

SN12 6EF Limited

Report and Financial Statements

Year Ended

30 September 2020

Company Number 09245781

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SN12 6EF Limited

Report and Financial Statements for the year ended 30 September 2020

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Directors

W R Cann
P Lambert
M E Thistlethwayte
D C Harbord

Registered office

20 Jewry Street, Winchester, Hampshire. SO23 8RZ

Company number

09245781

Auditor

Saffery Champness LLP, Midland House, 2 Poole Road, Bournemouth, Dorset, BH2 5QY

SN12 6EF Limited

Report of the Directors for the year ended 30 September 2020

The directors present their report together with the audited financial statements for the year ended 30 September 2020.

Directors

The directors of the company during the year were:

W R Cann
P Lambert
M E Thistlethwayte
D C Harbord

The Company purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Results

The statement of comprehensive income is set out on page 6 and shows the result for the year. The current accounting period runs from 01 October 2019 to 30 September 2020 and the prior accounting period ran from 01 April 2018 to 30 September 2019.

Financial risk management

The business operations may expose it to a variety of financial risks. These are disclosed further in note 3 of the financial statements.

Directors' responsibilities

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and performance of the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation. 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 year.

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 they have been prepared in accordance with IFRSs as adopted by the European Union;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

SN12 6EF Limited

Report of the Directors for the year ended 30 September 2020 (continued)

Directors' responsibilities (continued)

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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Saffery Champness LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006.

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

On behalf of the Board



P Lambert
Director

25 November 2020

SN12 6EF Limited

Independent Auditor's Report to the members of SN12 6EF Limited

Opinion

We have audited the financial statements of SN12 6EF Limited for the year ended 30 September 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 and its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

SN12 6EF Limited

Independent Auditor's Report to the members of SN12 6EF Limited

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other Matters

The financial statements of the prior period were audited by a predecessor auditor. The predecessor auditor expressed an unmodified opinion dated 18 December 2019.

SN12 6EF Limited

Independent Auditor's Report to the members of SN12 6EF Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.



.....
Jamie Lane (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

Midland House
2 Poole Road
Bournemouth
Dorset
BH2 5QY

3 December 2020

SN12 6EF Limited

Statement of Comprehensive Income for the year ended 30 September 2020

	Note	Year to 30 September 2020 £	Period to 30 September 2019 £
Revenue	5	1,757,802	2,954,025
Administrative expenses	6	(971,716)	(1,405,388)
Operating profit		786,086	1,548,637
Finance income	9	2,513	5,916
Finance costs	9	(492,911)	(707,139)
Profit before tax		295,688	847,414
Tax expense	10	(86,736)	(111,365)
Profit for the financial year		208,952	736,049

The company has no other items of comprehensive income and as such the Statement of Comprehensive Income for the year agrees to the profit for the year.

The notes on pages 11 to 26 form part of these financial statements.

SN12 6EF Limited

Statement of Financial Position at 30 September 2020

<i>Company number 09245781</i>		30 September		30 September	
	Note	2020	2020	2019	2019
		£	£	£	£
Assets					
Non-current assets					
Property, plant and equipment	11	9,998,065		10,513,030	
Right-of-use assets	12	1,289,431		-	
			11,287,496		10,513,030
Current assets					
Trade and other receivables	13	662,856		644,439	
Cash and cash equivalents	15	1,778,416		1,484,708	
			2,441,272		2,129,147
Total assets			13,728,768		12,642,177

SN12 6EF Limited

Statement of Financial Position at 30 September 2020 (continued)

	Note	30 September 2020 £	30 September 2020 £	30 September 2019 £	30 September 2019 £
Equity attributable to the owners of the company					
Called up share capital	16	1		1	
Retained earnings	16	340,699		131,747	
Total equity			340,700		131,748
Liabilities					
Non-current liabilities					
Borrowings	14	8,702,206		9,259,010	
Lease liabilities	12	1,254,288		-	
Deferred tax liability	10	155,680		111,365	
Non-current liabilities			10,112,174		9,370,375
Current liabilities					
Trade and other payables	17	223,978		182,503	
Amounts owed to group undertakings		2,379,239		2,400,313	
Borrowings	14	558,204		557,238	
Lease liabilities	12	50,978		-	
Current tax liability		63,495		-	
			3,275,894		3,140,054
Total liabilities			13,388,068		12,510,429
Total equity and liabilities			13,728,768		12,642,177

The financial statements on pages 6 to 26 were approved and authorised for issue by the Board of Directors on 25 November 2020 and were signed on its behalf by:

P Lambert

P Lambert
Director

The notes on pages 11 to 26 form part of these financial statements.

SN12 6EF Limited

Statement of Cash Flows for the year ended 30 September 2020

	Note	Year ended 30 September 2020 £	2020 £	Period ended 30 September 2019 £	2019 £
Cash flows from operating activities					
Cash generated by operations	19	1,379,784		2,033,210	
Interest paid		(443,880)		(695,139)	
Income tax received		21,074		-	
Net cash generated by operating activities			956,978		1,337,171
Cash flows from investing activities					
Net decrease in loan from parent company		(21,074)		(2,468,000)	
Interest received		2,513		5,016	
Net cash used in investing activities			(18,561)		(2,462,984)
Cash flows from financing activities					
Increase in bank loans		-		2,250,000	
Debt arrangement fees		-		(15,000)	
Repayment of bank loans		(557,238)		(908,711)	
Payment of lease liability		(87,471)		-	
Net cash (used in) / generated by financing activities			(644,709)		1,326,289
Net increase in cash and cash equivalents			293,708		201,376
Cash and cash equivalents at beginning of year			1,484,708		1,283,332
Cash and cash equivalents at the end of year			1,778,416		1,484,708
Cash and cash equivalents comprise:					
Cash at bank and in hand	15		1,778,416		1,484,708

The notes on pages 11 to 26 form part of these financial statements.

SN12 6EF Limited

Statement of Changes in Equity for the year ended 30 September 2020

	Share capital £	Profit and loss account £	Total equity £
Balance at 31 March 2018	1	(604,302)	(604,301)
Comprehensive income			
Profit for the period	-	736,049	736,049
	<hr/>	<hr/>	<hr/>
Balance at 30 September 2019	1	131,747	131,748
Comprehensive income			
Profit for the year	-	208,952	208,952
	<hr/>	<hr/>	<hr/>
Balance at 30 September 2020	<hr/> 1	<hr/> 340,699	<hr/> 340,700

The notes on pages 11 to 26 form part of these financial statements.

SN12 6EF Limited

Notes Forming Part of the Financial Statements for the year ended 30 September 2020

1 General information

SN12 6EF Limited owns and operates a ground mounted solar photovoltaic installation site, which results in income from the sale of electricity and government energy subsidies.

The Company is a private limited company and is incorporated in England and Wales and domiciled in the United Kingdom. The registered office is located at 20 Jewry Street, Winchester, Hampshire, England SO23 8RZ

2 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 4.

New accounting standards, interpretations and future accounting developments

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the company and which have not been applied in these financial statements, were in issue but were not yet effective. In some cases, these standards and guidance have not been endorsed for use in the European Union including at 1 July 2020, Covid 19-Related Rent Concessions (Amendment to IFRS 16 Leases):

Title	Implementation	Anticipated effect on the Company
Conceptual Framework and Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020	Management are considering the impact
Amendments to IFRS 3 <i>Business Combinations</i>	1 January 2020	Management are considering the impact
Amendments to IAS1 and IAS 8: <i>Definition of Material</i>	1 January 2020	Management are considering the impact
Interest Rate Benchmark Reform: <i>amendments to IFRS 9, IAS 39 and IFRS 7</i>	1 January 2020	Management are considering the impact
Covid 19-Related Rent Concessions (Amendment to IFRS 16 <i>Leases</i>)	1 January 2020	Management are considering the impact

The directors are still assessing the impact of the above standards on the financial statements.

There have been small amendments to other IFRS in issue however, the Directors anticipate that the adoptions of these standards and interpretations in future periods will have no material impact on the financial statements of the company.

SN12 6EF Limited

Notes Forming Part of the Financial Statements for the year ended 30 September 2020 (*continued*)

2 Accounting policies (*continued*)

Going concern

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. In the UK market activity is being impacted in all sectors and the current response to COVID-19 means that we are faced with an unprecedented set of circumstances.

In light of the current uncertainties the Directors have considered the potential financial implications of the pandemic, and have assessed that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors therefore believe it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Functional and presentation currency

The functional and presentation currency of the Company is Pounds Sterling. Monetary values in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation. The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the assets.

The cost of repairs and maintenance are charged to the Statement of Comprehensive Income in the year in which they are incurred.

Depreciation on all property, plant and equipment is determined to allocate their cost to their residual values over their estimated useful lives, a summary of which is as follows:

Plant and machinery	-	Over the term of planning permission for the site (25 years)
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The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the Statement of Comprehensive Income.

Financial assets

Classification

The Company classifies its financial assets in one category - "loans and receivables". The classification depends on the purpose for which the financial assets were acquired and management determines the classification of its financial assets at initial recognition. The Company's loans and receivables comprise 'trade and other receivables' and cash balances in the Statement of Financial Position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current assets.

SN12 6EF Limited

Notes Forming Part of the Financial Statements for the year ended 30 September 2020 (*continued*)

2 Accounting policies (*continued*)

Trade and other receivables

For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

Group and other receivables are initially measured at fair value plus transaction costs. Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments, with original maturities of three months or less.

Share capital

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

Trade and other payables

Trade and other payables are non-derivative financial liabilities with fixed or determinable payments and relate to obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are included in current liabilities, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, it establishes provisions, when appropriate, as the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

SN12 6EF Limited

Notes Forming Part of the Financial Statements for the year ended 30 September 2020 (*continued*)

2 Accounting policies (*continued*)

Current and deferred income tax (continued)

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority.

Revenue

Revenue represents sales to external customers at invoiced amounts less value added tax on sales. Revenue refers to income from electricity generation, through owning and operating a ground mounted solar photovoltaic installation, which provides turnover from the sale of electricity and government energy subsidies. Turnover is recognised as electricity is generated.

Revenue is recognised on an accruals basis, with revenue being recognised only when there is sufficient certainty in respect of the consideration that will be received by the company.

Leases

The company is a lessee of assets.

As explained in note 23, the Company has changed its accounting policy for leases where the Company is the lessee. The new policy and the impact of the change are shown in this note.

Until 30 September 2019, leases of property, plant and equipment where the Company had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment was allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, were included in other borrowings. The interest element of the finance cost was charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases were depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership were classified as operating leases. Payments made under operating leases (net of any incentives received from the Lessor) were charges to the statement of comprehensive income on a straight-line basis over the period of the lease.

3 Financial risk management

Financial risk factors

The Company's operations expose it to a variety of financial risks that include the effects of credit risk, capital risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of the markets in which it operates and seeks to minimise associated volatility of the Company's financial performance. The Company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

(a) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Company has implemented policies that require maintaining appropriate credit limits on all customers. The company's credit risk is primarily attributable to its trade receivables balance. The amounts presented in the statement of financial position are net of allowances for doubtful debts.

SN12 6EF Limited

Notes Forming Part of the Financial Statements for the year ended 30 September 2020 *(continued)*

3 Financial risk management (continued)

(a) Credit risk (continued)

The Company does not have significant concentrations of credit risk. The deposits with banks are only held with reputable financial institutions with a credit rating of 'B' or above. The credit worthiness is reviewed periodically in order to ensure active management of counter-party risk. If customers are independently rated, these ratings are used if there is no independent rating, the respective board of directors assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over the previous 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Management considered the expected loss allowance at the reporting date to be immaterial.

(b) Capital risk management

Management regard the capital structure of the Company to consist of the ordinary share in issue.

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

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

The Company keeps the capital structure under review with a process of monthly financial forecasts updated quarterly. These forecasts, including a detailed cash flow forecast, provide the Board with an assessment of the Company's capital adequacy for the period under review. Management consider the current management of capital to be satisfactory

(c) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash to enable it to meet its operational requirements. Operating cash flows are actively managed with annual cash flow forecasts updated as required and subject to board review.

The company had no non-derivative financial liabilities at the reporting date other than accrued expenses.

SN12 6EF Limited

Notes Forming Part of the Financial Statements for the year ended 30 September 2020 (continued)

4 Critical accounting estimates and judgements

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.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

There have been no significant critical accounting estimates or judgements made in the preparation of these financial statements.

5 Revenue

Turnover is wholly attributable to the principle activity of the company and arises solely within the United Kingdom.

Management considers there to be only one operating segment within the business based on the way the business is organised and the way results are reported internally. All turnover arose in the UK.

(a) Disaggregation of revenue

Major sales lines	2020 £	2019 £
Electricity	664,289	1,224,277
Renewable obligation certificates	951,052	1,512,449
Renewable obligation certificates recycle benefit	142,461	217,299
	<u>1,757,802</u>	<u>2,954,025</u>

6 Administrative expenses

	2020 £	2019 £
Depreciation of owned assets	514,965	772,252
Depreciation of right-of-use assets	63,676	-
Operations & maintenance	91,700	137,801
Business rates	37,390	59,933
Rent	-	126,846
Insurance	19,035	27,834
Management fee	142,362	213,543
Repairs & maintenance	57,883	22,822
Professional fees	10,000	11,104
Other costs	34,705	33,253
	<u>971,716</u>	<u>1,405,388</u>

SN12 6EF Limited

Notes Forming Part of the Financial Statements for the year ended 30 September 2020 (continued)

7 Employee benefit expense

There are no employees other than the directors, who received no remuneration from the company (2019 - £nil).

8 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditors for the audit of the company's financial statements	9,700	8,000

9 Finance income and costs

	2020 £	2019 £
Finance costs:		
Bank loans	443,880	695,139
Amortisation of bank loan issue costs	9,400	12,000
On lease arrangements	39,631	-
Total finance costs	492,911	707,139
Finance income:		
On short term bank deposits	(2,513)	(5,916)
Net finance costs	490,398	701,223

SN12 6EF Limited

Notes Forming Part of the Financial Statements for the year ended 30 September 2019 (*continued*)

10 Tax expense

	2020 £	2019 £
<i>Current tax</i>		
Current tax on profits for the year	63,495	-
	<hr/>	<hr/>
Total current tax expense	63,495	-
	<hr/>	<hr/>
<i>Deferred tax</i>		
Surrender of losses to group company	(21,074)	-
Increase in deferred tax liabilities	44,315	111,365
	<hr/>	<hr/>
Total deferred tax expense	23,241	111,365
	<hr/>	<hr/>
Total tax expense	86,736	111,365
	<hr/>	<hr/>

The tax on profit before tax differs from the theoretical amount that would arise using the tax rate applicable to the profit of the company as follows:

Total profit before tax	295,688	847,414
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19%	56,181	161,009
Effect of:		
Fixed asset timing differences	44,315	111,365
Expenses not deductible for tax purposes	7,314	(35,178)
Utilised losses	-	(125,831)
Losses surrendered to group company	(21,074)	-
	<hr/>	<hr/>
Total tax expense	86,736	111,365
	<hr/>	<hr/>

There is a deferred tax liability totalling £155,680 (2019: deferred tax liability of £111,365) relating to unutilised losses and fixed asset timing differences carried forward of £819,365 (2019: £655,089).

At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%.

SN12 6EF Limited

Notes Forming Part of the Financial Statements for the year ended 30 September 2020 (continued)

11 Property, plant and equipment	Plant and machinery £
At 31 March 2018	
Cost	12,838,820
Accumulated depreciation	(1,553,538)
	<hr/>
Balance at 1 April 2018	11,285,282
Depreciation charge	(772,252)
	<hr/>
Net book value at 30 September 2019	10,513,030
	<hr/>
At 30 September 2019	
Cost	12,838,820
Accumulated depreciation	(2,325,790)
	<hr/>
Net book value at 30 September 2019	10,513,030
	<hr/>
Balance at 1 October 2019	10,513,030
Depreciation charge	(514,965)
	<hr/>
Net book value at 30 September 2020	9,998,065
	<hr/>
At 30 September 2020	
Cost	12,838,820
Accumulated depreciation	(2,840,755)
	<hr/>
Net book value at 30 September 2020	9,998,065
	<hr/>

SN12 6EF Limited

Notes Forming Part of the Financial Statements for the year ended 30 September 2020 (*continued*)

12 Leases

<i>(a) Right of use assets</i>	Land and buildings £
Balance at 01 October 2019 on adoption of IFRS 16	1,353,106
Depreciation charge	(63,675)
	<hr/>
Closing net carrying value	1,289,431
	<hr/>
At 30 September 2020	
Cost	1,353,106
Accumulated depreciation	(63,675)
	<hr/>
Net book value at 30 September 2020	1,289,431
	<hr/>
<i>(b) Lease liabilities</i>	2020 £
<i>Maturity analysis – contractual undiscounted cash flows</i>	
Less than one year	86,071
One to five years	344,285
More than five years	1,312,586
	<hr/>
Total undiscounted lease liabilities at 30 September	1,742,942
	<hr/>
<i>Lease liabilities included in the statement of financial position</i>	
Current	50,978
Non-current	1,254,288
	<hr/>
	1,305,266
	<hr/>
<i>(c) Amounts recognised in profit or loss</i>	2020 £
Interest on lease liabilities	39,631

Total cash outflow for leases in the year was £87,471.

SN12 6EF Limited

Notes Forming Part of the Financial Statements for the year ended 30 September 2020 (continued)

13 Trade and other receivables

	2020 £	2019 £
Trade receivables	147,846	-
Prepayments and accrued income	515,010	644,439
	<u>662,856</u>	<u>644,439</u>

All amounts shown under receivables fall due for payment within one year. The fair value of current trade and other receivables at 30 September 2020 is approximate to the book value stated above.

14 Borrowings

	2020 £	2019 £
Non-current		
Bank loan	8,702,206	9,259,010
Current		
Bank loan	558,204	557,238
Total borrowings	<u>9,260,410</u>	<u>9,816,248</u>

A debenture is in place with Close Brothers in respect of these borrowings to provide a fixed and floating charge over the assets of the company.

15 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents in the Statement of Cash Flows comprise the following Statement of Financial Position amounts:

	2020 £	2019 £
Cash at bank and in hand	1,778,416	1,484,708
Cash and cash equivalents for the purposes of the Statement of Cash Flows	<u>1,778,416</u>	<u>1,484,708</u>

SN12 6EF Limited

Notes Forming Part of the Financial Statements for the year ended 30 September 2020 (continued)

16 Equity

Share capital	Number of £1 ordinary shares authorised and issued	Ordinary shares £
At 30 September 2019 and 30 September 2020	1	1

Retained earnings

This reserve represents cumulative net gains and losses recognised in the Statement of Comprehensive Income.

17 Trade and other payables

Current	2020 £	2019 £
Trade payables	40,750	19,277
Taxation & social security	133,189	121,444
Accruals and deferred income	50,039	41,782
	<u>223,978</u>	<u>182,503</u>

The carrying amount of trade payables, accrued expenses and deferred income is considered to be in line with their fair value at the reporting date.

18 Financial instruments

	2020 £	2019 £
<i>Financial assets:</i>		
Measured at amortised cost		
Trade and other receivables	147,846	-
Cash and cash equivalents	1,778,416	1,484,708
	<u>1,926,262</u>	<u>1,484,708</u>
<i>Financial liabilities:</i>		
Measured at amortised cost		
Amounts owed to group undertakings	2,379,239	2,400,313
Trade and other payables	-	-
Borrowings	9,260,410	9,816,248
	<u>11,639,649</u>	<u>12,216,561</u>

SN12 6EF Limited

Notes Forming Part of the Financial Statements for the year ended 30 September 2020 (continued)

19 Cash used in operations

	Year ended 30 September 2020 £	Period ended 30 September 2019 £
Profit before tax	295,688	847,414
Adjustments for:		
Depreciation of fixed assets	514,965	772,252
Depreciation of right of use asset	63,676	-
Finance expense - (net)	490,398	701,223
Changes in working capital:		
Trade and other receivables	(18,418)	(364,927)
Trade and other payables	33,475	77,248
	<u>1,379,784</u>	<u>2,033,210</u>
Cash generated by operations		

20 Related party transactions

During the year the company has continued to have loans made available by its parent company, Winchester Solar Limited, on which no interest is charged. At the balance sheet date £2,379,239 (2019: £2,400,313) remained outstanding.

During the year the company was charged for management services by Buckland Capital Partners Limited, a company in which M E Thistlethwayte, W R Cann and P Lambert are directors, of £142,362 (2019: £213,543). At the balance sheet date £nil (2019: £nil) remained outstanding.

21 Ultimate controlling party

The immediate parent company is Winchester Solar Limited and the ultimate parent company is Portchester Equity Limited, a private company incorporated in England and Wales. The largest and smallest company in which the results of the company are consolidated is that headed by Portchester Equity Limited. Copies of these financial statements can be obtained from 20 Jewry Street, Winchester, Hampshire, SO23 8RZ.

The directors recognise M E Thistlethwayte as the ultimate controlling party by virtue of his majority holding in the ordinary shares of Portchester Equity Limited.

22 Reconciliation of liabilities arising from financing activities

	2019 £'000	Adoption of IFRS 16 £'000	Cash flows £'000	Interest £'000	2020 £'000
Lease liabilities	-	1,353	(87)	39	1,305
	<u>-</u>	<u>1,353</u>	<u>(87)</u>	<u>39</u>	<u>1,305</u>

SN12 6EF Limited

Notes Forming Part of the Financial Statements for the year ended 30 September 2020 (continued)

23 Changes in accounting policies

As the Company has applied IFRS 16 using the modified retrospective approach, comparative information has not been restated and continues to be reported under IAS 17. The table below summarises the impact of IFRS 16 on the Company's Income Statement for the year to 30 September 2020:

	IAS 17 Rental expense £'000	IFRS 16 Depreciation £'000	IFRS 16 Interest £'000
Property	87	64	39
	<u>87</u>	<u>64</u>	<u>39</u>

(a) Adjustments recognised on adoption of IFRS 16

The Company adopted IFRS 16 retrospectively from 1 October 2019, but has not restated comparatives for previous reporting periods, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 October 2019.

The Company has lease contracts for land and equipment. Before the adoption of IFRS 16, leases were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 October 2019 of 3%.

For leases previously classified as finance leases the Company recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

	2020 £'000
Operating lease commitments disclosed at 30 September 2019	1,646
Discounting using the lessee's incremental borrowing rate at the date of initial application	(293)
	<u>1,353</u>
Lease liability recognised as at 01 October 2019	1,353
Of which are:	
Current lease liabilities	48
Non-current lease liabilities	1,305
	<u>1,353</u>

SN12 6EF Limited

Notes Forming Part of the Financial Statements for the year ended 30 September 2020 (continued)

23 Changes in accounting policies (continued)

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 September 2019.

The change in accounting policy affected the following items in the balance sheet on 01 October 2019:

	£'000
Right of use assets	1,353
Lease liabilities	(1,353)
	<hr/>
Retained earnings	-
	<hr/>

In applying IFRS 16 for the first time the Company has used the following practical expedients permitted by the standard:

- (i) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- (ii) Reliance on previous assessments on whether leases are onerous
- (iii) The accounting for operating leases with a remaining lease term of less than 12 months as at 1 October 2019 as short-term
- (iv) The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- (v) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS17 and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

(b) Summary of new accounting policies

From 1 October 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the lease asset is available for use by the Company.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities are initially measured at the net present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

SN12 6EF Limited

Notes Forming Part of the Financial Statements for the year ended 30 September 2020 *(continued)*

23 Changes in accounting policies (continued)

Extension and termination options are included in a number of the property leases across the Company. The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgement in evaluating whether it is reasonably certain to exercise an option to renew or terminate a lease. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise, or not to exercise, the option to renew or terminate the contract. If a lease modification either increases the given lease's scope by adding the right to use of an asset then this modification is treated as a new lease.

Payments associated with short-term leases and leases of low-value assets (with a value of less than £5,000) are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.