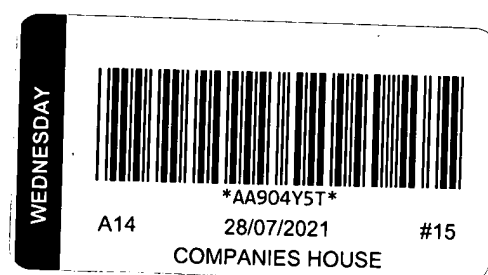


Chalgrove Solar Limited
Directors' Report and
Audited Financial Statements For The Year Ended 31 December 2020



Chalgrove Solar Limited

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For The Year Ended 31 December 2020**

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Chalgrove Solar Limited

Company Information For The Year Ended 31 December 2020

Directors:	S C Tetot J K Rhodes-Journeay
Registered office:	C/O Res White Limited Beaufort Court Egg Farm Lane Kings Langley Hertfordshire WD4 8LR
Registered number:	08578829 (England and Wales)
Independent auditors:	Deloitte LLP Statutory Auditor 110 Queen Street Glasgow United Kingdom G1 3BX
Bankers:	HSBC 3 Rivergate Temple Quay Bristol BS1 6ER

Chalgrove Solar Limited

Directors' Report For The Year Ended 31 December 2020

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

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Further information on the basis of preparation of these financial statements and the going concern assumption can be found in note 2.

Principal activity

The principal activity of the Company in the year under review was the operation of the 21MW solar farm in Oxfordshire and this is expected to continue to be the principal activity of the Company.

Impact of COVID-19

Since the start of 2020 there has been an outbreak of COVID-19 (coronavirus) which led to some uncertainty in the market. The directors continue to follow advice given by the World Health Organisation and Public Health England to ensure that best practice measures are followed. To date there has not been a material impact on the Company's operations. The directors do not believe that there is a significant risk to the business as a result of the COVID-19 pandemic but will continue to monitor any future developments.

Dividends

The profit during the year ended 31 December 2020 was £4,449,432 (31 December 2019: £(8,696,228) loss).

The directors did not pay any interim dividend in the period (31 December 2019: £nil).

The directors have not recommended payment of a final dividend (31 December 2019: £nil).

Directors

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

S C Tetot
J K Rhodes-Journeay

Chalgrove Solar Limited

Directors' Report For The Year Ended 31 December 2020

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The impact of the COVID-19 pandemic on operations and going concern has been assessed by the directors. To date, there has not been a material impact on the Company's operations or supply chain. The directors saw a negative impact on power prices in the short term due to a reduction in demand for electricity and lower commodities prices, however power prices have since rebounded and stabilised to more normal levels. Furthermore, in order to ensure more certainty over its cash flows, the Company entered in to power price fix agreements until September 2021 and will look to fix out further. This reduces the risk of power price variations and in combination with the current winter 2021 forward power prices, is showing there to be no going concern issues. The directors will continue to closely monitor the situation and to take appropriate action if deemed necessary.

Further details regarding the adoption of the going concern basis can be found in note 2 of the Accounting Policies.

Risks and uncertainties

The Company is exposed to fluctuations in UK power prices. The company seeks to manage the volatility in power prices by fixing prices at least six months in advance whenever possible.

The outbreak of COVID-19 has been and continues to be a very significant humanitarian and economic event facing many businesses. It has led to a significant economic slowdown and worldwide recession, however, the directors believe that the impact of COVID-19 to the Company will be a temporary disruption and will ultimately pass. The business model continues to be stress tested to model how the different scenarios might impact the business, with further details provided in the Going concern section of this annual report.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Statement as to disclosure of information to auditors

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

Chalgrove Solar Limited

**Directors' Report
For The Year Ended 31 December 2020**

Auditors

The auditors, Deloitte LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:

DocuSigned by:

C8BAF5DC48EF444.....
Director

20 July 2021 | 06:12 PDT
Date:

Chalgrove Solar Limited

Statement of Directors' Responsibilities For The Year Ended 31 December 2020

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

Independent auditor's report to the members of Chalgrove Solar Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Chalgrove Solar Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not

Independent auditor's report to the members of Chalgrove Solar Limited

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.

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 course of 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 this gives rise to material misstatement in the financial statements themselves. 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

Independent auditor's report to the members of Chalgrove Solar Limited

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and The Renewables Obligation Order 2015.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- There is a fraud risk on the basis that management may deliberately manipulate the revenue to improve the perception of the group's performance.
- We have addressed this risk by testing the revenue streams on a sample basis to determine if recognition is accurate through inspection of Power Purchase Agreements and other third-party documentation.
- Additionally, we have reviewed the monthly revenue reconciliation process and have tested the design and implementation of the key controls.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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

Independent auditor's report to the members of Chalgrove Solar Limited

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 any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

DocuSigned by:

CB6C540B204A481...

David Mitchell (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow
UK
Date:

21 July 2021 | 09:51 PDT

Chalgrove Solar Limited**Statement of Comprehensive Income
For The Year Ended 31 December 2020**

	Notes	31/12/20 £	31/12/19 £
Turnover	3	908,269	1,205,660
Cost of sales		(1,378,064)	(1,340,455)
Gross loss		(469,795)	(134,795)
Administrative expenses		(4,460)	(9,167,701)
Operating loss	5	(474,255)	(9,302,496)
Exceptional income	6	5,093,482	-
		4,619,227	(9,302,496)
Interest receivable and similar income		20	-
		4,619,247	(9,302,496)
Interest payable and similar expenses		(885,410)	(913,470)
Profit/(loss) before taxation		3,733,837	(10,215,966)
Tax on profit/(loss)		715,595	1,519,738
Profit/(loss) for the financial year		4,449,432	(8,696,228)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		4,449,432	(8,696,228)

The notes on pages 13 to 23 form part of these financial statements

Chalgrove Solar Limited (Registered number: 08578829)**Balance Sheet
31 December 2020**

	Notes	31/12/20 £	31/12/19 £
Fixed assets			
Tangible fixed assets	7	7,814,001	8,550,000
Current assets			
Debtors	8	2,452,106	1,841,836
Cash at bank		161,252	119,907
		<u>2,613,358</u>	<u>1,961,743</u>
Creditors			
Amounts falling due within one year	9	(7,391,058)	(20,528,019)
Net current liabilities		<u>(4,777,700)</u>	<u>(18,566,276)</u>
Total assets less current liabilities		3,036,301	(10,016,276)
Provisions for liabilities	11	<u>(80,705)</u>	<u>-</u>
Net assets/(liabilities)		<u><u>2,955,596</u></u>	<u><u>(10,016,276)</u></u>
Capital and reserves			
Called up share capital		8,522,442	2
Retained earnings		<u>(5,566,846)</u>	<u>(10,016,278)</u>
		<u><u>2,955,596</u></u>	<u><u>(10,016,276)</u></u>

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

The financial statements were approved by the Board of Directors and authorised for issue on20.July.2021..1.06:12.PDT..... and were signed on its behalf by:

DocuSigned by:

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Director

The notes on pages 13 to 23 form part of these financial statements

Chalgrove Solar Limited**Statement of Changes in Equity
For The Year Ended 31 December 2020**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	2	(1,320,050)	(1,320,048)
Changes in equity			
Total comprehensive loss	-	(8,696,228)	(8,696,228)
Balance at 31 December 2019	2	(10,016,278)	(10,016,276)
Changes in equity			
Issue of share capital	8,522,440	-	8,522,440
Total comprehensive income	-	4,449,432	4,449,432
Balance at 31 December 2020	8,522,442	(5,566,846)	2,955,596

The notes on pages 13 to 23 form part of these financial statements

Chalgrove Solar Limited

Notes to the Financial Statements For The Year Ended 31 December 2020

1. General information

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

2. Accounting policies

Basis of preparing the financial statements

The financial statements have been prepared in accordance with the applicable United Kingdom accounting standards, including Financial Reporting Standard 102 section 1A small entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The particular accounting policies adopted are described below and have been applied consistently throughout the current and prior financial period.

Section 1A for small companies has been applied on the basis that the entity meets the criteria set out within the Companies Act. The directors believe the entity is part of an eligible group on the basis that the ultimate controlling party is not listed on any market.

The Company has taken advantage of the exemptions available to small entities under section 1A in relation to presentation of a cash flow statement and disclosures of net finance charge, current taxation, financial instruments, share capital and reserves.

The financial statements are prepared under the historical cost convention.

Going concern

The financial statements have been prepared on the basis the Company is a going concern, which the directors consider appropriate.

The directors have separately reviewed integrated forecasts for the Company, for the foreseeable future being at least 12 months from the date of approval of the annual report which indicate that in spite of the revocation of the OFGEM ROC accreditation, the Company will be able to meet its cash flow demands and liabilities as they fall due from cash flows from operations and existing working capital.

The impact of the COVID-19 pandemic on operations and going concern has been assessed by the directors. To date, there has not been a material impact on the Company's operations or supply chain. The directors saw a negative impact on power prices in the short term due to a reduction in demand for electricity and lower commodities prices, however power prices have since rebounded and stabilised to more normal levels. Furthermore, in order to ensure more certainty over its cash flows, the Company entered in to power price fix agreements until September 2021 and will look to fix out further. This reduces the risk of power price variations and in combination with the current winter 2021 forward power prices, is showing there to be no going concern issues. The directors will continue to closely monitor the situation and to take appropriate action if deemed necessary.

The directors have written confirmation that RI Income UK Holdings Limited will continue to financially support the Company during the 12 months following the date the financial statements are signed.

Chalgrove Solar Limited

Notes to the Financial Statements - continued For The Year Ended 31 December 2020

2. Accounting policies - continued

Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Deferred taxation

Deferred tax assets are only recognised when management deem that it is highly probable that there will be sufficient taxable profits in future periods which can utilise the deferred tax asset.

Operating lease commitments

The classification of leases as operating or finance leases requires the Company to determine, based on evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires recognition on the balance sheet.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Decommissioning provision

Liabilities for decommissioning costs are recognised when the Company has an obligation to decommission and restore the land, with which the project has been built upon, to its original state. The obligation is assessed annually for changes in estimated costs which are then discounted to their net present value. If the net present value is deemed to be immaterial then no provision is recognised.

Recoverability of tangible fixed assets

Following the revocation of the OFGEM ROC accreditation in the year and the prior year post year end adjustment to hold tangible fixed assets at their recoverable amount through a value in use calculation, management has reconsidered the recoverability of the tangible fixed assets included in the Statement of financial position as at year end. The project continues to perform in line with budgets adjusted to omit ROC revenues and management has reconsidered the power price and generation assumptions reflected in its long-term projections. Detailed sensitivity analysis has been carried out and management is confident that the carrying amount of the tangible fixed assets will be recovered in full through use. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that adjustments are appropriate.

Chalgrove Solar Limited

Notes to the Financial Statements - continued For The Year Ended 31 December 2020

2. Accounting policies - continued

Turnover

Turnover represents the value of power generated during the year, excluding value added tax, in the UK.

Turnover recognition

Turnover is recognised when the significant risks and rewards are considered to have transferred to the buyer and is recorded at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before turnover is recognised:

a) Generation and embedded benefits turnover

Turnover from the sale of electricity represents the invoice value, pre sales tax, of electricity provided to third parties and is recognised when electricity is generated. Embedded benefits are paid to generating plant located on the distribution network to reflect the lower cost of transporting electricity to the end user and are recorded at the invoice value.

b) ROCs turnover

The Company as a qualifying renewable generator was entitled to receive Renewable Obligation Certificates (ROCs) which are issued under the terms of the generating station's OFGEM Renewable Obligation registration. These certificates were traded separately from the electricity to which they relate and were recorded as accrued income at fair value and recognised in turnover when the electricity to which they relate is generated. However, the Company is no longer a qualifying generator following the revocation of the OFGEM ROC accreditation in the year and accordingly no ROC related revenue has been recognised in this financial year or the previous financial year, whereby the previous financial year had a post year end adjustment to de-recognise any ROC turnover.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Solar farm plant & machinery - Straight line over 25 years

Plant and machinery is stated at cost less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met, but excludes the costs of day-to-day servicing which is expensed as incurred.

Chalgrove Solar Limited

Notes to the Financial Statements - continued For The Year Ended 31 December 2020

2. Accounting policies - continued

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Chalgrove Solar Limited

Notes to the Financial Statements - continued For The Year Ended 31 December 2020

2. Accounting policies - continued Financial instruments - continued

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised for financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Chalgrove Solar Limited

Notes to the Financial Statements - continued For The Year Ended 31 December 2020

2. Accounting policies - continued

Taxation

Current tax, including UK corporation and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Deferred tax assets and liabilities are offset only if the Company has a legally enforceable right to set off current tax assets against current tax liabilities.

Chalgrove Solar Limited

Notes to the Financial Statements - continued For The Year Ended 31 December 2020

2. Accounting policies - continued

Cash

Cash at bank and in hand on the balance sheet comprise of cash in hand and deposits held at call with banks.

Accrued income

Accrued income represents accruals for electricity generation and in the prior year included unbilled ROC income.

Dividend distribution

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

Decommissioning provision

Liabilities for decommissioning costs are recognised when the Company has an obligation to decommission and restore the land, with which the project has been built upon, to its original state. The obligation is assessed annually for changes in estimated costs which are then discounted to their net present value. If the net present value is deemed to be immaterial then no provision is recognised.

When this provision relates to an asset with sufficient future economic benefits, a decommissioning asset is recognised and included as part of the associated plant and machinery and depreciated accordingly. Changes in these estimates and changes to the discount rates are dealt with prospectively and reflected as an adjustment to the provision with a corresponding decommissioning asset included within plant and machinery. Unwinding of the discount on the provision is included in the income statement within interest expense. Refer to note 11.

Operating leases

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Borrowing costs

Borrowing costs are expensed as incurred.

3. Turnover

The turnover and profit (2019 - loss) before taxation are attributable to the one principal activity of the Company.

4. Employees and directors

There were no staff costs for the year ended 31 December 2020 nor for the year ended 31 December 2019.

The average number of employees during the year was NIL (2019 - NIL).

Chalgrove Solar Limited**Notes to the Financial Statements - continued
For The Year Ended 31 December 2020****4. Employees and directors - continued**

Services are provided to the Company through a third party asset management agreement.

No Directors received any remuneration from the Company during the period (31 December 2019: Nil).

5. Operating loss

The operating loss is stated after charging:

	31/12/20	31/12/19
	£	£
Rentals under operating lease	135,487	131,901
Depreciation - owned assets	816,704	821,523
Auditor's remuneration - auditing of financial statements	4,160	5,850
Impairment of tangible fixed assets	-	7,990,691
Impairment of accrued income	-	1,170,897
	<u> </u>	<u> </u>

Prior year impairments relate to the revocation of the OFGEM ROC accreditation which led to release of associated accrued income and also impacted the future cash flows of the Company leading to a write down in the Company's fixed assets to the lesser of the recoverable amount (future discounted cash flows) and the net book value.

6. Exceptional income

	31/12/20	31/12/19
	£	£
Exceptional income	5,093,482	-
	<u> </u>	<u> </u>

Exceptional income represents a write off of intercompany loan payable following confirmation from the counterparty, RI Income UK Holdings Limited, that it is no longer owing (refer to note 9).

Chalgrove Solar Limited**Notes to the Financial Statements - continued
For The Year Ended 31 December 2020****7. Tangible fixed assets**

	Solar farm plant & machinery £
Cost	
At 1 January 2020	20,404,976
Additions	80,705
	<u>20,485,681</u>
At 31 December 2020	<u>20,485,681</u>
Depreciation	
At 1 January 2020	11,854,976
Charge for year	816,704
	<u>12,671,680</u>
At 31 December 2020	<u>12,671,680</u>
Net book value	
At 31 December 2020	<u>7,814,001</u>
At 31 December 2019	<u>8,550,000</u>

Depreciation at 31 December 2020 includes an impairment of £7,990,691 posted in 2019 to write down assets to their recoverable amount.

8. Debtors: amounts falling due within one year

	31/12/20 £	31/12/19 £
Amounts owed by group companies	294,964	106,842
Deferred tax asset	2,071,602	1,639,279
Accrued income	23,612	32,786
Prepayments	61,928	62,929
	<u>2,452,106</u>	<u>1,841,836</u>
 Deferred tax asset		
	31/12/20 £	31/12/19 £
Accelerated capital allowances	1,559,490	1,439,352
Tax losses carried forward	512,112	199,927
	<u>2,071,602</u>	<u>1,639,279</u>

Chalgrove Solar Limited**Notes to the Financial Statements - continued
For The Year Ended 31 December 2020****8. Debtors: amounts falling due within one year - continued**

Amounts owed by group companies are repayable on demand.

Within amounts owed by group companies there is an amount of £Nil (31 December 2019: £96,341) owed by Glens of Foudland Wind Farm Limited for intercompany group relief and £294,964 (31 December 2019: £10,501) which relates to an intercompany group relief estimate.

9. Creditors: amounts falling due within one year

	31/12/20	31/12/19
	£	£
Trade creditors	37,529	106,563
Amounts owed to group companies	7,280,612	20,334,151
VAT	15,629	9,265
Other creditors	859	57,410
Accruals	56,429	20,630
	<u>7,391,058</u>	<u>20,528,019</u>

Amounts owed to group companies are repayable on demand.

Within amounts owed to group companies there is an interest free loan from its immediate parent company, RI Income UK Holdings Limited of £Nil (31 December 2019: £5,093,482), a group relief amount owed to RI UK Holdings Limited of £7,790 (31 December 2019: £7,790), a loan bearing a fixed interest of 6.3% and no fixed term that is owed to BRI UK Finance Limited of £7,248,148 (31 December 2019: £15,208,205) and the remaining balance relates to group relief owed to RI UK Solar Holdings Limited of £24,674 (31 December 2019: £24,674).

The counterparty to the interest free loan, RI Income UK Holdings Limited, elected to fully write off the loan in the year as a result of the impact to future cash flows explained in note 5.

Included within the interest bearing amount is accrued interest of £1,303,172 (31 December 2019: £711,370).

10. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31/12/20	31/12/19
	£	£
Within one year	138,631	136,191
Between one and five years	554,525	544,763
In more than five years	2,079,468	2,179,054
	<u>2,772,624</u>	<u>2,860,008</u>

Chalgrove Solar Limited**Notes to the Financial Statements - continued
For The Year Ended 31 December 2020****11. Provisions for liabilities**

	31/12/20 £	31/12/19 £
Other provisions		
Decommissioning provision	80,705	-
	Deferred tax £	Other provisions £
Balance at 1 January 2020	(1,639,279)	-
Provided during year	-	80,705
Credit to Income Statement during year	(432,323)	-
Balance at 31 December 2020	(2,071,602)	80,705

12. Off-balance sheet arrangements

The Company enters into operating lease arrangements for the land on which the wind farm is located. The Company's lease rental expense is disclosed in note 5 and the Company commitments under these arrangements are disclosed in note 10. There are no other material off-balance sheet arrangements.

13. Related party disclosures

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

14. Ultimate controlling party

The ultimate parent undertaking and controlling party in this group is considered to be Renewable Income UK, a sub-fund of Blackrock Infrastructure Funds Public Limited Company, which is in turn an investment company registered in Ireland that accounts for investments at fair value and does not prepare consolidated financial statements.

The immediate parent company is RI Income UK Holdings Limited, an investment company registered in England and Wales which accounts for investments at fair value and does not prepare consolidated financial statements. The financial statements are available from the registered office at 12 Throgmorton Avenue, London, EC2N 2DL.