	31/12/19
	£	£
TURNOVER	2,893,422	3,436,140
Cost of sales	(386,043)	(380,734)
GROSS PROFIT	2,507,379	3,055,406
Administrative expenses	(1,380,370)	(1,647,867)
OPERATING PROFIT	1,127,009	1,407,539
Interest payable and similar expenses	(1,533,009)	(1,553,048)
LOSS BEFORE TAXATION	(406,000)	(145,509)
Tax on loss	(142,556)	45,317
LOSS FOR THE FINANCIAL YEAR	(548,556)	(100,192)

The notes form part of these financial statements

Morton Solar Limited (Registered number: 09212326)

Statement of Financial Position
31st December 2020

	Notes	31/12/20 £	31/12/19 £
FIXED ASSETS			
Tangible assets	3	23,625,656	24,855,789
CURRENT ASSETS			
Debtors: amounts falling due within one year	4	5,461,811	3,781,032
Debtors: amounts falling due after more than one year	4	560,992	703,548
Cash at bank		4,310	212,945
		6,027,113	4,697,525
CREDITORS			
Amounts falling due within one year	5	(30,722,217)	(30,084,302)
NET CURRENT LIABILITIES		(24,695,104)	(25,386,777)
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,069,448)	(530,988)
PROVISIONS FOR LIABILITIES	7	(311,688)	(301,592)
NET LIABILITIES		(1,381,136)	(832,580)
CAPITAL AND RESERVES			
Called up share capital		3,191,146	3,191,146
Retained deficit	8	(4,572,282)	(4,023,726)
SHAREHOLDER FUNDS		(1,381,136)	(832,580)

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 director and authorised for issue on 12 May 2022 and were signed by:

DocuSigned by:
Ian Walsh
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I Walsh - 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 Quintas Energy UK Ltd, 8th Floor, 3 Harbour Exchange Square, London, E14 9GE.

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 director has considered the going concern basis of the Company in light of the impact of the Covid-19 pandemic, specifically the situation in the United Kingdom, and the current status of the Company and wider Group's external financing arrangements. The director has considered all aspects of the Company's business when looking at the going concern status.

Impact of Covid-19
Despite a year where power prices fell significantly due to the impact of the pandemic, wholesale markets have since recovered 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 director does 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 ability of the Company to remain liquid is dependent on the capital, which has been provided and secured by the assets of the Company, being repaid in the scheduled manner. Servicing of the debt facilities 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.

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2. **ACCOUNTING POLICIES - continued**

External 'Senior' Facility
At the 31 December 2020 the Group's debt facility was in a default position and the debt has been reclassified as a current liability. Events of default give rights to lenders to demand full or partial repayment of capital. No partial or full payment demand occurred. The default was administrative and was not connected to debt servicing, cashflow generation, performance or covenant compliance and was waived post year end prior to the approval of these financial statements.

Subsequent to the default noted above a further administrative default occurred and is continuing. There have been no full or partial demands for repayment of capital and due to the reclassification which occurred as a result of the first default there is no supplementary impact on the financial statements. A waiver has been drafted inclusive of certain conditions that must be met subsequent to the approval of these financial statements including making a payment of £12.5m in relation to the external 'junior' facility (detailed below).

In relation to the financial covenants that the Company is required to meet in relation to the senior debt, historically there has been sufficient headroom and this is forecast to continue. The financial modelling and forecasts include downside scenarios in relation to irradiance, power price and asset availability.

Parent Intercompany Loan
Toucan Energy Holdings 1 Limited, an intermediary holding company, has confirmed that for at least 12 months from the date of approval of the financial statements, it does not intend to seek repayment of the amounts currently loaned to the Group, if repayment of these amounts would result in the Company and Group being unable to meet its obligations. Toucan Energy Holdings 1 Limited's funding is primarily sourced from the issue of 'solar bonds' to third parties and secured against the solar park owning subsidiaries of the Group and other similar related parties.

External 'Junior' Facility
Subsequent to the year end, the wider group underwent a planned restructure. Toucan Energy Holdings 1 Limited was incorporated on 22 July 2020 to act as an intermediary holding company (detailed above) with the plan to novate in the external junior financing facility, total value of £655m of solar bonds and related obligations, held by two fellow group companies, Rockfire Investment Finance PLC, and Toucan Bond Co 19 Limited.

As at the date of signing these financial statements there remains outstanding the execution of confirmation deeds to regularise the position. Wide ranging discussions between bond holder and bond issuer are live and ongoing. During these discussions, the junior facility is in default. This default, however, has not led to the external bondholder making demand for repayment from any of Rockfire Investment Finance PLC, Toucan Bond Co 19 Limited or Toucan Energy Holdings 1 Limited.

Whilst Toucan Energy Holdings 1 Limited has confirmed that they will continue to support the company over the next 12 months, there remains uncertainty over the ability of the Toucan Energy Holdings 1 Limited to generate sufficient funds to enable it to continue to meet its liabilities for the next 12 months should its significant bond debt fall due. There therefore exists a material uncertainty over its ability to continue to support the Company and Group. However, Toucan Energy Holdings 1 Limited remains committed to regularising the position. On that basis, the director has prepared the financial statements on a going concern basis.

Management Conclusion
The Company has net liabilities and 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 as noted above, the director has reasonable expectation that the Group and Company have adequate resources to continue operating for the foreseeable future.

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2. **ACCOUNTING POLICIES - continued**

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.

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.

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2. **ACCOUNTING POLICIES - continued**

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.

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.

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2. ACCOUNTING POLICIES - continued

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.

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.

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2. ACCOUNTING POLICIES - continued

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.

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 Period and is published in advance by Ofgem. The ROC recycle price is not published until September following the accounting year end and thus management estimate the price. 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.

3. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1st January 2020 and 31st December 2020	30,753,315
DEPRECIATION	
At 1st January 2020	5,897,526
Charge for year	1,230,133
At 31st December 2020	7,127,659
NET BOOK VALUE	
At 31st December 2020	23,625,656
At 31st December 2019	24,855,789

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4. DEBTORS

	31/12/20	31/12/19
	£	£
AMOUNTS FALLING DUE WITHIN ONE YEAR:		
Intercompany receivable	5,357,787	3,716,858
Prepayments and accrued income	51,354	47,366
VAT	52,670	16,808
	5,461,811	3,781,032

	31/12/20	31/12/19
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:		
Deferred tax	560,992	703,548

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/20	31/12/19
	£	£
Trade creditors	53,047	78,450
Intercompany payable	172,747	141,447
Accruals	6,645	12,037
Interest bearing loans and borrowings:		
Perpetual Power (UK) Limited (Facility Agreement Tranche)	16,722,724	17,408,918
Perpetual Power (UK) Limited (TEHL 1 Tranche)	13,767,054	12,443,450
	30,722,217	30,084,302

Interest bearing loans and borrowings represent unsecured amounts due to group undertakings by the company at 31st December 2020 from 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.

6. LEASING AGREEMENTS

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

	31/12/20	31/12/19
	£	£
Within one year	130,148	130,148
Between one and five years	520,592	520,592
In more than five years	1,936,887	2,067,392
	2,587,627	2,718,132

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

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7. PROVISIONS FOR LIABILITIES

Decommissioning provision	31/12/20	31/12/19
	£	£
Opening provision	301,592	291,497
Accretion charge for year	10,096	10,095
Closing provision	311,688	301,592

8. RESERVES

	Retained deficit £
At 1st January 2020	(4,023,726)
Deficit for the year	(548,556)
At 31st December 2020	(4,572,282)

9. RELATED PARTY DISCLOSURES

Consolidated financial statements are prepared by the Company's immediate parent, Perpetual Power (UK) Limited, and will be prepared by the Company's intermediary holding company, Toucan Energy Holdings 1 Limited, when due. Accordingly, the company has taken advantage of the exemption in FRS102 from disclosing transactions with members of the group.

10. CONTROLLING PARTY

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 Quintas Energy UK Limited, 8th Floor, 3 Harbour Exchange Square, London, E14 9GE.

Perpetual Power (UK) Limited is the smallest member of the group which prepares consolidated financial statements.

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 largest member of the group which prepares consolidated financial statements is Toucan Energy Holdings 1 Limited, a direct subsidiary of Anyard Holdings Limited. The registered office of Toucan Energy Holdings 1 Limited is 30 Gay Street, Bath, BA1 2PA.

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