

REGISTERED NUMBER: 07596151 (England and Wales)

Report of the Directors and
Financial Statements for the Year Ended 31 March 2019
for
Kent Solar Limited



Kent Solar Limited (Registered number: 07596151)

Contents of the Financial Statements
for the Year Ended 31 March 2019

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Statement of Profit or Loss	7
Statement of Profit or Loss and Other Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Statement of Cash Flows	13
Notes to the Financial Statements	14

Kent Solar Limited

Company Information
for the Year Ended 31 March 2019

DIRECTORS:

G E Shaw
P Andrews

REGISTERED OFFICE:

C/O Foresight Group
The Shard
32 London Bridge Street
London
SE1 9SG

REGISTERED NUMBER:

07596151 (England and Wales)

AUDITORS:

BDO LLP

Kent Solar Limited (Registered number: 07596151)

Report of the Directors
for the Year Ended 31 March 2019

The directors present their report with the financial statements of the company for the year ended 31 March 2019.

PRINCIPAL ACTIVITY

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

DIRECTORS

G E Shaw has held office during the whole of the period from 1 April 2018 to the date of this report.

TW Moore was a director during the period however resigned subsequent to the year end on 15 May 2019.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Report of the Directors 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 International Financial Reporting Standards as adopted by the European Union. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SMALL COMPANY EXEMPTION

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

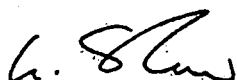
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant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

Kent Solar Limited (Registered number: 07596151)

Report of the Directors
for the Year Ended 31 March 2019

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

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'G. E. Shaw', is written over a horizontal line.

G E Shaw - Director

27 September 2019

Report of the Independent Auditors to the Members of
Kent Solar Limited

Opinion

We have audited the financial statements of Bridgewater Solar Limited ("the company") for the year ended 31 March 2019 which comprise Statement of Profit or Loss, Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 Auditors' 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the report of the directors and financial statements, 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.

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.

Report of the Independent Auditors to the Members of
Kent Solar Limited

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the report of the directors and from the requirement to prepare a strategic report.

Responsibilities of directors

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Report of the Independent Auditors to the Members of
Kent Solar Limited

Use of our report

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

BDO LLP

Gareth Singleton (Senior Statutory Auditor)
for and on behalf of **BDO LLP**, Statutory Auditor
Nottingham, UK

30 September 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Kent Solar Limited (Registered number: 07596151)

Statement of Profit or Loss
for the Year Ended 31 March 2019

	Notes	31.3.19 £	31.3.18 £
CONTINUING OPERATIONS			
Revenue		2,252,729	1,943,520
Cost of sales		<u>(70,467)</u>	<u>(1,942,955)</u>
GROSS PROFIT		2,182,262	565
Other operating income		148,950	682,819
Administrative expenses		(913,075)	(767,710)
Other operating expenses		<u>(718,283)</u>	<u>23,349</u>
OPERATING PROFIT/(LOSS)		699,854	(60,977)
Finance costs	4	(604,268)	(653,072)
Finance income	4	<u>979</u>	<u>655,107</u>
PROFIT/(LOSS) BEFORE TAX (CHARGE)	5	96,565	(58,942)
Tax (Charge)	6	<u>(311,532)</u>	<u>(15,584)</u>
LOSS FOR THE YEAR		<u><u>(214,967)</u></u>	<u><u>(74,526)</u></u>

The notes form part of these financial statements

Kent Solar Limited (Registered number: 07596151)

Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 March 2019

	31.3.19 £	31.3.18 £
LOSS FOR THE YEAR	(214,967)	(74,526)
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(214,967)</u>	<u>(74,526)</u>

The notes form part of these financial statements

Kent Solar Limited (Registered number: 07596151)

Statement of Financial Position
31 March 2019

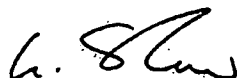
	Notes	31.3.19 £	31.3.18 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	12,258,465	12,924,068
Trade and other receivables	9	<u>1,841,487</u>	<u>1,978,142</u>
		<u>14,099,952</u>	<u>14,902,210</u>
CURRENT ASSETS			
Trade and other receivables	9	370,107	520,801
Cash and cash equivalents	10	<u>117,913</u>	<u>52,327</u>
		<u>488,020</u>	<u>573,128</u>
TOTAL ASSETS		<u>14,587,972</u>	<u>15,475,338</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	11	1	1
Retained earnings	12	<u>(11,175)</u>	<u>54,842</u>
TOTAL EQUITY		<u>(11,174)</u>	<u>54,843</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	13	13,109,935	13,879,151
Deferred tax	15	<u>569,021</u>	<u>257,489</u>
		<u>13,678,956</u>	<u>14,136,640</u>
CURRENT LIABILITIES			
Trade and other payables	13	920,190	1,134,905
Provisions	14	<u>-</u>	<u>148,950</u>
		<u>920,190</u>	<u>1,283,855</u>
TOTAL LIABILITIES		<u>14,599,146</u>	<u>15,420,495</u>
TOTAL EQUITY AND LIABILITIES		<u>14,587,972</u>	<u>15,475,338</u>

The notes form part of these financial statements

Kent Solar Limited (Registered number: 07596151)

Statement of Financial Position - continued
31 March 2019

The financial statements were approved by the Board of Directors on 27 September 2019 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'G. E. Shaw', is written above the printed name.

G E Shaw - Director

The notes form part of these financial statements

Kent Solar Limited (Registered number: 07596151)

Statement of Changes in Equity
for the Year Ended 31 March 2019

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2017	1	129,368	129,369
Changes in equity			
Total comprehensive income	-	(74,526)	(74,526)
Balance at 31 March 2018	1	54,842	54,843
Changes in equity			
Total comprehensive income	-	(214,967)	(214,967)
Capital contribution	-	148,950	148,950
Balance at 31 March 2019	1	(11,175)	(11,174)

The notes form part of these financial statements

Kent Solar Limited (Registered number: 07596151)

Statement of Cash Flows
for the Year Ended 31 March 2019

		31.3.19 £	31.3.18 £
Cash flows from operating activities			
Cash generated from operations	1	<u>1,288,477</u>	<u>875,522</u>
Net cash from operating activities		<u>1,288,477</u>	<u>875,522</u>
Cash flows from investing activities			
Interest received		979	655,107
Bond loan reserve balances		<u>136,655</u>	<u>(218,326)</u>
Net cash from investing activities		<u>137,634</u>	<u>436,781</u>
Cash flows from financing activities			
Loan repayments in year		(756,257)	(744,093)
Interest paid		<u>(604,268)</u>	<u>(653,072)</u>
Net cash from financing activities		<u>(1,360,525)</u>	<u>(1,397,165)</u>
Increase/(decrease) in cash and cash equivalents		<u>65,586</u>	<u>(84,862)</u>
Cash and cash equivalents at beginning of year	2	<u>52,327</u>	<u>137,189</u>
Cash and cash equivalents at end of year	2	<u><u>117,913</u></u>	<u><u>52,327</u></u>

The notes form part of these financial statements

Notes to the Statement of Cash Flows
for the Year Ended 31 March 2019

1. **RECONCILIATION OF PROFIT/(LOSS) BEFORE TAX (CHARGE) TO CASH GENERATED FROM OPERATIONS**

	31.3.19	31.3.18
	£	£
Profit/(loss) before tax (charge)	96,565	(58,942)
Depreciation charges	665,603	612,333
	-	148,950
Finance costs	604,268	653,072
Finance income	(979)	(655,107)
	1,365,457	700,306
Decrease in trade and other receivables	150,694	549,653
Decrease in trade and other payables	(227,674)	(374,437)
Cash generated from operations	1,288,477	875,522

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2019

	31.3.19	1.4.18
	£	£
Cash and cash equivalents	<u>117,913</u>	<u>52,327</u>

Year ended 31 March 2018

	31.3.18	1.4.17
	£	£
Cash and cash equivalents	<u>52,327</u>	<u>137,189</u>

Kent Solar Limited (Registered number: 07596151)

Notes to the Financial Statements
for the Year Ended 31 March 2019

1. STATUTORY INFORMATION

Kent Solar Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

Measurement convention

The financial statements have been prepared under the historical cost convention.

Adopted IFRSs not yet applied

IFRS 16 Leases, has been issued and is effective for periods beginning on or after 1 January 2019. Not being effective for the financial period ended 31 March, it has not been applied in these financial statements.

IFRS 16 requires lessees to recognise right of use assets and lease liabilities in the statement of financial position for all applicable leases. Operating lease costs currently recognised within operating profit will be replaced by depreciation and finance costs.

There will be an increase in gross assets and liabilities in the statement of financial position, and an improvement in operating result and increase in finance costs in the statement of profit or loss.

The directors estimate the adoption of IFRS 16 is not expected to have a significant effect on profit and total comprehensive income but will result in the recognition of non-current assets of £716,125 and current liabilities of £716,125 as at 1 April 2019.

New standards effective for these financial statements

The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 April 2018. IFRS 15 provides a single, principles-based five-step model to be applied to all sales contracts, based on the transfer of control of goods and services to customers. It replaces the separate models for goods, services and construction contracts previously included in IAS 11 Construction Contracts and IAS 18 Revenue.

Performance obligations are clear and transaction prices are even over the period to which they relate and are time apportioned. This does not represent a change to the company's accounting policy and therefore, the adoption of IFRS 15 does not have an impact on the timing of revenue recognition.

The Company has adopted IFRS 9 Financial Instruments from 1 April 2018.

IFRS 9 replaces IAS 39 "Financial instruments: recognition and measurement" for annual periods beginning on or after 1 January 2018, which covers the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The company has applied IFRS 9 retrospectively.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

IFRS 9 removes the previous IAS 39 categories for financial assets of held to maturity and loans and receivables and available for sale. These are replaced by the categories noted in the amended accounting policy for financial instruments. IFRS 9 retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

Cash and cash equivalents, trade receivables, and retentions held by customers for contract work were previously classified as loans and receivables under IAS 39 and were measured at amortised cost. Trade payables and interest-bearing borrowings were previously classified as "other financial liabilities" under IAS 39 and were measured at amortised cost. These financial instruments are now classified as financial assets and liabilities at amortised cost under IFRS 9.

The adoption of IFRS 9 has therefore not had any impact on the measurement of the Company's financial assets and liabilities. IFRS 9 replaces the incurred loss model in IAS 39 with the expected credit loss model, which requires that future events are considered when calculating impairments to financial assets.

Based on an assessment of historical credit losses on the Company's financial assets and the likelihood of the occurrence of future credit losses on existing financial assets, the Directors consider that any increase in impairment provision to be recognised against the Company's financial assets on transition to IFRS 9 is immaterial. The revised accounting policies for IFRS 9 is set out in the accounting policies.

Critical accounting judgements and key sources of estimation uncertainty
Estimated Useful Life

The useful life of the equipment (25 years from new) is based on the best information available relating to this type of asset. The precise behaviour of these assets in the environment will become clearer over time. Should new information change this significantly it would have a material effect on the accounts.

A 1 percentage point change in the depreciation rate impact the net book value by circa £166.401.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

2. ACCOUNTING POLICIES - continued

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Revenue from the generation of energy from the operational solar park is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the energy is generated as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue relating to the accrued income under the Feed-In-Tariff scheme ("FIT")

In line with the FIT scheme revenue is accrued for generation of electricity on a monthly basis. The generation tariff is index linked and fluctuates with inflation. The tariff is fixed by the Department for Business, Energy and Industrial Strategy and published by Ofgem.

2. ACCOUNTING POLICIES - continued

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment losses. Cost comprises the aggregate amount paid, and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs are expensed as incurred as they do not meet the capitalisation criteria under IAS 23, as the construction of the related assets does not require a substantial period of time. Items of property, plant and equipment are depreciated to their estimated residual values on a straight-line basis over their expected useful lives as follows:

Solar Photovoltaic (PV) assets - over 25 years - 4% straight line

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

The company re-acquired the rights to income from its solar panels and related equipment on 31 March 2018. As these rights are connected directly to the site the cost of re-acquisition has been treated as an enhancement of the site to be consistent with the approach in other similar companies. The enhanced costs have been depreciated over their remaining economic lives.

Provisions

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

No provision has been made for the cost of decommissioning as the residual value of the panels and frames is expected to exceed the cost of clearing and restoring the site.

Impairment of non-financial assets

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

A previously recognised impairment will be revised insofar as estimates change as a result of an event occurring after the impairment was recognised. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the income statement.

2. **ACCOUNTING POLICIES - continued**

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

2. ACCOUNTING POLICIES - continued

Financial instruments

Financial instruments recognised on the balance sheet include trade and other receivables, cash and cash equivalents, accounts payable and other financial liabilities.

Initial recognition and measurement

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

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

De-recognition of financial assets and liabilities

A financial asset, or apportion of a financial asset, is derecognised where:

- The rights to receive cash flows from the asset have expired;
- The company retains the right to receive the cash flow from the asset, but has assumed an obligation to pay them in full without material delay to a third party under "pass-through" arrangement, or
- The company has transferred the rights to receive cash flows from the asset and either:
 - (i) has transferred substantially all the risks and rewards of ownership of the asset or
 - (ii) has neither transferred nor retained substantially all the risks and rewards of ownership of the asset but has transferred control of the asset.

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or has expired.

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). Financial liabilities are measured at amortised cost or FVTPL.

The classification of financial assets is based on the way a financial asset is managed and its contractual cash flow characteristics. Financial assets are measured at amortised cost if both of the following conditions are met and the financial asset or liability is not designated as at FVTPL:

- the financial asset is held with the objective of collecting or remitting contractual cash flows; and

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

2. ACCOUNTING POLICIES - continued

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the financial asset is held with the objectives of collecting contractual cash flows and selling the financial asset; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

The Company's principal financial instruments comprise cash and cash equivalents, trade receivables, amounts due from related companies trade payables and interest-bearing borrowings. Based on the way these financial instruments are managed and their contractual cash flow characteristics, all the Company's financial instruments are measured at amortised cost using the effective interest method. The amortised cost of financial assets is reduced by impairment losses as described below. Interest income, foreign exchange gains and losses, impairments and gains or losses on derecognition are recognised through the statement of comprehensive income.

Trade receivables and trade payables are held at their original invoiced value, as the interest that would be recognised from discounting future cash flows over the short credit period is not considered to be material. Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short term. Cash and cash equivalents do not include other financial assets.

Impairment losses against financial assets carried at amortised cost are recognised by reference to any expected credit losses against those assets.

The simplified approach for calculating impairment of financial assets has been used for trade receivables. Lifetime expected credit losses are calculated by considering, on a discounted basis, the cash shortfalls that would be incurred in various default scenarios over the remaining lives of the assets and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes.

Loans from related parties and certain other receivables meet the criteria to be classified at amortised cost because they are held in a 'hold to collect' business model and meet the 'solely payments of principal and interest' ("SPPI") test and uses the general approach to calculate the expected credit loss. Under the general approach, at each reporting date, the company determines whether there has been a Significant Increase in Credit Risk (SICR) since initial recognition and whether the loan is credit impaired. If there has not been a SICR nor has the loan been credit impaired the company applies a 12-month credit loss alternatively the company applies a lifetime expected credit loss.

2. ACCOUNTING POLICIES - continued

Lifetime expected credit loss are the losses that result from all possible default events over the expected life of the loan whereas 12-month expected credit loss are a portion of Lifetime expected credit loss that represent the credit loss that result from default events that are possible within 12 months of the reporting date.

Financial liabilities

Loans and accounts payables are classified as financial liabilities and are subsequently measured at amortised cost. Gains and losses are recognised in income when the financial liabilities are derecognised or impaired as well as through the amortisation process.

Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

Impairment of financial assets

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

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

2. ACCOUNTING POLICIES - continued

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. It also includes any adjustments in relation to prior periods.

Provision is made at current rates for deferred tax in respect of all timing differences that have originated but not reversed at the period end. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes. Deferred taxation is calculated on an un-discounted basis at the tax rates which are expected to apply in the periods when the timing differences will reverse.

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Equity

Equity comprises the following

- "Share capital" represents the nominal value of ordinary equity shares.
- "Retained deficit" include all current results as disclosed in the income statement.

Capital risk management

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

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. The loan balances represent inter-company loans.

2. ACCOUNTING POLICIES - continued

Sales of capacity

The company entered into agreements to sell generating capacity to third parties for 25 years. In accordance with IAS 17 the income from the agreements is recognised on a straight-line basis over the duration of the lease as other operating income. The company took exemption from restating leases permitted under IFRS 1.

The rights to revenues generated from the sale of capacity were reacquired from third parties as at 31 March 2018.

Going concern

Having reviewed the company's current position and cash-flow projections for the next twelve months, the directors believe the company is well placed to manage its business risks despite the net liabilities position.

Accordingly, the management adopts the going concern basis in preparation of the financial statements.

Significant accounting estimates and assumptions

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values that are not readily apparent from other sources. Actual values may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The most critical accounting policies and estimates in determining the financial position and results of the company are those requiring a greater degree of subjective or complete judgement. These are discussed below:

Deferred tax

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

Plant and Equipment

Each asset is subject to robust technical due diligence to assess the expected operational life span of the panels. Panels are typically covered under a 25-year performance warranty. The Company seeks to access projects with those reputable and proven equipment suppliers most able to demonstrate financial robustness being preferred.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

3. EMPLOYEES AND DIRECTORS

There were no staff costs or directors' emoluments for the year ended 31 March 2019 nor for the year ended 31 March 2018.

The average monthly number of employees, including directors, during the year was nil (2018 - nil).

4. NET FINANCE COSTS

	31.3.19 £	31.3.18 £
Finance income:		
Deposit account interest	979	1,797
Interest receivable	-	653,310
	<u>979</u>	<u>655,107</u>
Finance costs:		
Interest payable	<u>604,268</u>	<u>653,072</u>
Net finance costs	<u>603,289</u>	<u>(2,035)</u>

5. PROFIT/(LOSS) BEFORE TAX (CHARGE)

The profit before tax (charge) (2018 - loss before tax (charge)) is stated after charging:

	31.3.19 £	31.3.18 £
Depreciation - owned assets	665,603	612,333
Auditors' remuneration	5,500	4,500
Foreign exchange differences	<u>49</u>	<u>160</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

6. TAX (CHARGE)

Analysis of income tax expense in the period

	31.3.19 £	31.3.18 £
Current tax	-	-
Deferred tax	311,536	15,584
Total tax expense	311,536	15,584

Reconciliation of income tax expense:

The tax for the period is higher (2018: higher) than the standard rate of corporation tax in the UK (19% - 2018: 19%). The differences are explained below.

Reconciliation between the effective rate of tax and actual rate of tax

	31.3.19 £	31.3.18 £
(Loss) / Profit before tax	197,681	(58,942)
Tax at 19%	37,559	(11,199)
Expenses not deductible for tax purposes	115,872	55,652
Adjustment in respect of prior period	225,048	(28,869)
Change in tax rates applied	(66,944)	-
Other short-term timing difference	-	-
Tax charge/(credit) for the period	311,536	15,584

Deferred tax liabilities:

	31.3.19 £	31.3.18 £
Accelerated capital allowances	744,137	574,588
Tax losses carried forward	(175,116)	(317,102)
Balance at 31 March	569,021	257,486

7. INFORMATION ABOUT MAJOR CUSTOMERS

Feed in Tariffs (2019 - £1,961,197, 2018 - £1,709,755) are received from a single Feed in Tariff licensee. Alternative Feed in Tariff licensees could also be used.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

8. PROPERTY, PLANT AND EQUIPMENT

	Plant & machinery £
COST	
At March 17	15,306,650
Additions	1,333,415
At March 18	16,640,065
Additions	-
At March 19	<u>16,640,065</u>
 DEPRECIATION	
At March 17	3,103,664
Charge for the year	612,333
At March 18	3,715,997
Charge for the year	665,603
At March 19	<u>4,381,600</u>
 NET BOOK VALUE	
At 31 March 2017	<u>12,202,986</u>
 At 31 March 2018	<u>12,258,465</u>
 At 31 March 2019	12,924,068

The bond loan (Note 17) is secured over the assets of the company.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

9. **TRADE AND OTHER RECEIVABLES**

	31.3.19 £	31.3.18 £
Amount falling due within one year:		
Trade Debtors	27,399	-
VAT	5,172	42,998
Other Debtors	<u>337,536</u>	<u>477,803</u>
	<u>370,107</u>	<u>520,801</u>
Amount falling due more than one year:		
Other Debtors	<u>1,841,487</u>	<u>1,978,142</u>
	<u>1,841,487</u>	<u>1,978,142</u>
Aggregate amounts	<u><u>2,211,594</u></u>	<u><u>2,498,943</u></u>

Trade receivables are not material, if material the company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. The expected loss rates are based on the Company's historical credit losses experienced over the three-year period prior to the period end.

As at 31 March 2019 balances of £814,024 due from related parties had been credit impaired and lifetime expected credit losses represent the full value of the receivables. The receivables due at the end of the financial year relate to holding companies where the directors do not consider the balances receivable.

The main factors considered by the directors in determining the lifetime expected credit losses are that the counterparty is not sufficiently solvent to realise assets to repay the debt.

All non-current receivables are due within 25 years of 31 March 2019. None of those receivables has been subject to a significant increase in credit risk since initial recognition and, consequently, 12 month expected credit losses have been recognised, and there are no noncurrent receivable balances lifetime expected credit losses.

10. **CASH AND CASH EQUIVALENTS**

	31.3.19 £	31.3.18 £
Bank deposit account	<u>117,913</u>	<u>52,327</u>

Kent Solar Limited (Registered number: 07596151)

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	31.3.19 £	31.3.18 £
Number:	Class:			
1	Ordinary	1.00	<u>1</u>	<u>1</u>

12. RESERVES

	Retained earnings £
At 1 April 2018	54,842
Deficit for the year	(214,967)
Capital contribution	<u>148,950</u>
At 31 March 2019	<u>(11,175)</u>

13. TRADE AND OTHER PAYABLES

	31.3.19 £	31.3.18 £
Amount falling due within one year:		
Trade creditors	14,858	37,622
Other creditors	82,684	287,594
VAT	-	-
Bond Loan (Note 16)	<u>822,648</u>	<u>809,689</u>
	<u>920,190</u>	<u>1,134,905</u>
Amount falling due more than one year:		
Bond Loan (Note 16)	13,109,935	13,879,151
Other Creditors	<u>-</u>	<u>-</u>
	<u>13,109,935</u>	<u>13,879,151</u>
 Amounts falling due after more than five years	 <u>9,609,981</u>	 <u>10,470,532</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

14. PROVISIONS

	31.3.19 £	31.3.18 £
Other provisions	<u>-</u>	<u>148,950</u>
Analysed as follows:		
Current	<u>-</u>	<u>148,950</u>

A company has issued trespass proceedings against Kent Solar Limited regarding the presence of a High Voltage cable in airspace over the River Medway. The cable connects Kent Solar Farm into the National Grid. The claim is that the airspace through which the cable passes is part of their estate.

The company has claimed a remedy in the form of either an injunction to require Kent Solar Limited to remove the high voltage cable; or damages in lieu of an injunction, in the sum of up to £714,285.

Kent Solar Limited has defended the claim on the basis that the claimant does not own the relevant airspace and so has no grounds to bring a claim in trespass; or if it does own the relevant airspace, the value of its claim is seriously overestimated.

In order to avoid the unrecoverable time and management cost associated with defending the claim, Kent Solar Limited has made a without prejudice offer in the sum of £148,950 plus payment of their costs up to 27 August 2018. This offer was made on a full and final basis.

This was settled in full during the year by another group company and the provision has been released to retained earnings.

15. DEFERRED TAX

	31.3.19 £	31.3.18 £
Balance at 1 April	257,489	241,905
Provided during the year	<u>311,532</u>	<u>15,584</u>
Balance at 31 March	<u>569,021</u>	<u>257,489</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

16. OTHER FINANCIAL COMMITMENTS

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

Financial Liabilities	1 year	1 to 4 years	After 5 years
Operating leases	60,945	243,780	853,230

17. BONDS AND LOANS TO SOLAR GENERATING COMPANIES

On 2 May 2013 the company participated in a refinancing of the Solar Parks owned and operated by companies within its Group by the issue of an RPI linked bond. The company received £19,352,488 before costs and the rate of interest is 2.598%. The loan is repayable in six monthly instalments with the last due in August 2034. The instalments and interest are subject to an RPI uplift. The proceeds net of costs, which are being amortised over the life of the loan, were £18,089,679.

The proceeds were previously lent to the Solar Generating Companies operating on the company's Solar Park on identical terms, however on these were offset against the rights to capacity revenues generated reacquired on 31 March 2018.

Under the terms of the bond the Company must keep cash in reserve to cover certain future costs and potential underperformance of electricity generation. These reserves are held in accounts not under the control of the Company and are shown in debtors due after one year. The equivalent reserves under its loans to the Solar Generating Companies are included in other creditors due after one year.

Under the terms of the bond the company is jointly and severally liable for all amounts due. The total principle due under the bond at the year-end was £46,206,896. This amount is secured on the assets of the Company.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

18. FINANCIAL INSTRUMENTS

Fair Value category

The financial assets and liabilities held by the Company for both 31 March 2019 and 31 March 2018 were categorised under loans and receivable.

Fair value measurement

The fair value of the financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	Carrying Amount 31.3.19 £	Carrying Amount 31.3.18 £	Fair Value 31.3.19 £	Fair Value 31.3.18 £
Financial assets:				
Trade and other receivables	809,924	459,655	809,924	459,655
Non-current financial assets	1,841,487	1,978,142	1,841,487	1,978,142
Financial liabilities:				
Trade and other payables	96,042	325,216	96,042	325,216
Non-current financial liabilities	13,932,583	14,688,840	13,932,583	14,688,840

The fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of the instruments.

19. FINANCIAL RISK MANAGEMENT

The company's principal financial assets and liabilities comprise trade receivables, cash, interest bearing loans and trade payables.

The company has exposure to the following risks from its use of financial instruments:

- Market risks, including foreign currency, commodity price, interest rate, inflation rate risks
- Credit risk
- Liquidity risk

This note represents information about the company's exposure to each of the above risks and the company's objectives, policies and processes for assessing and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

a) Market risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

The company is not exposed to significant foreign currency risk as the majority of all payables and receivables are denominated in pounds sterling which is the functional currency in which the company operates.

The company has limited exposure to interest rate risk. The company is fully funded by the parent company and has no floating rate interest bearing loans or borrowings at 31 March 2019 or 31 March 2018. The company does not intend to hold cash for the purpose of generating interest income. The company does not currently consider it necessary to actively manage interest rate risk.

b) Credit risk

The company's policy is aimed at minimising losses as a result of counterparty's failure to honour its obligations. Exposure to credit risk arises as a result of the transactions with counterparties. The counterparties used by the company are considered by management to be of appropriate credit rating. At each balance sheet date, the company's financial assets were neither impaired nor past due. The maximum credit exposure at reporting date are the carrying value of the credit balances if any.

c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company monitors its risks of shortage of funds using projected cash flows and by monitoring the maturity of both its financial assets and obligations.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2019

Year ended 31 March 2019

	Less than 1 period	1 to 4 periods	>5 periods	Total
	£	£	£	£
Financial Liabilities				
Trade and other payables	96,042	-	-	96,042
Other financial institutions	822,648	3,499,954	9,609,981	<u>13,932,583</u>
				<u>14,028,625</u>

Year ended 31 March 2018

	Less than 1 period	1 to 4 periods	>5 periods	Total
	£	£	£	£
Financial Liabilities				
Trade and other payables	325,216	-	-	325,216
Other financial institutions	809,689	3,408,619	10,470,532	<u>14,688,840</u>
				<u>15,014,056</u>

d) Capital management

Management considers capital to consist of equity plus net debt as disclosed in the balance sheet. The primary objective of the company's capital management is to ensure healthy capital ratios in order to support its business and maximise shareholder value. The company's financial instruments comprise cash and liquid resources and various items, such as receivables and trade payables that arise directly from its operations. The company's policy is to finance its operations through group borrowings. It is the company's policy not to hold financial instruments for speculative purposes.

20. RELATED PARTY DISCLOSURE

The amount of £4,119 (2018 - £7,680) has been transferred to SE Solar Limited for short term working capital requirements during the course of the year, totalling an outstanding amount of £19,336 (2018 - £15,217) at the year end.

Kent Solar Limited, acts as agent for the borrowers under the bond and occasionally receives and makes payments on their behalf. In relation to this concept Puriton Solar Limited owes £84,183 (2018 - £84,183) to Kent Solar Limited.

Kent Solar Limited participates in a refinancing of the solar parks owned and operated by companies within its group and receives the released funds of the loan that are later transferred to Malmesbury Solar Limited, Puriton Solar Limited and Bridgewater Solar Limited (companies of the group), according to their participation in the loan.

The amount of £90,097 (2018 - £90,097) of working capital, released under the terms of the bond loan in August 2016 is owed to Malmesbury Solar Limited, £79,790 (2018 - £79,790) to Puriton Solar Limited and £27,528 (2018 - £27,528) to Bridgewater Solar Limited. This is retained to address short term liquidity requirements in the company.

The amount of £712,908 (2018 - £101,116) has been transferred to Arcturus Solar Limited for short term working capital requirements during the course of the year, totalling an outstanding amount of £814,024 (2018 - £101,116) at the year end which has been fully provided for as it is considered to be credit impaired.

21. ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of SE Solar Limited, which is in turn owned by Sparksun Limited. Sparksun Limited was owned by the KIAMCO UK Solar Fund which is the ultimate controlling party of the company.