Registered number: 08560050

Good Energy Lower End Farm Solar Park (026) Limited

Unaudited

Annual Report and Financial Statements

For the Year Ended 31 December 2020

Good Energy Lower End Farm Solar Park (026) Limited

Company Information

Directors	Juliet Davenport (resigned 31 July 2021) Rupert Sanderson (appointed 20 March 2020) Nigel Pocklington (appointed 1 May 2021) Stephen Rosser (resigned 20 March 2020)
Registered number	08560050
Registered office	Monkton Park Offices Monkton Park Chippenham Wiltshire SN15 1GH

Good Energy Lower End Farm Solar Park (026) Limited

Contents

Directors' Report
For the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

Principal activity

The Company's principal activity during the year was the generation of electrical power by solar power equipment.

Good Energy Lower End Farm Solar Park (026) Limited is a private limited company incorporated in England and Wales under the Companies Act 2006, and it is domiciled within the United Kingdom. Good Energy Generation Assets No. 1 Limited is the immediate parent company. Good Energy Group PLC is the ultimate parent company of the group to which the Company and its immediate parent belong.

Results and dividends

The loss for the year, after taxation, amounted to £14,386 *(2019 - loss £1,783)*.

During the year no dividend (2019: £nil) was paid. The directors do not recommend the payment of a final dividend (2019: £nil).

Directors

The directors who served during the year were:

Juliet Davenport (resigned 31 July 2021)
Rupert Sanderson (appointed 20 March 2020)
Stephen Rosser (resigned 20 March 2020)

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

The ultimate parent company, Good Energy Group PLC, also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Principal risks and uncertainties

The main financial risks arising from the Company's activities are liquidity risk, commodity price risk, credit risk and interest rate cash flow risk.

Liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it has sufficient funds to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. It achieves this by monitoring cash flow forecasts on a 'rolling forecast' basis to ensure it has sufficient cash to meet operational needs while maintaining enough headroom on its cash reserves at all times so as not to breach borrowing limits or covenants.

Commodity price risk

The Company's operations result in exposure to fluctuations in energy prices. In order to manage this, management ensures that the Company enters into sale contracts where the price is fixed for an extended period. Management also ensures that, once the fixed period has concluded, the contract includes a minimum renewal price (a 'floor price'). This ensures that the profits can be maintained at a minimum level to ensure the ongoing profitability of the Company.

Credit risk

The Company's exposure to credit risk arises from its debtors from customers. At 31 December 2020 and 2019, the Company's trade debtors were classed as due within one year, details of which are included in note 11. The Company's policy is to undertake credit checks where appropriate on new customers and to provide for expected credit losses (ECLs) based on estimated irrecoverable amounts determined by reference to specific circumstances and past default experience. At the Statement of Financial Position date the directors have concluded that no provision for expected credit loss is necessary and believe that there is no further credit risk.

Interest rate cash flow risk

The financial risk is the risk to the Company's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. The Company has borrowings in the form of a loan from the parent company. The directors do not consider the risk from the intercompany loan interest rate to be significant. There is a risk of legislative change and impact on the economy and therefore interest rates as a result of Brexit, additionally there is also a risk of the impact on the economy from COVID-19 that could impact interest rates. As such, management are alert to any decisions that may be made over the coming year in this area, and any impacts that COVID-19 may have.

Small companies note

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

This report was approved by the board and signed on its behalf.

ND Pocklington
ND Pocklington (Nov 10, 2021 15:23 GMT)

Nigel Pocklington
Director

Date: 10 November 2021

Statement of Comprehensive Income
For the Year Ended 31 December 2020

	Note	2020 £	*2019 £*
Turnover		**669,181**	*654,842*
Cost of sales		**(334,565)**	*(288,301)*
Gross profit		**334,616**	*366,541*
Administrative expenses		**(27,400)**	*(37,432)*
Operating profit	5	**307,216**	*329,109*
Interest payable and expenses	8	**(326,900)**	*(375,822)*
Loss before tax		**(19,684)**	*(46,713)*
Tax on loss	9	**5,298**	*44,930*
Loss for the financial year		**(14,386)**	*(1,783)*
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Unrealised surplus on revaluation of tangible fixed assets, net of tax		**806,226**	-
		806,226	-
Total comprehensive income for the year		**791,840**	*(1,783)*

The notes on pages 8 to 28 form part of these financial statements.

Good Energy Lower End Farm Solar Park (026) Limited
Registered number: 08560050

Statement of Financial Position
As at 31 December 2020

	Note		2020 £		2019 £
Fixed assets					
Tangible assets	10		**5,914,917**		*5,179,194*
			5,914,917		*5,179,194*
Current assets					
Debtors: amounts falling due within one year	11	**145,433**		*225,782*	
Cash and cash equivalents	12	**5,541**		*1,070*	
		150,974		*226,852*	
Creditors: amounts falling due within one year	13	**(73,189)**		*(77,624)*	
Net current assets			**77,785**		*149,228*
Total assets less current liabilities			**5,992,702**		*5,328,422*
Creditors: amounts falling due after more than one year	14		**(5,474,239)**		*(5,786,764)*
			518,463		*(458,342)*
Provisions for liabilities					
Deferred taxation	16	**(181,842)**		-	
Other provisions		**(182,639)**		*(179,516)*	
			(364,481)		*(179,516)*
Net assets/(liabilities)			**153,982**		*(637,858)*
Capital and reserves					
Called up share capital	18		**1**		*1*
Revaluation reserve			**773,540**		-
Profit and loss account			**(619,559)**		*(637,859)*
			153,982		*(637,858)*

Statement of Financial Position (continued)
As at 31 December 2020

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

For the financial year in question the Company was entitled to exemption from audit under section 479A of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

ND Pocklington
ND Pocklington (Nov 10, 2021 15:23 GMT)

Nigel Pocklington
Director

Date: 10 November 2021

The notes on pages 8 to 28 form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 December 2020

	Ordinary shares	Revaluation reserve	Retained earnings	Total equity
	£	£	£	£
At 1 January 2020	1	-	(637,859)	(637,858)
Comprehensive expense for the year				
Loss for the year	-	-	(14,386)	(14,386)
Surplus on revaluation of other fixed assets	-	806,226	-	806,226
Total comprehensive expense for the year	-	806,226	(14,386)	791,840
Transfer to/from profit and loss account	-	(32,686)	32,686	-
At 31 December 2020	1	773,540	(619,559)	153,982

The notes on pages 8 to 28 form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 December 2019

	Ordinary shares	Retained earnings	Total equity
	£	£	£
At 1 January 2019	1	(636,076)	(636,075)
Comprehensive expense for the year			
Loss for the year	-	(1,783)	(1,783)
Total comprehensive expense for the year	-	(1,783)	(1,783)
At 31 December 2019	1	(637,859)	(637,858)

The notes on pages 8 to 28 form part of these financial statements.

1. General information

Good Energy Lower End Farm Solar Park (026) Limited is a private limited company incorporated in England and Wales under the Companies Act 2006 and is domiciled within the United Kingdom.

The nature of the Company's operations and its principal activities are set out in the Directors' Report. The Company is not listed. The Company's registered office and principal place of business is Monkton Park Offices, Monkton Park, Chippenham, Wiltshire, SN15 1GH. The Company's registered number is 08560050.

These financial statements are presented in pounds sterling which is the functional and presentation currency.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 Going concern

The Parent company and the Company's ultimate parent company Good Energy Group PLC (the 'Parent Group') continues to respond well to the challenges associated with the COVID-19 pandemic. All core business functions continue to perform as expected during remote working, and the operation of generation sites has not been affected by lockdown periods.

Looking to the future, the ultimate parent group has performed a going concern review, going out until December 2022 for prudence, considering both a Base Case and a Downside Case. Having reviewed this forecast, and having applied a reverse stress test testing liquidity and compliance with covenants, the possibility that financial headroom could be exhausted is considered to be remote.

The Directors are confident in the ongoing stability of the Group, and its ability to continue operation and meet its commitments as they fall due over the going concern period. The Company receives support from its Parent company, Good Energy Generation Assets No. 1 Limited, this support has been confirmed for 12 months from the date of signing these financial statements. This, coupled with a review of the company's balance sheet and cash generation, gives the Directors confidence in the ongoing stability of the Company, and its ability to continue operation and meet its commitments as they fall due over the going concern period. Accordingly, the Directors adopt the going concern basis in preparing the financial statements.

2. Accounting policies (continued)

2.4 Revenue

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 following criteria must also be met before revenue is recognised:

The Company is in the business of generation of power. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in note 3.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or when the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. The Company recognises contract liabilities when customers are in a credit position.

Power generation revenue

Revenue is generated when the solar asset produces power that is sold to Good Energy Limited through a Power Purchase Agreement at an arm's length fixed price per MWh, which is the transaction price. The performance obligation is satisfied immediately when the Company solar assets generate the power. Payment is made no more than one month after the delivery month of the power ends. No refunds, returns or warranties are applicable.

Feed-in-Tariff (FiT) revenue

The Company receives FiT subsidy revenue from Ofgem. The FiT scheme (introduced in April 2010) is a government scheme designed to promote the uptake of renewable generation technologies. FiT payments are received quarterly for the electricity that the generating asset has generated and exported in the period, based on meter readings supplied. This is a single performance obligation (to generate renewable electricity) and the transaction price is explicitly set out per unit of electricity generated. The performance obligation is satisfied immediately when the power is generated. Payment is received from Ofgem approximately 45 days after the end of the period of generation. No refunds, returns or warranties are applicable.

2. Accounting policies (continued)

2.5 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Generation assets are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. A valuation is completed at least every 3 years, with a formal external valuation taking place at least every 5 years.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Long-term leasehold property	- 29 years
Generation assets	- 29 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2. Accounting policies (continued)

2.6 Impairment of tangible assets

The carrying amounts of the Company's assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

2. Accounting policies (continued)

2.7 Financial instruments

The Company uses certain financial instruments in its operating and investing activities that are deemed appropriate for its strategy and circumstances.

Financial instruments recognised on the Statement of Financial Position include cash and cash equivalents, trade receivables, trade payables and borrowings. Financial assets and liabilities are recognised on the Statement of Financial Position when the Company has become a party to the contractual provisions of the instrument.

Financial assets at amortised cost

The Company's financial assets at amortised cost comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are solely payments of principal and interest. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. These are held in a business model which intends to hold the financial assets to collect the contractual cash flows rather than through sale. Trade receivables are shown inclusive of unbilled amounts to customers.

The Company recognises an allowance for expected credit losses (ECLs) for all financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the course of ordinary business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently held at amortised cost.

2. Accounting policies (continued)

2.8 Financial instruments (continued)

Borrowings

The Company expenses borrowing costs over the term of the loan facility. Where borrowing costs are attributable to the acquisition, construction or production of a qualifying asset, such costs are capitalised as part of the specific asset. Details of the Company's borrowings are included in note 14.

2.8 Share capital & Reserves

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Revaluation Reserve
The revaluation reserve is the unrealised gain recognised on the fair value of the generation asset.

Profit and loss accounts
The profit and loss account represents the accumulated profits, losses and distributions of the Company.

2.9 Finance costs

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

2.10 Dividends

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

2.11 Decommissioning provision

Liabilities for decommissioning costs are recognised when the Company has an obligation to dismantle and remove the generation assets and restore the land on which it is located. Liabilities may arise upon construction of such facilities, upon acquisition or through a subsequent change in legislation or regulations. The amount recognised is the estimated present value of expenditure determined in accordance with local conditions and requirements. A corresponding tangible item of property, plant and equipment to the provision is also created.

Any changes in the present value of the estimated expenditure is added to or deducted from the cost of the assets to which it relates. The adjusted depreciated amount is then depreciated prospectively over its useful economic life. The unwinding of the discount on the decommissioning provision is included as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate.

2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.13 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The Company has utilised an incremental borrowing rate of 6.85%.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;

The lease liability is included in 'Creditors' on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect

2. Accounting policies (continued)

2.13 Leases (continued)

the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.6.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue from contracts with customers

Estimates over revenue from contracts with customers

Revenue calculated from energy sales includes an estimate of the quantity in units of energy supplied to customers between the date of the last meter reading and the end of the reporting period. 10.9% of the total revenue figure is estimated, with a fixed transaction price and estimated unit consumption. The estimates are made using historical consumption patterns, industry estimated consumption rates, and seasonality data available, and takes into consideration industry reconciliation processes, upon which the Company takes a prudent position until final reconciliation data is available from the industry fourteen months after the supply date.

Provision for expected credit losses of trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables. The impairment loss is measured at lifetime ECL. The debtors have been segmented into intercompany and third-party debtors. The ECL is immaterial to the Company's financial position.

Judgements over revenue from contracts with customers

The Company applied the following judgements that affect the determination of the amount and timing of revenue from contracts with customers:

Identifying performance obligations in contracts

Revenues from contracts with customers include power generation revenue and Feed-in-Tariff (FiT) revenue. Most of these performance obligations are easily identifiable, and are separable.

Determining the timing and satisfaction of the services

Revenue for these services is to be recognised over time, because the customer simultaneously receives and consumes the benefits provided by the Company.

Decommissioning provision

Liabilities for decommissioning costs are recognised when the Company has an obligation to dismantle and remove the generation assets and restore the land on which it is located. Liabilities may arise upon construction of such facilities, upon acquisition or through a subsequent change in legislation or regulations. The amount recognised is the estimated present value of expenditure determined in accordance with local conditions and requirements. A corresponding tangible item of property, plant and equipment to the provision is also created.

Any changes in the present value of the estimated expenditure is added to or deducted from the cost of the assets to which it relates. The adjusted depreciated amount is then depreciated prospectively over its useful economic life. The unwinding of the discount on the decommissioning provision is included as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. The full effect of the unwinding will take place over the remaining economic useful life of the asset which is 24 years. This outflow is expected to take place in 2044. There are uncertainties around the estimation of the discount factor used.

3. Judgements in applying accounting policies (continued)

Revaluation of property, plant and equipment
The Group carries its Generation sites at revalued amounts, changes in fair value are recognised in OCI, using valuation methodology based on a discounted cash flow (DCF) model. The Group engaged an independent valuation specialist to assess fair values at 1 January 2020.

4. Revenue

The whole of the revenue is attributable to the Company's principal activity being the supply of electricity generated by solar power equipment.

Segmental revenue recognition:

	2020	2019
	£	£
Power	290,549	289,943
FiT	378,632	364,899
Other	-	-
	669,181	654,842

Contract balances

The Company has no contract liabilities or contract assets.

5. Operating profit

The operating profit is stated after charging:

	2020	2019
	£	£
Depreciation of tangible fixed assets	249,142	226,952

6. Employees

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	**22,457**	*22,484*
	22,457	*22,484*

During the year salary costs were recharged from Good Energy Limited, a fellow subsidiary, for time spent by its employees working for the Company. The recharge amount relates to time spent by less than 1 (2019: 1) full time equivalent employee. The payments to staff are all borne by Good Energy Limited along with all responsibilities surrounding those payments.

7. Directors' remuneration

During the year, no director received any emoluments (2019: £nil).

The directors are employed by other group companies within the Good Energy Group PLC group and are remunerated by fellow group companies for their services to the group as a whole. It is not practical to allocate their remuneration for their services as a director between group companies. Details of their remuneration and any compensation for loss of office can be found in the financial statements of Good Energy Group PLC.

8. Finance costs

	2020 £	2019 £
Bank interest payable	**-**	*17*
Loans from group undertakings	**285,792**	*337,352*
Interest on lease liabilities	**41,108**	*38,453*
	326,900	*375,822*

9. Taxation

	2020	2019
	£	£
Corporation tax		
Current tax on profits for the year	**(15,538)**	*(35,257)*
Adjustments in respect of previous periods	**-**	*7,840*
Total current tax	**(15,538)**	*(27,417)*
Deferred tax		
Origination and reversal of timing differences	**12,300**	*(17,513)*
Effects of Tax rate change on opening balance	**(2,060)**	*-*
Total deferred tax	**10,240**	*(17,513)*
Taxation on loss on ordinary activities	**(5,298)**	*(44,930)*

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2019 - lower than)* the standard rate of corporation tax in the UK of 19.00% *(2019 - 19.00%)*. The differences are explained below:

	2020	2019
	£	£
Loss on ordinary activities before tax	**(19,684)**	*(46,713)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	**(3,740)**	*(8,875)*
Effects of:		
Fixed asset differences	**189,617**	*553*
Deferred tax relating to Other Comprehensive Income	**(189,115)**	*-*
Group relief surrendered/(claimed)	**15,539**	*35,257*
Payment/(receipt) for group relief	**(15,539)**	*(35,257)*
Adjustments in respect of prior years	**-**	*(33,772)*
Effects of changes in tax rate	**(2,060)**	*(2,836)*
Total tax charge for the year	**(5,298)**	*(44,930)*

Factors that may affect future tax charges

9. Taxation (continued)

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019 – 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. If the group's deferred tax balances at the period end were remeasured at 25% this would result in a deferred tax charge of £57,000.

10. Tangible fixed assets

	Long-term leasehold property £	Generation assets £	Total £
Cost or valuation			
At 1 January 2020	734,789	5,392,921	6,127,710
Additions	(10,475)	-	(10,475)
Revaluations	-	80,461	80,461
At 31 December 2020	724,314	5,473,382	6,197,696
Depreciation			
At 1 January 2020	33,637	914,879	948,516
Charge for the year on owned assets	-	221,901	221,901
Charge for the year on right-of-use assets	27,241	-	27,241
On revalued assets	-	(914,879)	(914,879)
At 31 December 2020	60,878	221,901	282,779
Net book value			
At 31 December 2020	663,436	5,251,481	5,914,917
At 31 December 2019	*701,152*	*4,478,042*	*5,179,194*

10. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2020 £	*2019* *£*
Long leasehold	**663,436**	*701,152*
	663,436	*701,152*

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of Financial Position is as follows:

	2020 £	*2019* *£*
Tangible fixed assets owned	**5,251,481**	*4,478,042*
Right-of-use tangible fixed assets	**663,436**	*701,152*
	5,914,917	*5,179,194*

Information about right-of-use assets is summarised below:

Net book value

	2020 £	*2019* *£*
Long-term leasehold property	**663,436**	*701,152*
	663,436	*701,152*

Depreciation charge for the year ended

	2020 £	*2019* *£*
Property	**27,241**	*27,214*
	27,241	*27,214*

10. Tangible fixed assets (continued)

Additions to right-of-use assets

	2020
	£
Additions to right-of-use assets	(10,475)

The remeasurement included within additions corresponds to the remeasurement of lease liabilities recognised in the year.

Cost or valuation at 31 December 2020 is as follows:

	Generation Assets
	£
At cost	-
At valuation:	
1 January 2020 - Discounted Cash Flow	5,473,382
	5,473,382

The group changed the accounting policy with respect to the measurement of Generation assets as at 1 January 2020 on a prospective basis. Therefore, the fair value of the generation assets was not measured at 1 January 2019. The effective date of the revaluation was 1 January 2020. The properties' fair values are based on valuations performed by Jones Lang LaSalle Limited, an accredited independent valuer who has extensive valuation experience in wind and solar assets. The fair values were determined using a Discounted Cashflow method.

If the generation assets had not been included at valuation they would have been included under the historical cost convention as follows:

	2020	*2019*
	£	*£*
Cost	5,392,921	*5,392,921*
Accumulated depreciation	(1,096,427)	*(914,879)*
Net book value	4,296,494	*4,478,042*

11. Debtors

	2020 £	2019 £
Amounts owed by group undertakings	-	96,997
Other debtors	250	-
Prepayments and accrued income	93,331	76,014
Tax recoverable	51,852	35,258
Deferred taxation	-	17,513
	145,433	225,782

12. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	5,541	1,070
	5,541	1,070

13. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	4,325	11,070
Amounts owed to group undertakings	1,056	-
Other taxation and social security	-	13,481
Lease liabilities	34,027	33,471
Other creditors	18,641	-
Accruals and deferred income	15,140	19,602
	73,189	77,624

For more information regarding the leases please see note 15.

14. Creditors: amounts falling due after more than one year

	2020 £	*2019 £*
Lease liabilities	**522,603**	*531,513*
Amounts owed to group undertakings	**4,951,636**	*5,255,251*
	5,474,239	*5,786,764*

Amounts owed to group undertakings are unsecured, bear interest at 8.85% and have no fixed date of repayment. The counterparty has agreed that these amounts will not be repayable for at least one year from 31 December 2020.

For more information regarding the leases please see note 15.

15. Leases

Company as a lessee

The Company has lease contracts for the access to, and use of, land on which its generation assets are located.

Leases of land (inclusive of access rights) typically have lease terms of between 20 and 30 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

Each lease generally imposes a restriction from subleasing the underlying assets to another party, therefore the right-of-use assets can only be used by the Company.

The lease payments within all of the Company's lease agreements (with the exception of short-term leases, leases of low-value underlying assets, and those leases containing a variable lease payment component) are linked to annual changes in the Retail Price Index.

The Company's leases are subject to variable lease payments which do not depend on an index or rate. These relate to the Company's generation assets, where the lease payments are based on the actual performance of the asset (which in turn is dependent upon the weather). These payments are not, in substance, fixed and therefore are excluded from the initial measurement of the lease liability and rightof-use asset.

Lease liabilities are due as follows:

	2020 £	*2019 £*
Not later than one year	**34,027**	*33,471*
Between one year and five years	**123,400**	*122,187*
Later than five years	**399,203**	*409,326*
	556,630	*564,984*

15. Leases (continued)

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2020 £	*2019 £*
Interest expense on lease liabilities	**41,108**	*38,453*

16. Deferred taxation

	2020 £	*2019 £*
At beginning of year	**17,513**	*-*
Charged to profit or loss	**(10,240)**	*17,513*
Charged to other comprehensive income	**(189,115)**	*-*
At end of year	**(181,842)**	*17,513*

The deferred tax balance is made up as follows:

	2020 £	*2019 £*
Accelerated capital allowances	**(77,612)**	*(58,436)*
Tax losses carried forward	**84,885**	*75,949*
Revaluation of generation assets	**(189,115)**	*-*
	(181,842)	*17,513*

17. Other provisions

	2020 £	*2019 £*
Decommissioning provision	**182,639**	*179,516*
	182,639	*179,516*

A provision has been recognised for decommissioning costs associated with Lower End Solar Farm.

An increase of £3,123 has been added to the decommissioning provision to reflect the unwinding of the discount factor. The full effect of the unwinding will take place over the remaining economic useful life of the asset which is 24 years. This outflow is expected to take place in 2044. There are uncertainties around the estimation of the discount factor used.

18. Called up share capital

	2020 £	*2019 £*
Allotted, called up and fully paid		
1 *(2019 - 1)* Ordinary share of £1.00	1	*1*

19. Related party transactions

The Company is a wholly owned subsidiary of Good Energy Group PLC and has taken advantage of the exemption conferred by Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) not to disclose transactions with Good Energy Group PLC or its subsidiaries.

20. Ultimate parent undertaking and controlling party

The Company's ultimate parent undertaking and controlling party is Good Energy Group PLC, a company incorporated in England and Wales.

Good Energy Group PLC is the parent undertaking of the largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Good Energy Group PLC can be obtained from:

Monkton Park Offices
Monkton Park
Chippenham
Wiltshire
SN15 1GH.

The Company's immediate parent undertaking is Good Energy Generation Assets No. 1 Limited, a company incorporated in England and Wales.

Good Energy Generation Assets No. 1 Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Good Energy Generation Assets No. 1 Limited can be obtained from:

Monkton Park Offices
Monkton Park
Chippenham
Wiltshire
SN15 1GH.