

REGISTERED NUMBER: 07596151 (England and Wales)

Report of the Directors and  
Financial Statements for the Year Ended 31 March 2020  
for  
Kent Solar Limited



Kent Solar Limited (Registered number: 07596151)

Contents of the Financial Statements  
for the Year Ended 31 March 2020

	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	15

Kent Solar Limited

Company Information  
for the Year Ended 31 March 2020

**DIRECTORS:**

G E Shaw  
Pinecroft Corporate Services Limited

**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 2020

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

**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 2019 to the date of this report.

Other changes in directors holding office are as follows:

T W Moore - resigned 15 May 2019

P Andrews - appointed 15 May 2019 - resigned 17 December 2019

Pinecroft Corporate Services Limited - appointed 17 December 2019

**GOING CONCERN**

The Directors have a reasonable expectation that the company has adequate resources to be in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual report and accounts. The Directors do not expect COVID-19 to have any material impact on the going concern of the company. Further details are provided in note 2 to the financial statements

**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 OF DIRECTORS' RESPONSIBILITIES**

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 accounting standards in conformity with the requirements of the Companies Act 2006. 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.

Kent Solar Limited (Registered number: 07596151)

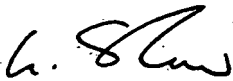
Report of the Directors  
for the Year Ended 31 March 2020

**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.

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:**



G E Shaw - Director

Date: 30 March 2021

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

**Opinion**

We have audited the financial statements of Kent Solar Limited (the 'company') for the year ended 31 March 2020 which comprise the Statement of Profit or Loss, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 in the Report of the Directors but does not include the financial statements and our Report of the Auditors thereon.

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

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

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 take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

**Responsibilities of directors**

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

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

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.

A handwritten signature in black ink, appearing to read 'Brodie', with a long horizontal stroke extending to the right.

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

Date: 30 March 2021



Kent Solar Limited (Registered number: 07596151)

Statement of Profit or Loss  
for the Year Ended 31 March 2020

	Notes	31.3.20 £	31.3.19 £
<b>CONTINUING OPERATIONS</b>			
Revenue		2,079,372	2,252,729
Cost of sales		<u>(114,239)</u>	<u>(70,467)</u>
<b>GROSS PROFIT</b>		1,965,133	2,182,262
Other operating income		-	148,950
Administrative expenses		(1,066,704)	(913,075)
Other operating expenses		<u>(288,020)</u>	<u>(718,283)</u>
<b>OPERATING PROFIT</b>		610,409	699,854
Finance costs	4	(688,233)	(604,268)
Finance income	4	<u>967</u>	<u>979</u>
<b>(LOSS)/PROFIT BEFORE TAX (CHARGE)</b>	5	(76,857)	96,565
Tax (Charge)	6	<u>36,041</u>	<u>(311,532)</u>
<b>LOSS FOR THE YEAR</b>		<u><u>(40,816)</u></u>	<u><u>(214,967)</u></u>

The notes on pages 15-39 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 2020

	31.3.20 £	31.3.19 £
<b>LOSS FOR THE YEAR</b>	(40,816)	(214,967)
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Item that will not be reclassified to profit or loss:</b>		
Capital		
Non-current asset revaluation	9,052,437	-
Income tax relating to item that will not be reclassified to profit or loss	<u>(1,719,963)</u>	<u>-</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	<u>7,332,474</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><u>7,291,658</u></u>	<u><u>(214,967)</u></u>

The notes on pages 15-39 form part of these financial statements

Kent Solar Limited (Registered number: 07596151)

Statement of Financial Position  
31 March 2020

	Notes	31.3.20 £	31.3.19 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Owned			
Property, plant, and equipment	8	20,651,194	12,258,465
Right-of-use			
Property, plant, and equipment	8, 15	815,991	-
Trade and other receivables	9	<u>1,595,125</u>	<u>1,841,487</u>
		<u>23,062,310</u>	<u>14,099,952</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	9	378,560	370,107
Cash and cash equivalents	10	<u>149,385</u>	<u>117,913</u>
		<u>527,945</u>	<u>488,020</u>
<b>TOTAL ASSETS</b>		<u>23,590,255</u>	<u>14,587,972</u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	11	1	1
Revaluation reserve	12	9,052,437	-
Retained earnings	12	<u>(1,771,954)</u>	<u>(11,175)</u>
<b>TOTAL EQUITY</b>		<u>7,280,484</u>	<u>(11,174)</u>

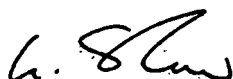
The notes on pages 15-39 form part of these financial statements

Kent Solar Limited (Registered number: 07596151)

Statement of Financial Position - continued  
31 March 2020

	Notes	31.3.20 £	31.3.19 £
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	14	13,112,620	13,109,935
Deferred tax	16	<u>2,252,943</u>	<u>569,021</u>
		<u>15,365,563</u>	<u>13,678,956</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	77,514	97,542
Financial liabilities - borrowings			
Interest bearing loans and borrowings	14	<u>866,694</u>	<u>822,648</u>
		<u>944,208</u>	<u>920,190</u>
<b>TOTAL LIABILITIES</b>		<u>16,309,771</u>	<u>14,599,146</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>23,590,255</u>	<u>14,587,972</u>

The financial statements were approved by the Board of Directors on 30 March 2021 and were signed on its behalf by:



G E Shaw - Director

The notes on pages 15-39 form part of these financial statements

Kent Solar Limited (Registered number: 07596151)

Statement of Changes in Equity  
for the Year Ended 31 March 2020

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
<b>Balance at 1 April 2018</b>	1	54,842	-	54,843
<b>Changes in equity</b>				
Total comprehensive income	-	(214,967)	-	(214,967)
Capital contribution	-	<u>148,950</u>	-	<u>148,950</u>
<b>Balance at 31 March 2019</b>	<u>1</u>	<u>(11,175)</u>	<u>-</u>	<u>(11,174)</u>
<b>Changes in equity</b>				
Total comprehensive income	-	<u>(1,760,779)</u>	<u>9,052,437</u>	<u>7,291,658</u>
<b>Balance at 31 March 2020</b>	<u>1</u>	<u>(1,771,954)</u>	<u>9,052,437</u>	<u>7,280,484</u>

The notes on pages 15-39 form part of these financial statements

Kent Solar Limited (Registered number: 07596151)

Statement of Cash Flows  
for the Year Ended 31 March 2020

		31.3.20 £	31.3.19 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<u>1,275,848</u>	<u>1,288,477</u>
Net cash from operating activities		<u>1,275,848</u>	<u>1,288,477</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(5,914)	-
Interest received		967	979
Bond loan reserve balances		<u>246,362</u>	<u>136,655</u>
Net cash from investing activities		<u>241,415</u>	<u>137,634</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		(768,700)	(756,257)
Payment of lease liabilities		(62,590)	-
Interest paid		<u>(654,501)</u>	<u>(604,268)</u>
Net cash from financing activities		<u>(1,485,791)</u>	<u>(1,360,525)</u>
<b>Increase in cash and cash equivalents</b>		<u>31,472</u>	<u>65,586</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>117,913</u>	<u>52,327</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>149,385</u></u>	<u><u>117,913</u></u>

The notes on pages 15-39 form part of these financial statements

Kent Solar Limited (Registered number: 07596151)

Notes to the Statement of Cash Flows  
for the Year Ended 31 March 2020

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

	31.3.20	31.3.19
	£	£
(Loss)/profit before tax (charge)	(76,857)	96,565
Depreciation charges	709,155	665,603
Finance costs	688,233	604,268
Finance income	<u>(967)</u>	<u>(979)</u>
	1,319,564	1,365,457
(Increase)/decrease in trade and other receivables	(23,689)	150,694
Decrease in trade and other payables	<u>(20,027)</u>	<u>(227,674)</u>
<b>Cash generated from operations</b>	<b><u>1,275,848</u></b>	<b><u>1,288,477</u></b>

The notes on pages 15-39 form part of these financial statements

Notes to the Statement of Cash Flows  
for the Year Ended 31 March 2020

**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 2020**

	31.3.20 £	1.4.19 £
Cash and cash equivalents	<u>149,385</u>	<u>117,913</u>

**Year ended 31 March 2019**

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

	2019 £	Cashflows £	Non-cashflows £	2020 £
Cash and cash equivalents	<u>117,913</u>	<u>31,472</u>	-	<u>149,385</u>
Bank loans secured	(13,932,583)	768,700	-	(13,163,883)
Lease liabilities	<u>(822,470)</u>	<u>62,590</u>	<u>(55,551)</u>	<u>(815,431)</u>
Net funds/(debt) including IFRS 16 lease liabilities	<u>(14,637,410)</u>	<u>862,762</u>	<u>(55,551)</u>	<u>(13,829,929)</u>

	2018 £	Cashflows £	Non-cashflows £	2019 £
Cash and cash equivalents	<u>52,327</u>	<u>65,586</u>	-	<u>117,913</u>
Bank loans secured	<u>(14,688,840)</u>	<u>756,257</u>	-	<u>(13,932,583)</u>
Net debt	<u>(14,636,513)</u>	<u>821,843</u>	-	<u>(13,814,670)</u>

The notes on pages 15-39 form part of these financial statements



Kent Solar Limited (Registered number: 07596151)

Notes to the Financial Statements  
for the Year Ended 31 March 2020

**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.

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**2. ACCOUNTING POLICIES**

**Basis of preparation**

The company financial statements have been prepared and approved by the directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

**Measurement convention**

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

**New standards, interpretations, and amendments effective from 1 January 2019**

During the year, the Company has adopted the following new and revised standards and interpretations. Their adoption has not had any significant impact on the accounts or disclosures in these financial statements.

- IFRIC 23 Uncertainty over Income Tax Treatments
- IFRS 9 (amended) Prepayment Features with Negative Compensation
- IAS 28 (amended) Long-term Interests in Associates and Joint Ventures

IFRS 16 is adopted for the first time in these financial statements. The nature and impact of adoption are discussed below:

**Changes in significant accounting policies**

IFRS 16 Leases sets out the principles for the recognition, measurement, and presentation of leases and replaces IAS 17. The adoption of this standard has resulted in the Company recognising right of use assets and lease liabilities for all qualifying contracts that are or contain a lease. This has resulted in interest on its lease liabilities and amortisation on its right of use assets, rather than recognising an operating expense for the operating lease payments. The Company initially applied IFRS 16 Leases from 1 April 2019 using the modified retrospective approach, under which the Company measured the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

The impact on transition is summarised below:

1st April 2019

Right-of-use assets - lease of land £837,706

Lease liabilities £822,471

The lease liability recognised above reconciles to the operating lease commitments presented in the prior-period financial statements as shown below:

At 31 March 2019 - operating lease commitments	1,219,891
Discount at incremental borrowing rate of 4%	(397,420)
At 1 April 2019	822,471

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

Impact of transition summarised at 31 March 2020:

- increase in depreciation of £43,533
- increase in finance costs of £33,732
- reduction in rent of £62,590

The effect on the cashflow statement of the above is cashflows for rental charges previously disclosed as operating cashflows have now moved to interest, and the capital repayment of lease liabilities is disclosed in financing.

**New standards not yet effective**

- Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020).
- Amendments to IFRS 3 Business Combinations (effective 1 January 2020).
- Definition of Material - Amendments to IAS 1 and IAS 8 (effective 1 January 2020).
- Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7 (effective 1 January 2020).
- COVID-19-related Rent Concessions - Amendment to IFRS 16 Leases (effective 1 June 2020).
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (effective 1 January 2022\*).
- Amendments to: IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective 1 January 2022); and
- Annual Improvements to IFRSs (2018-2020 Cycle): IFRS 1; IFRS 9; Illustrative Examples Accompanying IFRS 16; and IAS 41 (effective 1 January 2022).

**2. ACCOUNTING POLICIES - continued**

**Critical accounting judgements and key sources of estimation uncertainty**

**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:

**Plant and Equipment Estimated Useful Life**

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.

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.

**Revaluation of Plant and Machinery**

During the year the directors reflected the plant and machinery at fair value rather than carrying the asset at cost. This is considered appropriate in accordance with relevant accounting standards. Given the nature of the business which is derived from principally from the Solar Farm being the plant and machinery it was the director's judgement that this revaluation would provide the users with more meaningful information

The directors estimated the fair value by engaging specialists in the management team to build a comprehensive discounted cash flow model. The main inputs into the model were future cash flows arising from revenue and operating and maintenance costs based on historic and contracted rates, discount rate of 6.75% - 7.75% with RPI inflation assumed to be 2.75% and a life of 25 years.

**2. ACCOUNTING POLICIES – continued**

A table below illustrates the impact of changes in the assumptions on the valuation.

<b>Change</b>	<b>Impact</b>
Plus 1% on discount rate	Decrease in valuation of £1,356,404
Minus 1% on discount rate	Increase in valuation of £1,508,380
Plus 1% on RPI	Increase in valuation of £1,347,162
Minus 1% on RPI	Decrease in valuation of £1,886,085

**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.

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**2. ACCOUNTING POLICIES - continued**

**Property, plant, and equipment**

Property, plant, and equipment were initially stated at cost, and then subsequently at fair value, 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. Valuation is calculated on the expected future discounted cashflows the asset is expected to generate as explained in the estimates and judgements section of the Financial Statements.

Any surplus arising on revaluation of the Solar Farm above cost is recognised in other comprehensive income.

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.

**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.

Kent Solar Limited (Registered number: 07596151)

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

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.

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**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 2020

**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.

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**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.

**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.

**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.

**2. ACCOUNTING POLICIES - continued**

**Leases**

**Policy applicable from 1 April 2019**

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a lease is identified in a contract the Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease prepayments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant, and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Generally, the Company uses its incremental borrowing rate as the discount rate. It is re-measured when there is a change in future lease payments arising from a change in an index or rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

**Policy applicable before 1 April 2019**

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

**2. ACCOUNTING POLICIES - continued**

**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.

**Going concern**

The financial statements have been prepared on the going concern basis.

Covid-19 has not had a significant impact on the business. All operators have the ability to work from home, and the O&M are classed as "key workers" so in the event of an issue at the solar farm there has been no effect with regards to support staff being able to access the site. The Company has been assured that any maintenance work is attended by a sole operator to ensure social distancing has been adhered to at all times.

In terms of the effect of Covid-19 on trading there has been a significant effect on PPA prices however due to the majority of revenue being through the feed in tariff contract, which is not impacted by external factors and is at a set published rate, this hasn't significantly impacted financial performance. The company has continued to generate cashflow on top of servicing the bond loan.

The company's trading and business plan through to September 2022 which includes comprehensive cash flow forecasts, which take into account possible changes in trading activities as a result of the ongoing Covid-19 pandemic, show the group will have adequate resources to meet its liabilities for the foreseeable future and at least for 12 months from the date of approval of the financial statements. The forecasts specifically demonstrate that the company will continue to service the bond loan from its trading cashflow. Accordingly, the financial statements have been prepared on the going concern basis.

**3. EMPLOYEES AND DIRECTORS**

There were no staff costs or directors' emoluments for the year ended 31 March 2020 nor for the year ended 31 March 2019.

The average monthly number of employees, including directors, during the year was nil (2019 - nil).

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**4. NET FINANCE COSTS**

	31.3.20	31.3.19
	£	£
Finance income:		
Deposit account interest	<u>967</u>	<u>979</u>
Finance costs:		
Interest payable	654,501	604,268
Interest on right of use asset	<u>33,732</u>	<u>-</u>
	<u>688,233</u>	<u>604,268</u>
Net finance costs	<u>687,266</u>	<u>603,289</u>

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

The loss before tax (charge) (2019 - profit before tax (charge)) is stated after charging:

	31.3.20	31.3.19
	£	£
Depreciation - owned assets	665,622	665,603
Depreciation – leased assets	43,533	-
Auditors' remuneration	6,550	5,500
Foreign exchange differences	<u>271</u>	<u>49</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

6. **TAX (CHARGE)**

**Analysis of income tax expense in the period**

	31.3.20	31.3.19
	£	£
Current tax	-	-
Deferred tax	(36,041)	311,536
Total tax expense	(36,041)	311,536

**Reconciliation of income tax expense:**

The tax for the period is lower (2019: higher) than the standard rate of corporation tax in the UK (19% - 2019: 19%). The differences are explained below.

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

	31.3.20	31.3.19
	£	£
(Loss) / Profit before tax	(76,857)	197,681
Tax at 19%	(14,603)	37,559
Expenses not deductible for tax purposes	33	115,872
Adjustment in respect of prior period	-	225,048
Change in tax rates applied	(71,859)	(66,944)
Short term timing differences	(4,336)	-
Tax charge/(credit) for the period	(36,041)	311,536

7. **INFORMATION ABOUT MAJOR CUSTOMERS**

Feed in Tariffs 2020 - £1,775,510 (2019 - 1,961,197) 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 2020

**8. PROPERTY, PLANT AND EQUIPMENT**

	Right of Use asset £	Plant & machinery £
<b>COST/ VALUATION</b>		
At March 18	-	16,640,065
Additions	-	-
At March 19	-	16,640,065
Additions	859,524	5,914
Revaluations	-	4,005,215
At March 20	<u>859,524</u>	<u>20,651,194</u>
<b>DEPRECIATION</b>		
At March 18	-	3,715,997
Charge for the year	-	665,603
At March 19	-	4,381,600
Charge for the year	43,533	665,622
Revaluation adjustment	-	(5,047,222)
At March 20	<u>43,533</u>	<u>-</u>
<b>NET BOOK VALUE</b>		
At 31 March 2018	<u>-</u>	<u>12,924,068</u>
At 31 March 2019	<u>-</u>	<u>12,258,465</u>
At 31 March 2020	815,991	20,651,194

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

Cost or valuation at 31 March 2020 is represented by:

	Right of Use asset £	Plant and machinery £	Totals £
Valuation in 2020	-	4,005,215	4,005,215
Cost	<u>859,524</u>	<u>16,645,979</u>	<u>17,505,503</u>
	<u>859,524</u>	<u>20,651,194</u>	<u>21,510,718</u>

Kent Solar Limited (Registered number: 07596151)

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**8. PROPERTY, PLANT AND EQUIPMENT - continued**

If the Plant and machinery had not been revalued it would have been included at the following historical cost:

	31.3.20	31.3.19
	£	£
Cost	<u>16,645,979</u>	<u>-</u>
Aggregate depreciation	<u>5,047,222</u>	<u>-</u>

The Plant and machinery were valued on a fair value basis on 31 March 2020 by Management.

Details of valuation approach is set out in the judgements and estimates section of the annual report.



Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**9. TRADE AND OTHER RECEIVABLES**

	31.3.20 £	31.3.19 £
<b>Amount falling due within one year:</b>		
Trade Debtors	16,427	27,399
VAT	-	5,172
Other Debtors	305,062	337,536
Amounts due from group companies	57,071	-
	<u>378,560</u>	<u>370,107</u>
<b>Amount falling due more than one year:</b>		
Other Debtors	<u>1,595,125</u>	<u>1,841,487</u>
	<u>1,595,125</u>	<u>1,841,487</u>
<b>Aggregate amounts</b>	<u>1,973,685</u>	<u>2,211,594</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 2020 balances of £1,006,303 due from related parties had been credit impaired and lifetime expected credit losses represent the full value of the receivables.

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 2020. 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**

	31.3.20 £	31.3.19 £
Bank deposit account	<u>149,385</u>	<u>117,913</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**11. CALLED UP SHARE CAPITAL**

Allotted, issued, and fully paid:		Nominal value:	31.3.20	31.3.19
Number:	Class:		£	£
1	Ordinary	1.00	<u>1</u>	<u>1</u>

**12. RESERVES**

	Retained earnings £	Revaluation reserve £	Totals £
At 1 April 2019	(11,175)	-	(11,175)
Deficit for the year	(40,816)		(40,816)
Fixed asset revaluation	-	9,052,437	9,052,437
Deferred tax on revaluation	<u>(1,719,963)</u>	<u>-</u>	<u>(1,719,963)</u>
At 31 March 2020	<u>(1,771,954)</u>	<u>9,052,437</u>	<u>7,280,483</u>

**13. TRADE AND OTHER PAYABLES**

	31.3.20 £	31.3.19 £
Current:		
Trade creditors	24,774	14,859
Other creditors	52,125	82,683
VAT	<u>615</u>	<u>-</u>
	<u>77,514</u>	<u>97,542</u>

**14. FINANCIAL LIABILITIES - BORROWINGS**

	31.3.20 £	31.3.19 £
Current:		
Bond loans	836,269	822,648
Leases (see note 15)	<u>30,425</u>	<u>-</u>
	<u>866,694</u>	<u>822,648</u>

Kent Solar Limited (Registered number: 07596151)

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**14. FINANCIAL LIABILITIES - BORROWINGS - continued**

	31.3.20 £	31.3.19 £
Non-current:		
Bond loans	12,327,614	13,109,935
Leases (see note 15)	<u>785,006</u>	<u>-</u>
	<u><u>13,112,620</u></u>	<u><u>13,109,935</u></u>

Terms and debt repayment schedule

	1 year or less £	2-5 years £	More than 5 years £	Totals £
Bond loans	836,269	3,592,532	8,735,082	13,163,883
Leases	<u>30,425</u>	<u>134,365</u>	<u>650,641</u>	<u>815,431</u>
	<u><u>866,694</u></u>	<u><u>3,726,897</u></u>	<u><u>9,385,723</u></u>	<u><u>13,979,314</u></u>

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

15. **LEASING**

**Lease liabilities**

Minimum lease payments fall due as follows

	31.3.20
Gross obligations repayable:	£
Within one year	62,590
Between one and five years	250,358
In more than five years	844,959
	<u>1,157,907</u>

Lease liabilities are presented in the statement of financial position as follows:

	£
Lease liability as at 01.04.19	822,470
Interest on lease liability recognised in Statement of Profit and Loss	33,732
Rent review adjustment	21,819
Lease repayment	<u>(62,590)</u>
Lease Liability as at 31.03.2020	<u>815,431</u>

16. **DEFERRED TAX**

	31.3.20	31.3.19
	£	£
Balance at 1 April	569,021	257,489
Charged to profit & loss	(36,041)	311,532
Charged to other comprehensive income	<u>1,719,963</u>	-
Balance at 31 March	<u>2,252,943</u>	<u>569,021</u>

**Deferred tax liabilities:**

	31.3.20	31.3.19
	£	£
Deferred tax on revaluation	1,719,963	-
Accelerated capital allowances	796,184	744,137
Tax losses carried forward	<u>(263,204)</u>	<u>(175,116)</u>
Balance at 31 March	<u>2,252,943</u>	<u>569,021</u>

**17. BONDS**

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 £8,005,047 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 £7,479,864.

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 across all group companies. The total principle due under the bond at the year-end was £43,656,376 (2019 - £46,206,896) which represents a contingent liability. This amount is secured on the assets of the Company.

The only movement in loan and borrowing balances during the year related to debt repayments which are disclosed in the Statement of Cash Flows.

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

18. **FINANCIAL INSTRUMENTS**

**Fair Value category**

The financial assets and liabilities held by the Company for both 31 March 2020 and 31 March 2019 are measured at amortised cost in the financial statements.

	Carrying Amount 31.3.20 £	Carrying Amount 31.3.19 £
<b>Financial assets:</b>		
Cash and cash equivalents	149,385	117,913
Trade and other receivables	337,916	809,924
Non-current financial assets	1,595,125	1,841,487
<b>Financial liabilities:</b>		
Trade and other payables	76,899	96,042
Bond loan	13,163,883	13,932,583
Lease liability	815,431	-

**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 does have some exposure to interest rate risk as the bond debt is a floating rate interest bearing loan. This is actively managed by monitoring cashflows and interest cover on a regular basis. The company does not intend to hold cash for the purpose of generating interest income.

**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. The following table sets out the contractual payments and maturities (including future interest charges) of financial liabilities

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**Year ended 31 March 2020**

	Less than 1 period	1 to 4 periods	>5 periods	Total
	£	£	£	£
<b>Financial Liabilities</b>				
Trade and other payables	76,899	-	-	76,899
Bond loan	1,255,182	5,081,992	10,420,774	16,757,948
Lease liability (gross)	62,590	250,358	844,959	<u>1,157,907</u>
				<u>17,992,754</u>

**Year ended 31 March 2019**

	Less than 1 period	1 to 4 periods	>5 periods	Total
	£	£	£	£
<b>Financial Liabilities</b>				
Trade and other payables	96,042	-	-	96,042
Bond loan	1,261,584	5,068,402	11,635,598	<u>17,965,584</u>
				<u>18,061,626</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.



Kent Solar Limited (Registered number: 07596151)

Notes to the Financial Statements - continued  
for the Year Ended 31 March 2020

**20. RELATED PARTY DISCLOSURE**

The amount of £1,197 (2019 - £4,119) has been transferred to SE Solar Limited for short term working capital requirements during the course of the year, totalling an outstanding amount of £20,533 (2019 - £19,336) 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 £107,019 (2019 - £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 41,976 (2019 - £90,097) of working capital, released under the terms of the bond loan in August 2016 is owed to Malmesbury Solar Limited, £36,103 (2019 - £79,790) to Puriton Solar Limited and £6,545 (2019 - £27,528 creditor) by Bridgewater Solar Limited. This is retained to address short term liquidity requirements in the company.

The amount of £288,020 (2019 - £712,908) has been transferred to Arcturus Solar Limited for short term working capital requirements during the course of the year, totalling an outstanding amount of £1,006,303 (2019 - £814,024) at the year end. This balance has been provided against in full in light of the nature of the credit risk associated with the loan.

**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.