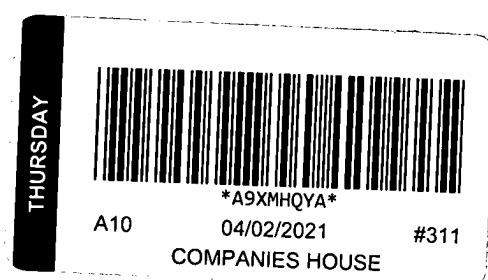


Registration number: 03117225

Ecotricity Generation Limited

Strategic Report, Directors' Report and Financial Statements

for the Year Ended 30 April 2020



Ecotricity Generation Limited

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Ecotricity Generation Limited

Company Information

Directors	Dale Vince Asif Rehmanwala Tom Cowling
Registered office	Lion House Rowcroft Stroud Gloucestershire GL5 3BY
Auditor	Grant Thornton UK LLP Chartered Accountants 2 Glass Wharf Bristol BS2 0EL

Ecotricity Generation Limited

Strategic Report for the Year Ended 30 April 2020

The Directors present their strategic report for the year ended 30 April 2020.

Principal activity

The principal activities of the Company are:

- consulting on the development of new renewable energy projects;
- operation and maintenance of wind and solar parks; and
- evolving new businesses, products and ideas.

Fair review of the business

A profit before tax for the year of £4,060,847 was recognised (2019 loss before tax: £1,155,456) which was due to a combination of the following factors.

Turnover increased to £5,868,324 (2019: £1,278,621) as a direct result of the sale of development assets to another group company, The Sky Mining Company Limited for £4,906,528 during the year (2019: vegan catering business assets were sold to another group company for £305,593). Cost of sales in the current year were equally impacted by this transaction.

The Company's administration expenses have decreased to £4,810,610 (2019: £7,021,925). The administration expenses were exceptionally high in the prior year as a result of a movement on receivables provisions (2019: £2,396,009) which has not occurred in the current period (2020: £10,464). In addition to this intercompany management recharges decreased to £451,682 (£967,231).

Outside of operating profit, the Company's performance was impacted by positive movements in the fair value of the contingent consideration owed by another company due to the strong performance from the generation portfolio of Ecotricity Wind and Sun Parks Issuing Limited. This resulted in income from an unwinding of the discount of £7,743,079 with no additional impairment (2019: £7,483,015 reduced by a £1,487,462 of impairment).

One final aspect to note on performance is that the prior year saw the impairment of the Company's impairment in Heck Fen Limited of £1,100,000. A review of the recoverability of the Company's investment balance provided no evidence of any further write offs in the current year.

The financial position of the Company remains strong with net assets of £69,291,223 (2019: £65,230,375). This financial footing will allow the Company to continue to play its integral role for Ecotricity Group Limited's overall mission by continuing to develop new green energy generation and other projects and service the existing generation sites.

Future developments and project review

Development projects continue to progress in the areas of energy storage, solar, green gas and evolving new business ideas.

The Domestic Gas and Electricity (Tariff Cap) Act 2019 came into force in July 2018. This Act places a duty on Ofgem to introduce a default tariff cap for domestic consumers on Standard Variable Tariffs (SVTs) and default tariffs. Ofgem granted a temporary derogation in January 2019 and extended this to an enduring derogation in September 2019. The Group has committed that it will continue to develop and build new green energy generation projects as part of the derogation.

Ecotricity Generation Limited

Strategic Report for the Year Ended 30 April 2020

Principal risks and uncertainties

The Company's activities expose it to a variety of financial risks. The policy for each of these risks are as follows:

• Covid-19

The Company's top priority has been to ensure the safety of colleagues and customers during the pandemic whilst maintaining customer's energy supply. The Company quickly implemented plans to maintain our core services whilst operating within Government restrictions. This involved moving more than 80% of its employees to working from home arrangements. The impact of Covid-19 has made it more difficult to service our wind park portfolio and develop new projects.

• Political

Under Conservative leadership, there has been a continued removal of support for renewable energy, favouring nuclear and gas fracking as an alternative energy source. This directly impacts the possibility of future development projects, as the commercial investment is no longer attractive and also the feasibility of construction is limited.

The Company has continued its efforts to influence policy through raising the profile of renewable energy, as well as highlighting the negative effects which alternative energy sources have both economically and environmentally. In addition, the Company is diversifying its development portfolio to include battery storage and green gas, which has greater government support, and solar.

With the vote to leave the European Union it is hard to predict the medium and long term effects on the economy including construction prices and the cost of trading abroad. This is being mitigated by reviewing exchange rates and by entering into foreign exchange hedging products where appropriate.

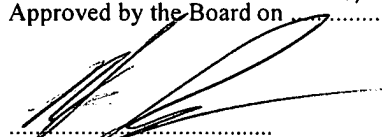
• Environmental

There is risk to future income from new projects due to the restraints being placed on planning permission for certain renewable energy projects such as on shore wind. This is being mitigated by finding alternative projects and a more critical approach to assessing whether a successful planning application is probable.

• Weather and generation

Year on year fluctuations in wind speeds and solar radiation can result in the annual variability of overall generation performance. The Company seeks to ensure maximum availability of the wind and solar park assets to mitigate any negative impact to the underlying generation.

Approved by the Board on 28/1/2021 and signed on its behalf by:



Asif Rehmanwala
Director

Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY.

Ecotricity Generation Limited

Directors' Report for the Year Ended 30 April 2020

The Directors present their report and the financial statements for the year ended 30 April 2020.

Directors of the Company

The Directors who held office during the year were as follows:

Dale Vince

Asif Rehmanwala

Tom Cowling (appointed 9 September 2019)

Dividends

The Directors do not recommend the payment of a dividend (2018: £Nil).

Political donations

The Company made no political donations or incurred any political expenditure during the year (2018: £Nil).

Charitable donations

The Company made no charitable donations during the year (2018: £Nil).

Going concern

The company has significant balances held with fellow group companies as at 30 April 2020. As a result, the company relies on support from its ultimate parent company, Ecotricity Group Limited and has received written confirmation from Ecotricity Group Limited that it intends to continue to support the company as necessary.

The Directors have obtained forecasts for the group and these demonstrate that the group will generate sufficient cash flows to provide support for the next 12 months, however these are reliant on cash inflows which will come from a combination of shareholder funding and a government backed Coronavirus Large Business Interruption Loan. A combination of one or more of these sources of funding is expected to be in place in the near future sufficient to mitigate projected funding shortfalls. However, these sources of funding are not yet concluded. As such there is a material uncertainty that may cast significant doubt on the group's ability to continue to provide the required support. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

In parallel to the accounts being prepared, the Directors of Ecotricity Group Limited are reviewing the group's cash flow forecast to reflect a longer national lockdown and further deterioration in the economy than originally forecast. This forecast is not yet completed and signed off by the Directors of Ecotricity Group Limited, but initial indications show further uncertainty caused by the pandemic being longer lasting. Principle risks being the volatility in the purchase price of energy, and customers' debt not being realised as cash.

Notwithstanding the material uncertainty, the Directors of the Company have a reasonable expectation that the group will continue to be able to support its subsidiary companies as necessary by concluding soon on additional funding. Alongside this, group management is undertaking a strategic review of its business lines and reviewing projections for cost reductions, reduced capital investment and a focus on working capital efficiency to support the group's position during this difficult period. However, at this point, these plans are not yet ready and, therefore, have not been factored into the base case cash flow forecast or any sensitivities.

Employees

The Company is committed to ensuring its development and the development of its employees. The Group values the differences between employees that define them as unique individuals and that diversity within the workplace is an integral part of achieving success. The Company also recognises its responsibilities to its employees.

Ecotricity Generation Limited

Directors' Report for the Year Ended 30 April 2020

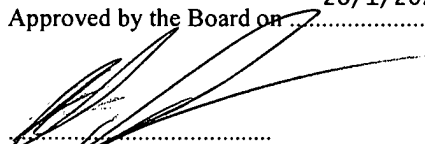
Disclosure of information to the auditor

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

Reappointment of auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Grant Thornton UK LLP will therefore continue in office.

Approved by the Board on 28/1/2021 and signed on its behalf by:



Asif Rehmanwala
Director

Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY.

Ecotricity Generation Limited

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Ecotricity Generation Limited

Independent Auditor's Report to the Members of Ecotricity Generation Limited

Opinion

We have audited the financial statements of Ecotricity Generation Limited (the 'company') for the year ended 30 April 2020 which comprise the Profit and loss account, the Statement of other comprehensive income, the Balance sheet, the Statement of changes in equity and 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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.

The impact of uncertainties arising from the UK exiting the European Union on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for company's associated with a course of action such as Brexit.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the company holds significant balances held with fellow group companies as at the year ended 30 April 2020. As stated in note 1.2, the company is dependent on the continued support of its ultimate parent company, Ecotricity Group Limited. Ecotricity Group Ltd have prepared cashflow forecasts that are reliant on cash inflows that are not yet concluded. There is therefore a material uncertainty regarding the group's ability to continue to provide the required support. These events or conditions, along with the other matters as set forth in note 1.2, 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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.

Ecotricity Generation Limited

Independent Auditor's Report to the Members of Ecotricity Generation Limited

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matter on which we are required to report under the Companies Act 2006

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 strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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 and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

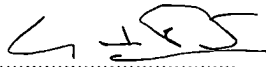
Ecotricity Generation Limited

Independent Auditor's Report to the Members of Ecotricity Generation Limited

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Timothy Lincoln BA ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants

Bristol

28/1/2021

Date:.....

Ecotricity Generation Limited**Profit and Loss Account for the Year Ended 30 April 2020**

	Note	2020 £	2019 £
Turnover	3	5,868,324	1,278,621
Cost of sales		<u>(4,713,460)</u>	<u>(311,854)</u>
Gross profit		1,154,864	966,767
Administrative expenses		(4,810,610)	(7,021,925)
Other operating income	4	<u>10,092</u>	<u>3,974</u>
Operating loss		(3,645,654)	(6,051,184)
Loss on items held at fair value through profit and loss account		-	(1,487,462)
Interest receivable and similar income	6	7,743,079	7,483,190
Amounts written off investments	13	-	(1,100,000)
Interest payable and similar expenses	7	<u>(36,578)</u>	<u>-</u>
Profit/(loss) before taxation		4,060,847	(1,155,456)
Taxation	11	<u>-</u>	<u>(302,481)</u>
Profit/(loss) for the financial year		<u><u>4,060,847</u></u>	<u><u>(1,457,937)</u></u>

The notes on pages 14 to 29 form an integral part of these financial statements.

Ecotricity Generation Limited**Statement of Other Comprehensive Income for the Year Ended 30 April 2020**

	Note	2020 £	2019 £
Profit/(loss) for the year		<u>4,060,847</u>	<u>(1,457,937)</u>
Total comprehensive income for the year		<u><u>4,060,847</u></u>	<u><u>(1,457,937)</u></u>

The notes on pages 14 to 29 form an integral part of these financial statements.

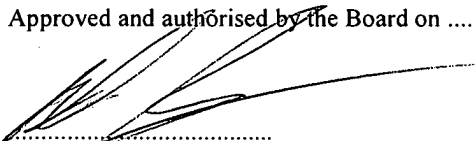
Ecotricity Generation Limited

(Registration number: 03117225)
Balance Sheet as at 30 April 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	393,911	343,326
Investments	13	<u>6,288,314</u>	<u>6,288,314</u>
		<u>6,682,225</u>	<u>6,631,640</u>
Current assets			
Stocks	14	2,470,979	7,203,604
Debtors	15	90,673,636	78,699,625
Cash at bank and in hand	16	<u>654,275</u>	<u>170,954</u>
		93,798,890	86,074,183
Creditors: Amounts falling due within one year	17	<u>(31,189,892)</u>	<u>(27,475,448)</u>
Net current assets		<u>62,608,998</u>	<u>58,598,735</u>
Net assets		<u>69,291,223</u>	<u>65,230,375</u>
Capital and reserves			
Called up share capital	18	2	2
Profit and loss account		<u>69,291,221</u>	<u>65,230,373</u>
Total equity		<u>69,291,223</u>	<u>65,230,375</u>

28/1/2021

Approved and authorised by the Board on and signed on its behalf by:



Asif Rehmanwala

Director

Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY.

The notes on pages 14 to 29 form an integral part of these financial statements.

Ecotricity Generation Limited

Statement of Changes in Equity for the Year Ended 30 April 2020

	Share capital £	Profit and loss account £	Total £
At 1 May 2019	2	65,230,374	65,230,376
Profit for the year	-	4,060,847	4,060,847
At 30 April 2020	<u>2</u>	<u>69,291,221</u>	<u>69,291,223</u>

	Share capital £	Profit and loss account £	Total £
At 1 May 2018	2	66,688,310	66,688,312
Loss for the year	-	(1,457,937)	(1,457,937)
At 30 April 2019	<u>2</u>	<u>65,230,373</u>	<u>65,230,375</u>

The notes on pages 14 to 29 form an integral part of these financial statements.

Ecotricity Generation Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

1 General information

The company is a private company limited by share capital incorporated in the UK. The presentation currency of these financial statements is sterling.

Exemption from preparing group accounts

The financial statements contain information about Ecotricity Generation Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Ecotricity Group Limited, a company incorporated in England and Wales.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Name of parent of group

These financial statements are consolidated in the financial statements of the company's ultimate parent undertaking, Ecotricity Group Limited.

The financial statements of Ecotricity Group Limited may be obtained from Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY.

In these financial statements, the company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash flow statement and related notes; and
- Key management personnel compensation.

Ecotricity Generation Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

2 Accounting policies (continued)

Going concern

The company has significant balances held with fellow group companies as at 30 April 2020. As a result, the company relies on support from its ultimate parent company, Ecotricity Group Limited and has received written confirmation from Ecotricity Group Limited that it intends to continue to support the company as necessary.

The Directors have obtained forecasts for the group and these demonstrate that the group will generate sufficient cash flows to provide support for the next 12 months, however these are reliant on cash inflows which will come from a combination of shareholder funding and a government backed Coronavirus Large Business Interruption Loan. A combination of one or more of these sources of funding is expected to be in place in the near future sufficient to mitigate projected funding shortfalls. However, these sources of funding are not yet concluded. As such there is a material uncertainty that may cast significant doubt on the group's ability to continue to provide the required support. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

In parallel to the accounts being prepared, the Directors of Ecotricity Group Limited are reviewing the group's cash flow forecast to reflect a longer national lockdown and further deterioration in the economy than originally forecast. This forecast is not yet completed and signed off by the Directors of Ecotricity Group Limited, but initial indications show further uncertainty caused by the pandemic being longer lasting. Principle risks being the volatility in the purchase price of energy, and customers' debt not being realised as cash.

Notwithstanding the material uncertainty, the Directors of the Company have a reasonable expectation that the group will continue to be able to support its subsidiary companies as necessary by concluding soon on additional funding. Alongside this, group management is undertaking a strategic review of its business lines and reviewing projections for cost reductions, reduced capital investment and a focus on working capital efficiency to support the group's position during this difficult period. However, at this point, these plans are not yet ready and, therefore, have not been factored into the base case cash flow forecast or any sensitivities.

Turnover

Turnover comprises the fair value of the consideration rechargeable for the provision of services to fellow group companies in the ordinary course of the Company's activities.

The Company recognises turnover when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities.

In addition, turnover comprises the fair value of consideration rechargeable for construction completion of sustainable infrastructure assets and subsequent transfer of the same to fellow group companies in the ordinary course of the Company's activities.

Interest receivable and charges payable

Interest income and interest payable are recognised in the profit and loss as they accrue on funds invested or borrowed, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account unless they arise from the construction of an asset in which case they are capitalised.

Ecotricity Generation Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

2 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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 timing differences which 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. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining tax allowances have been met; and difference relating to investments in subsidiaries, associates and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

Tangible assets

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

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

At the end of each financial period the Company assess whether tangible assets are impaired.

Depreciation

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. Assets under construction are not depreciated until they are ready for use and therefore transferred into another tangible fixed asset category. The estimated useful lives are as follows:

<i>Asset class</i>	<i>Depreciation method and rate</i>
Fixtures and fittings	3 - 4 years
Plant and machinery	4 years

Ecotricity Generation Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

2 Accounting policies (continued)

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

At the end of each financial period, the Company assesses whether investments are impaired.

Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss, except to the extent that they reverse any previously recognised valuation increase accumulated in equity in respect of that asset; any excess is recognised in profit and loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Cash and cash equivalents

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

Trade debtors

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

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

Ecotricity Generation Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

2 Accounting policies (continued)

Stocks

Stocks comprise of assets that are being constructed for subsequent transfer to fellow group companies in the ordinary course of the Company's activities. Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes expenditure incurred in acquiring the stocks, production or conversion costs and the other costs in bringing them to their existing location and condition. Due to the bespoke nature of the stocks, no aggregation methodologies are required to be used to identify cost.

Trade creditors

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

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

Contingent consideration

Included within amounts owed by group undertakings are amounts owed by a subsidiary group company relating to the consideration rechargeable in relation to the transfer of operational wind farms to the subsidiary group company. The consideration is deferred until the expiry of the term of the external loan owed by the subsidiary and is contingent on the performance of the wind farms transferred over the course of the loan term period. As the balance becomes payable in the future, it is discounted to present value with the annual unwinding of the discount presented within interest receivable and similar income. Any changes in the estimate of the future consideration are presented within other interest payable and similar expenses. Further information on the estimation of the balance can be found in note 21.

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

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 recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Share capital

Ordinary shares are classified as equity as they include no contractual obligations upon the Company. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Ecotricity Generation Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

2 Accounting policies (continued)

Defined contribution pension scheme

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which the services are rendered by employees.

3 Turnover

Turnover consists of sales wholly in the United Kingdom arising on the following continuing activities:

	2020 £	2019 £
Recharges to Group companies	1,356,802	973,028
Sale of assets to fellow group company	4,511,522	305,593
	<u>5,868,324</u>	<u>1,278,621</u>

4 Other operating income

The analysis of the Company's other operating income for the year is as follows:

	2020 £	2019 £
Other income	<u>10,092</u>	<u>3,974</u>

5 Operating loss

Included in profit are the following:

	2020 £	2019 £
Depreciation expense	<u>16,699</u>	<u>12,836</u>

6 Other interest receivable and similar income

	2020 £	2019 £
Interest income on bank deposits	-	175
Unwinding the discount on contingent consideration (Note 21)	7,743,079	7,483,015
	<u>7,743,079</u>	<u>7,483,190</u>

7 Other interest payable and similar expenses

	2020 £	2019 £
Net loss on foreign exchange	<u>36,578</u>	<u>-</u>

Ecotricity Generation Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

8 Staff costs

The aggregate payroll costs were as follows:

	2020	2019
	£	£
Wages and salaries	1,809,130	1,809,904
Social security costs	188,981	189,595
Pension costs, defined contribution scheme	100,106	96,331
Staff costs capitalised	<u>(105,170)</u>	<u>(48,619)</u>
	<u>1,993,047</u>	<u>2,047,211</u>

These costs represent a management recharge as all employees are contractually employed by the ultimate parent company Ecotricity Group Limited.

The average number of persons employed by the Company was:

	2020	2019
	No.	No.
Construction and operations	37	27
Development	<u>14</u>	<u>21</u>
	<u>51</u>	<u>48</u>

9 Directors' remuneration

The remuneration of Directors was borne by the ultimate parent company Ecotricity Group Limited in both years, and amounts attributable to qualifying services provided to the Company are approximately £47,703 (2019: 2,337) and approximate company pension contributions to money purchase pension plans of £1,113 (2019: £76).

10 Auditor's remuneration

	2020	2019
	£	£
Audit of the financial statements	<u>2,500</u>	<u>2,500</u>

Amounts receivable by the Company's auditor and their associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed for the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Ecotricity Group Limited.

Ecotricity Generation Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

11 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity:

	2020 £	2019 £
Deferred taxation		
Origination and reversal of timing differences	-	302,481

	2020			2019		
	Current Tax £	Deferred tax £	Total tax £	Current tax £	Deferred tax £	Total tax £
Taxation						
Recognised in profit and loss account	-	-	-	-	302,481	302,481

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

The differences are reconciled below:

	2020 £	2019 £
Profit/(loss) before tax	4,060,847	(1,155,456)
Tax using the UK corporation tax rate of 19% (2018: 19%)	771,561	(219,537)
Tax exempt revenues	(1,471,184)	(1,421,773)
Non-deductible expenses	115,478	947,024
Group relief surrendered	491,129	217,031
Reduction in tax rate on deferred tax balances	(125,562)	50,238
Under provided in prior years	-	302,481
Fixed asset differences	(42,464)	-
Deferred tax not recognised	261,042	427,017
Total tax charge	-	302,481

From 1 April 2015, the main rate of corporation tax was reduced to 20%. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. A subsequent rate increase to 19% (effective 1 April 2020) was enacted on 11 March 2020.

Ecotricity Generation Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

12 Tangible assets

	Plant and machinery £	Fixtures and fittings £	Assets under construction £	Total £
Cost				
At 1 May 2019	394,852	25,854	8,937	429,643
Additions	-	-	324,266	324,266
Disposals	-	-	(256,982)	(256,982)
At 30 April 2020	<u>394,852</u>	<u>25,854</u>	<u>76,221</u>	<u>496,927</u>
Depreciation				
At 1 May 2019	64,544	21,773	-	86,317
Charge for the year	16,167	532	-	16,699
At 30 April 2020	<u>80,711</u>	<u>22,305</u>	<u>-</u>	<u>103,016</u>
Carrying amount				
At 30 April 2020	<u>314,141</u>	<u>3,549</u>	<u>76,221</u>	<u>393,911</u>
At 30 April 2019	<u>330,308</u>	<u>4,081</u>	<u>8,937</u>	<u>343,326</u>

13 Fixed asset investments

	Investments in subsidiaries £
Cost	
At 1 May 2019	<u>51,324,904</u>
At 30 April 2020	<u>51,324,904</u>
Impairment losses	
At 1 May 2019	<u>45,036,590</u>
At 30 April 2020	<u>45,036,590</u>
Carrying amount	
At 30 April 2020	<u>6,288,314</u>
At 30 April 2019	<u>6,288,314</u>

Ecotricity Generation Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

13 Fixed asset investments (continued)

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings				
Air Diamonds Company Limited	England	Ordinary	100%	Dormant
Ecotricity (Alveston) Limited	England	Ordinary	100%	Holding Company
Alveston Wind Park Limited*	England	Ordinary	100%	Wind park
Bicker Fen Energy Storage Limited	England	Ordinary	100%	Dormant
Bambers Extension Wind Park Limited	England	Ordinary	100%	Wind park
Ecotricity Holding Company Limited	England	Ordinary	100%	Dormant
Dulater Hill Wind Park Limited	England	Ordinary	100%	Dormant
Ecotricity Wind and Sun Parks (Holding) Limited	England	Ordinary	100%	Holding Company
Heck Fen Wind Park Limited	England	Ordinary	75.1%	Wind Park under construction
Climate Diamond Limited*	England	Ordinary	100%	Dormant
Kings Lynn Wind Park Limited*	England	Ordinary	100%	Wind Park
Pollington Wind Park Limited*	England	Ordinary	100%	Wind Park
Ecotricity (Sparsholt Gasmill) Limited – formerly Sparsholt College Green Gasmill Limited as at 30 April 2018	England	Ordinary	100%	Green Gas Mill
Sandy Wind Turbine Limited*	England	Ordinary	100%	Wind Park
The Sky Mining Company Limited	England	Ordinary	75%	Manufacturing
Upper Sonachan Wind Park Limited	England	Ordinary	100%	Dormant
Ballymena Wind Park Limited*	England	Ordinary	100%	Wind Park
Bambers Wind Park Limited*	England	Ordinary	100%	Wind Park
Bristol Port Wind Park Limited*	England	Ordinary	100%	Wind Park
Cardiff Wind Park Limited*	England	Ordinary	100%	Wind Park
Dagenham Wind Park Limited*	England	Ordinary	100%	Wind Park
Dalby Wind Park Limited*	England	Ordinary	100%	Wind Park

Ecotricity Generation Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

Ecotricity Merchant Holdings Limited	England	Ordinary	100%	Holding Company
Dundee Merchant Wind Park Limited*	England	Ordinary	100%	Wind Park
Fen Farm Wind Park Limited*	England	Ordinary	100%	Wind Park
Ecotech Wind Park Limited*	England	Ordinary	100%	Wind Park
Ecotricity Wind and Sun Parks (Issuing) Limited*	England	Ordinary	100%	Holding Company
Fen Farm Solar Park Limited*	England	Ordinary	100%	Solar Park
Galsworthy Wind Park Limited*	England	Ordinary	100%	Wind Park
Ecotricity (Bulkworthy) Solar Limited	England	Ordinary	100%	Dormant
Green Park Wind Park Limited*	England	Ordinary	100%	Wind Park
Ecotricity (Dolby Solar) Limited	England	Ordinary	100%	Dormant
Lynch Knoll Wind Park Limited*	England	Ordinary	100%	Wind Park
Ecotricity (Butts Field) Limited	England	Ordinary	100%	Dormant
Mablethorpe Wind Park Limited*	England	Ordinary	100%	Wind Park
Ecotricity (Chalton) Limited	England	Ordinary	100%	Dormant
Merchant Wind Park (East Kilbride) Limited*	England	Ordinary	100%	Wind Park
Ecotricity (Leechpool) Limited	England	Ordinary	100%	Dormant
New Power Company Limited*	England	Ordinary	100%	Holding Company
Next Generation Wind Holdings Limited*	England	Ordinary	100%	Holding Company
Shooters Bottom Wind Park Limited*	England	Ordinary	100%	Wind Park
Somerton Wind Park Limited*	England	Ordinary	100%	Wind Park
Swaffham Wind Park Limited*	England	Ordinary	100%	Wind Park
Wind Holdings Nord Limited*	England	Ordinary	100%	Holding Company
Workshop Wind Park Limited*	England	Ordinary	100%	Wind Park

* denotes indirect subsidiary undertakings.

All subsidiary undertakings have their registered office at Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY.

Ecotricity Generation Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

14 Stocks

	2020 £	2019 £
Work in progress	<u>2,470,979</u>	<u>7,203,604</u>

The cost of stocks recognised as an expense in the year amounted to £4,294,385 (2019: £1,697,362).

Impairment of stocks

The amount of impairment loss included in profit or loss is £603,630 (2019: £961,371).

15 Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	139,950	150,496
Amounts owed by group undertakings	90,343,534	77,959,324
Other debtors	53,345	22,505
Prepayments and accrued income	4,605	16,526
VAT receivable	<u>132,202</u>	<u>550,774</u>
	<u>90,673,636</u>	<u>78,699,625</u>

Included within amounts due from group undertakings is £48,215,710 (2019: £40,472,631) which relates to contingent consideration due from a fellow group undertaking. For more information on the key sources of estimation uncertainty see note 21.

16 Cash and cash equivalents

	2020 £	2019 £
Cash at bank	<u>654,275</u>	<u>170,954</u>

17 Creditors

	2020 £	2019 £
Due within one year		
Trade creditors	210,782	766,223
Amounts due to group undertakings	29,709,876	26,065,454
Other payables	98	2,200
Accrued expenses	496,529	635,960
Corporation tax	5,611	5,611
Deferred income	<u>766,996</u>	<u>-</u>
	<u>31,189,892</u>	<u>27,475,448</u>

Ecotricity Generation Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

18 Capital and reserves

Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

19 Related party transactions

The Company has taken advantage of the exemption contained in FRS 102.33 and has not disclosed transactions or balance with wholly owned subsidiaries which form part of the Group.

Summary of transactions with other group undertakings

	Debtors outstanding		Creditors outstanding	
	2020	2019	2020	2019
	£	£	£	£
Other Group undertakings	<u>3,040,211</u>	<u>2,935,565</u>	<u>89,051</u>	<u>-</u>
	Recharges to		Costs incurred	
	2020	2019	2020	2019
	£	£	£	£
Other Group undertakings	<u>-</u>	<u>21,001</u>	<u>-</u>	<u>3,802</u>

Ecotricity Generation Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

20 Financial instruments

Categorisation of financial instruments

	2020 £	2019 £
Assets measured at fair value through profit and loss	24,588,543	23,627,167
Assets measured at amortised cost	<u>66,085,093</u>	<u>55,049,953</u>
	<u>90,673,636</u>	<u>78,677,120</u>
Liabilities measured at amortised cost	<u>(31,189,892)</u>	<u>(27,349,161)</u>

Financial instruments at fair value through profit or loss

Valuation method

The contingent consideration is from the sale of subsidiary companies in 2015 valued in line with the expected receipts from the subsidiaries which generate electricity. The forecast future cash flow model used to value the investments in subsidiaries assumes that the historic generation levels recorded by the underlying wind park assets over their lives will continue at the same rate and that the current power price agreement and renewables credits available will continue with expected inflationary increases. Expenditure patterns are assumed to be consistent with expected inflationary increases and with expected maintenance works taken into account. The discount rate is assumed to be the minimum rate of return that the Group expects on similar investments.

Credit Risk

The Company has minimal exposure to credit risk as it holds 100% of the share capital of the entity. The balance is not due to be paid back until 2031 so the risk of default remains in the distant future.

Liquidity risk

The Company is not particularly exposed to liquidity risk as the vast majority of current liabilities are owed to fellow Ecotricity Group Limited undertakings and if required the Company has significant current financial assets which could be called in.

Market risk

The exposure to market risk is deemed to be minimal. There is no interest rate on the consideration and as a result will not be affected by changes in the market. The exposure to price and currency risk are also deemed to be low as the loans are non-tradable, sterling instruments.

Ecotricity Generation Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

21 Accounting estimates and judgements

In the application of the Company's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

• Investments

The investments in subsidiaries are reviewed each year for impairment. The assessment takes into account the forecast discounted future cash flow of the direct subsidiaries, and its indirect energy generating companies, and compares the recoverable amount for the Company to the subsidiary's investment carrying value in the Company's accounts. The future cash flow model assumes that the historic generation levels recorded by the asset over its life will continue at the same rate and that the current power price agreement and renewables credits available will continue with expected inflationary increases. Expenditure patterns are assumed to be consistent with expected inflationary increases and with expected maintenance works taken into account. The discount rate is assumed to be the minimum rate of return that the Group expects on similar investments. See Note 13 for the carrying value of the investments held as fixed assets.

• Contingent Consideration

Included in amounts owed by group undertakings is contingent consideration due from one of the Company's indirect subsidiaries. This is based on the profitability of the indirect subsidiary companies and the forecast cash flow is reviewed annually for impairment. The contingent consideration included in other debtors is estimated using future cash flow of the indirect subsidiary companies to which the consideration relates on the same basis as is used for estimating the investments above.

• Intangibles

Development costs for individual development projects are only capitalised as an intangible asset if the criteria to capitalise development expenditure set by FRS 102 Section 18 are met by the project. If the criteria are not met by the project then the development costs are expensed during the year to the profit and loss account.

The Directors review each project individually to assess whether they still comply with the criteria to capitalise development expenditure set by FRS 102 Section 18. If the criteria are no longer met due to new developments or events during the year, then the total capitalised development costs to date for that project are fully impaired. Indicators of impairment can be a rejection of planning permission, a negative outcome from an environmental impact study or if the development costs exceed the forecast future economic benefits.

22 Ultimate parent undertaking and controlling party

The Company's immediate and ultimate parent undertaking is Ecotricity Group Limited, a company incorporated in England and Wales. The ultimate controlling party of the Company is D Vince, the only shareholder of Ecotricity Group Limited.

The largest Group in which the results of the Company are consolidated is that headed by Ecotricity Group Limited. No other financial statements include the results of the Company. Consolidated financial statements may be obtained from Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY.

Ecotricity Generation Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

23 Non adjusting events after the financial period

On 1 May 2020, the Directors of the ultimate parent undertaking enacted a change in structure of the wider group and as such the ultimate parent undertaking became Green Britain Group Limited, a Company incorporated in England and Wales. There was no financial impact on the Company.