



Registered number: 09858723

## **Colongra Power Limited**

### **Directors' report and financial statements for the year ended 31 December 2019**



# **Colongra Power Limited**

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# **Colongra Power Limited**

## **Company Information**

|                             |                                                                                                                                                        |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Directors</b>            | E Fellows<br>S Goss<br>D Hastings                                                                                                                      |
| <b>Company secretary</b>    | Octopus Company Secretarial Services Limited                                                                                                           |
| <b>Registered number</b>    | 09858723                                                                                                                                               |
| <b>Registered office</b>    | 6th Floor<br>33 Holborn<br>London<br>EC1N 2HT                                                                                                          |
| <b>Independent auditors</b> | PricewaterhouseCoopers LLP<br>Chartered Accountants and Statutory Auditors<br>Central Square South<br>Orchard Street<br>Newcastle upon Tyne<br>NE1 3AZ |

# **Colongra Power Limited**

## **Directors' report for the year ended 31 December 2019**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2019.

### **Principal activities**

The company is the parent of a group of companies of which the principal activities are that of construction and operation of solar plants and the generation of solar power.

### **Going concern**

The directors have at the date of approving these financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

### **Directors**

The directors who served during the year and up to the date of signing the financial statements, unless otherwise indicated, are given below:

E Fellows  
S Goss  
D Hastings

### **Brexit**

The UK left the EU on 31 January 2020 and is now in a transition period until the end of 2020 while the UK and EU negotiate additional arrangements. The directors are continuing to consider and assess the impact on the company and is awaiting further clarity regarding exit terms and the wider regulatory and legal implications.

### **Post balance sheet events**

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, it is difficult for the company to estimate with reliable certainty the impact these events will have on the company's financial position, results of operations or cash flows in the future. The directors have performed a detailed assessment of the company's ability to continue as a going concern and have not identified any issues. The directors will continue to monitor the impact of the Coronavirus on the activities of the company.

# **Colongra Power Limited**

## **Directors' report (continued) for the year ended 31 December 2019**

### **Statement of directors' responsibilities**

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising the FRS 102 Section 1A, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 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.

### **Prior year restatement**

The debtors presented at 31 December 2018 of £9,921,142 included an amount of £9,436,786 which was due after more than one year. The comparatives included in these financial statements have been restated to correctly classify these on the balance sheet and debtors note. There is no impact of this restatement on profit or loss or equity.

### **Statement of disclosure of information to auditors**

Each of the persons who are directors at the time of approval of this report has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Independent auditors**

PricewaterhouseCoopers LLP was appointed as auditor to the company during the year and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

# **Colongra Power Limited**

## **Directors' report (continued) for the year ended 31 December 2019**

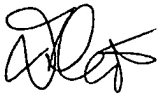
### **Small company exemption**

In preparing this report, the directors have taken advantage of the small company exemptions provided by section 415A of the Companies Act 2006.

The directors have also taken advantage of the small company exemptions provided by section 414B of the Companies Act 2006 and have not prepared a strategic report.

This report was approved by the board on

17 December 2020 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'D Hastings', with a stylized flourish at the end.

**D Hastings  
Director**

# Colongra Power Limited

## Independent auditors' report to the members of Colongra Power Limited

### Report on the audit of the financial statements

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#### Opinion

In our opinion, Colongra Power Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Director's report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2019; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## Colongra Power Limited

### Independent auditors' report to the members of Colongra Power Limited (continued)

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#### Reporting on other information

The other information comprises all of the information in the Directors' report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

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#### Responsibilities for the financial statements and the audit

##### *Responsibilities of the directors for the financial statements*

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### *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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

# Colongra Power Limited

## Independent auditors' report to the members of Colongra Power Limited (continued)

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### Other required reporting

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#### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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#### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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#### Other matter

The financial statements for the period ended 31 December 2018, forming the corresponding figures of the financial statements for the year ended 31 December 2019, are unaudited.

Jonathan Greenaway (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
NE1 3AZ

Date: 17 December 2020

# Colongra Power Limited

## Statement of comprehensive income for the year ended 31 December 2019

|                                                                 | Year ended<br>31 December<br>2019<br>£ | Unaudited<br>Period ended<br>31 December<br>2018<br>£ |
|-----------------------------------------------------------------|----------------------------------------|-------------------------------------------------------|
| Cost of sales                                                   | (2,640)                                | (4,620)                                               |
| <b>Gross loss</b>                                               | <b>(2,640)</b>                         | <b>(4,620)</b>                                        |
| Administrative (expenses)/income                                | (332,015)                              | 28,254                                                |
| <b>Operating (loss)/profit</b>                                  | <b>(334,655)</b>                       | <b>23,634</b>                                         |
| Impairment charge of investments                                | (1,641,000)                            | -                                                     |
| Interest receivable and similar income                          | 929,230                                | 503,752                                               |
| Interest payable and similar charges                            | (892,904)                              | (483,270)                                             |
| <b>(Loss)/profit on ordinary activities before taxation</b>     | <b>(1,939,329)</b>                     | <b>44,116</b>                                         |
| Tax on (loss)/profit on ordinary activities                     | 50,632                                 | (8,138)                                               |
| <b>(Loss)/profit for the financial year/period</b>              | <b>(1,888,697)</b>                     | <b>35,978</b>                                         |
| <b>Other comprehensive income/(expense) for the year/period</b> |                                        |                                                       |
| Change in the value of hedging instrument                       | 547,824                                | (18,147)                                              |
| Movement of deferred tax relating to hedging instrument         | (90,045)                               | -                                                     |
| <b>Other comprehensive income/(expense) for the year/period</b> | <b>457,779</b>                         | <b>(18,147)</b>                                       |
| <b>Total comprehensive (expense)/income for the year/period</b> | <b>(1,430,918)</b>                     | <b>17,831</b>                                         |

All amounts above relate to continuing operations.

The notes on pages 12 to 20 form part of these financial statements.

# Colongra Power Limited

Registered number: 09858723

## Balance sheet as at 31 December 2019

|                                                         | Note | 2019<br>£          | 2019<br>£          | Unaudited<br>Restated<br>2018<br>£ | Unaudited<br>Restated<br>2018<br>£ |
|---------------------------------------------------------|------|--------------------|--------------------|------------------------------------|------------------------------------|
| <b>Fixed assets</b>                                     |      |                    |                    |                                    |                                    |
| Investments                                             | 5    |                    | <b>2,908,336</b>   |                                    | <b>4,549,336</b>                   |
| <b>Current assets</b>                                   |      |                    |                    |                                    |                                    |
| Debtors: amounts falling due after more than one year   | 6    | <b>9,045,536</b>   |                    | 9,436,786                          |                                    |
| Debtors: amounts falling due within one year            | 6    | <b>1,725,958</b>   |                    | 484,356                            |                                    |
| Cash at bank and in hand                                |      | <b>4,559</b>       |                    | 379,517                            |                                    |
|                                                         |      | <b>10,776,053</b>  |                    | 10,300,659                         |                                    |
| Creditors: amounts falling due within one year          | 7    | <b>(1,150,353)</b> |                    | (627,398)                          |                                    |
| <b>Net current assets</b>                               |      |                    | <b>9,625,700</b>   |                                    | <b>9,673,261</b>                   |
| <b>Total assets less current liabilities</b>            |      |                    | <b>12,534,036</b>  |                                    | <b>14,222,597</b>                  |
| Creditors: amounts falling due after more than one year | 8    |                    | <b>(9,355,450)</b> |                                    | <b>(9,652,474)</b>                 |
| <b>Provisions for liabilities</b>                       |      |                    |                    |                                    |                                    |
| Deferred tax                                            |      |                    | <b>(39,381)</b>    |                                    | -                                  |
| <b>Net assets</b>                                       |      |                    | <b>3,139,205</b>   |                                    | <b>4,570,123</b>                   |
| <b>Capital and reserves</b>                             |      |                    |                    |                                    |                                    |
| Called up share capital                                 | 11   |                    | <b>47,955</b>      |                                    | 47,955                             |
| Share premium account                                   |      |                    | <b>4,747,580</b>   |                                    | 4,747,580                          |
| Cash flow hedge reserve                                 |      |                    | <b>439,632</b>     |                                    | (18,147)                           |
| Accumulated losses                                      |      |                    | <b>(2,095,962)</b> |                                    | (207,265)                          |
| <b>Total shareholders' funds</b>                        |      |                    | <b>3,139,205</b>   |                                    | <b>4,570,123</b>                   |

**Balance sheet (continued)  
as at 31 December 2019**

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the provisions of Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" as amended by Section 1A "Small Entities".

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 December 2020.



**D Hastings  
Director**

The notes on pages 12 to 20 form part of these financial statements.

## Colongra Power Limited

### Statement of changes in equity for the year ended 31 December 2019

|                                          | Called up<br>share<br>capital<br>£ | Share<br>premium<br>account<br>£ | Cash flow<br>hedge<br>reserve<br>£ | Accumulated<br>losses<br>£ | Total<br>shareholders'<br>funds<br>£ |
|------------------------------------------|------------------------------------|----------------------------------|------------------------------------|----------------------------|--------------------------------------|
| <b>At 1 July 2017 (unaudited)</b>        | <b>47,955</b>                      | <b>4,747,580</b>                 | -                                  | (243,243)                  | <b>4,552,292</b>                     |
| Profit for the financial period          | -                                  | -                                | -                                  | 35,978                     | 35,978                               |
| Change in value of hedging<br>instrument | -                                  | -                                | (18,147)                           | -                          | (18,147)                             |
| <b>At 1 January 2019 (unaudited)</b>     | <b>47,955</b>                      | <b>4,747,580</b>                 | <b>(18,147)</b>                    | <b>(207,265)</b>           | <b>4,570,123</b>                     |
| Loss for the financial year              | -                                  | -                                | -                                  | (1,888,697)                | (1,888,697)                          |
| Deferred tax movements                   | -                                  | -                                | (90,045)                           | -                          | (90,045)                             |
| Change in value of hedging<br>instrument | -                                  | -                                | 547,824                            | -                          | 547,824                              |
| <b>At 31 December 2019</b>               | <b>47,955</b>                      | <b>4,747,580</b>                 | <b>439,632</b>                     | <b>(2,095,962)</b>         | <b>3,139,205</b>                     |

The notes on pages 12 to 20 form part of these financial statements.

# Colongra Power Limited

## Notes to the financial statements for the year ended 31 December 2019

### 1. General information

Colongra Power Limited is a private company, limited by shares, incorporated and domiciled in England, the United Kingdom, registered number: 09858723. The registered office is 6th Floor, 33 Holborn, London, EC1N 2HT.

The company is the parent of a group of companies of which the principal activities of which are the construction and operation of solar plants and the generation of solar power.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements are prepared on the going concern basis, under the historical cost convention except for financial instruments which are held at fair value and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies (see note 3).

The company's functional and presentation currency is the pound sterling.

The following principal accounting policies have been applied:

#### 2.2 Exemptions for qualifying under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, required under Section 7 of FRS 102 and para 3.17(d), on the basis that it is a small company;
- from disclosing the company's key management personnel compensation as required by FRS 102 para 33.7; and
- from disclosing related party transactions that are wholly owned within the same group.

#### 2.3 Consolidation

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group financial statements. These financial statements therefore present information about the company as an individual undertaking and not about its group.

#### 2.4 Going concern

The directors have at the date of approving these financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 2.5 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

# **Colongra Power Limited**

## **Notes to the financial statements for the year ended 31 December 2019**

### **2. Accounting policies (continued)**

#### **2.6 Finance costs**

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### **2.7 Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

#### **2.8 Impairment of non financial assets**

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

# Colongra Power Limited

## Notes to the financial statements for the year ended 31 December 2019

### 2. Accounting policies (continued)

#### 2.9 Current and deferred taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

##### *(i) Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

##### *(ii) Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

#### 2.10 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at cost and amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

# **Colongra Power Limited**

## **Notes to the financial statements for the year ended 31 December 2019**

### **2. Accounting policies (continued)**

#### **2.10 Financial instruments (continued)**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. Some derivatives are designated for hedge accounting, these are discussed further in section 2.11.

#### **2.11 Hedge accounting**

The company uses foreign currency forward contracts in order to manage its exposure to cash flow risk on its financial instruments. These derivatives are measured at fair value at each reporting date.

To the extent the cash flow is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period.

#### **2.12 Related party transactions**

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

#### **2.13 Prior year restatement**

The debtors presented at 31 December 2018 of £9,921,142 included an amount of £9,436,786 which was due after more than one year. The comparatives included in these financial statements have been restated to correctly classify these on the balance sheet and debtors note. There is no impact of this restatement on profit or loss or equity.

## **Colongra Power Limited**

### **Notes to the financial statements for the year ended 31 December 2019**

#### **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the financial year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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

The most critical accounting judgements and estimates in determining the financial condition and results of the company are those requiring a greater degree of subjective or complete judgement. There are no judgements (apart from those involving estimates) that have a significant effect on amounts recognised in the financial statements.

##### **(a) Critical judgements in applying the company's accounting policies**

An annual review of the investment in the subsidiary has been undertaken which included assessing the present value of expected future cashflows in the subsidiary, along with management's knowledge of the business and its future plans, to establish whether the carrying value of the investment should be impaired.

##### **(b) Critical accounting estimates and assumptions**

The fair value of derivative financial instruments is considered to be a critical accounting estimate. This valuation is made in conjunction with the mark - to - market confirmations supplied by the derivative counterparties.

## Colongra Power Limited

### Notes to the financial statements for the year ended 31 December 2019

#### 4. Employees and directors' remuneration

The company has no employees during the year (unaudited period ended 31 December 2018: none). The directors did not receive or waive any remuneration (unaudited period ended 31 December 2018: £nil).

#### 5. Investments

|                                               | Investments<br>in subsidiary<br>companies<br>£ |
|-----------------------------------------------|------------------------------------------------|
| <b>Cost</b>                                   |                                                |
| At 1 January (unaudited) and 31 December 2019 | 4,549,336                                      |
| <b>Impairment</b>                             |                                                |
| At 1 January 2019 (unaudited)                 | -                                              |
| Charge for the year                           | 1,641,000                                      |
| At 31 December 2019                           | 1,641,000                                      |
| <b>Net book value</b>                         |                                                |
| At 31 December 2019                           | 2,908,336                                      |
| At 31 December 2018 (unaudited)               | 4,549,336                                      |
| <b>Subsidiary undertakings</b>                |                                                |

The company owns 100% of Cilea Energy S.R.L, a company incorporated in Italy. The address of the registered office of Cilea Energy S.R.L is Trento (TN), Viale Verona, 190/4 CAP 38123, Frazione: Trento C/O Quintas Energy, Italia, S.R.L.

# Colongra Power Limited

## Notes to the financial statements for the year ended 31 December 2019

### 6. Debtors

|                                                     | 2019<br>£        | Unaudited<br>Restated<br>2018<br>£ |
|-----------------------------------------------------|------------------|------------------------------------|
| <b>Amounts falling due after more than one year</b> |                  |                                    |
| Amounts owed by group undertakings                  | <b>9,045,536</b> | 9,436,786                          |
| <b>Amounts falling due within one year</b>          |                  |                                    |
| Other debtors                                       | <b>2,808</b>     | 1,655                              |
| Prepayments and accrued income                      | <b>1,187,793</b> | 482,701                            |
| Financial instruments                               | <b>535,357</b>   | -                                  |
|                                                     | <b>1,725,958</b> | 484,356                            |

Included within amounts owed by group undertakings are unsecured loans with a year end balances totalling £9,045,536 (unaudited 2018: £9,436,786). The loans bears interest at 10% (2018: 10%) and are repayable on 31 January 2024.

Included within financial instruments are derivative instruments totalling £535,357 (unaudited 2018: £nil). The derivatives are repayable between 30 April 2020 and 17 December 2020.

### 7. Creditors: amounts falling due within one year

|                              | 2019<br>£        | Unaudited<br>2018<br>£ |
|------------------------------|------------------|------------------------|
| Bank overdrafts              | <b>20,000</b>    | -                      |
| Trade creditors              | <b>528</b>       | 1,073                  |
| Corporation tax              | <b>3,597</b>     | 8,138                  |
| Accruals and deferred income | <b>1,126,228</b> | 429,540                |
| Financial instruments        | -                | 188,647                |
|                              | <b>1,150,353</b> | 627,398                |

Included within financial instruments are derivative instruments totalling £nil (unaudited 2018: £188,647). The derivatives are repayable between 30 April 2020 and 17 December 2020.

Included with cash at 31 December 2018 is £350,000 of restricted cash.

# Colongra Power Limited

## Notes to the financial statements for the year ended 31 December 2019

### 8. Creditors: amounts falling due after more than one year

|                 | 2019<br>£        | Unaudited<br>2018<br>£ |
|-----------------|------------------|------------------------|
| Debenture loans | <b>9,355,450</b> | 9,652,474              |

Included within debenture loans is a secured loan over its subsidiary's shares with a year end balance totalling £9,355,450 (unaudited 2018: £9,652,474). The loans bear interest at 10% (2018: 10%) and are repayable after more than five years

### 9. Financial instruments

|                                                                                            | 2019<br>£         | Unaudited<br>2018<br>£ |
|--------------------------------------------------------------------------------------------|-------------------|------------------------|
| <b>Financial assets</b>                                                                    |                   |                        |
| Financial assets measured at amortised cost                                                | <b>10,236,137</b> | 9,921,142              |
| Financial assets measured at fair value through the statement of comprehensive income      | <b>535,357</b>    | -                      |
|                                                                                            | <b>10,771,494</b> | 9,921,142              |
| <b>Financial liabilities</b>                                                               |                   |                        |
| Financial liabilities held at amortised cost                                               | <b>10,505,803</b> | 10,091,225             |
| Financial liabilities measured at fair value through the statement of comprehensive income | -                 | 188,647                |
|                                                                                            | <b>10,505,803</b> | 10,279,872             |

### 10. Derivative financial instruments

The company has entered into foreign currency forward contracts in order to mitigate cash flow risk on its foreign currency loans. At 31 December 2019 the outstanding contracts have a maturity of less than one year.

|                                                                      | 2019<br>£      | Unaudited<br>2018<br>£ |
|----------------------------------------------------------------------|----------------|------------------------|
| Measured at fair value through the statement of comprehensive income | <b>535,357</b> | (188,647)              |

# Colongra Power Limited

## Notes to the financial statements for the year ended 31 December 2019

### 11. Called up share capital

|                                                      | 2019<br>£     | Unaudited<br>2018<br>£ |
|------------------------------------------------------|---------------|------------------------|
| <b>Allotted, called up and fully paid</b>            |               |                        |
| 4,795,536 (2018: 4,795,536) Ordinary shares of £0.01 | <b>47,955</b> | <b>47,955</b>          |

### 12. Related party transactions

The company has identified the following transactions which are to be disclosed under the terms of FRS 102 "Related party transactions"

#### Cilea Energy S.R.L

On 15 June 2018, the company entered into a facility agreement providing a loan to its wholly owned subsidiary, Cilea Energia S.R.L. Interest at a total amount of £929,230 (2018: £503,752) was charged to Cilea Energia S.R.L during the year. At the year end, a total amount of £10,231,328 (2018: £9,917,487) was outstanding, of which £10,233,328 (2018: £9,919,487) is included in debtors and £2,000 (2018: £2,000) in creditors.

#### Terido LLP

On 15 June 2018 the company entered into a loan agreement with Terido LLP, a related party by virtue of common control. Interest at a total amount of £892,125 (2018: £482,457) has been charged to the company during the year. The total amount owing to Terido LLP at the end of the year was £9,353,450 (2018: £9,650,474).

### 13. Ultimate parent undertaking and controlling party

The directors do not consider the company to have an ultimate controlling party or parent company, by virtue of a split holding in its shares. The results of the company are not consolidated within any other company.

### 14. Post balance sheet events

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, it is difficult for the company to estimate with reliable certainty the impact these events will have on the company's financial position, results of operations or cash flows in the future. The directors have performed a detailed assessment of the company's ability to continue as a going concern and have not identified any issues. The directors will continue to monitor the impact of the Coronavirus on the activities of the company.