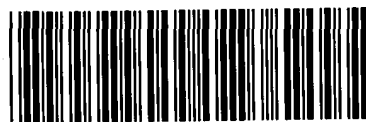


Report of the Directors and
Unaudited Financial Statements for the Year Ended 31 March 2018
for
Abbeyfields Solar Limited

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Abbeyfields Solar Limited

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for the Year Ended 31 March 2018

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Abbeyfields Solar Limited

Company Information
for the Year Ended 31 March 2018

DIRECTORS:

Pinecroft Corporate Services Limited
G E Shaw

REGISTERED OFFICE:

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

REGISTERED NUMBER:

09605177 (England and Wales)

Abbeyfields Solar Limited

Report of the Directors for the Year Ended 31 March 2018

The directors present their report with the financial statements of the company for the year ended 31 March 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of development and generation of electricity using solar technology on a solar park located in Kent, South East England.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

Pinecroft Corporate Services Limited
G E Shaw

SMALL COMPANY EXEMPTION

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 not to provide a Strategic Report.

GOING CONCERN

The Directors have a reasonable expectation that the Company has adequate resources to be in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual report and accounts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

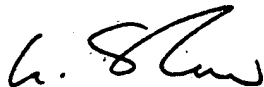
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

Abbeyfields Solar Limited

Report of the Directors
for the Year Ended 31 March 2018

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

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'G. E. Shaw', written in a cursive style.

G E Shaw - Director

Date: 19 December 2018

Abbeyfields Solar Limited

Statement of Profit or Loss
for the Year Ended 31 March 2018

	Notes	Year Ended 31.3.18 £	Period 8.6.16 to 31.3.17 £
CONTINUING OPERATIONS			
Revenue		550,347	460,854
Cost of sales		<u>(48,337)</u>	<u>(35,783)</u>
GROSS PROFIT		502,010	425,071
Administrative expenses		(622,614)	(266,855)
Other operating expenses		<u>(3,001)</u>	<u>(10,024)</u>
OPERATING (LOSS)/PROFIT		(123,605)	148,192
Finance costs	4	(404,295)	(123,197)
Finance income	4	<u>168,460</u>	<u>33,596</u>
(LOSS)/PROFIT BEFORE CORPORATION TAX	5	(359,440)	58,591
Corporation tax	6	<u>3,982</u>	<u>(3,982)</u>
(LOSS)/PROFIT FOR THE YEAR		<u><u>(355,458)</u></u>	<u><u>54,609</u></u>

The notes form part of these financial statements

Abbeyfields Solar Limited

Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 March 2018

	Year Ended 31.3.18 £	Period 8.6.16 to 31.3.17 £
(LOSS)/PROFIT FOR THE YEAR	(355,458)	54,609
OTHER COMPREHENSIVE INCOME	—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(355,458)</u>	<u>54,609</u>

The notes form part of these financial statements

Abbeyfields Solar Limited (Registered number: 09605177)

Statement of Financial Position
31 March 2018

	Notes	31.3.18 £	31.3.17 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	3,932,155	4,153,685
Loans and other financial assets	8	4,209,067	4,209,067
Trade and other receivables	9	<u>145,083</u>	<u>-</u>
		<u>8,286,305</u>	<u>8,362,752</u>
CURRENT ASSETS			
Trade and other receivables	9	708,273	144,890
Cash and cash equivalents	10	<u>80,393</u>	<u>469,185</u>
		<u>788,666</u>	<u>614,075</u>
TOTAL ASSETS		<u><u>9,074,971</u></u>	<u><u>8,976,827</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	11	100	100
Retained earnings	12	<u>(310,646)</u>	<u>44,812</u>
TOTAL EQUITY		<u>(310,546)</u>	<u>44,912</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	13	8,896,720	8,418,236
Deferred tax	14	<u>-</u>	<u>2,954</u>
		<u>8,896,720</u>	<u>8,421,190</u>
CURRENT LIABILITIES			
Trade and other payables	13	488,797	509,697
Tax payable		<u>-</u>	<u>1,028</u>
		<u>488,797</u>	<u>510,725</u>
TOTAL LIABILITIES		<u>9,385,517</u>	<u>8,931,915</u>
TOTAL EQUITY AND LIABILITIES		<u><u>9,074,971</u></u>	<u><u>8,976,827</u></u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2018.

The notes form part of these financial statements

Abbeyfields Solar Limited (Registered number: 09605177)

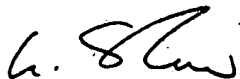
Statement of Financial Position - continued
31 March 2018

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2018 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements were approved by the Board of Directors on 19 December 2018 and were signed on its behalf by:



G E Shaw - Director

The notes form part of these financial statements

Abbeyfields Solar Limited

Statement of Changes in Equity
for the Year Ended 31 March 2018

	Called up share capital £	Retained earnings £	Total equity £
Balance at 8 June 2016	100	(9,797)	(9,697)
Changes in equity			
Total comprehensive income	-	54,609	54,609
Balance at 31 March 2017	100	44,812	44,912
Changes in equity			
Total comprehensive income	-	(355,458)	(355,458)
Balance at 31 March 2018	100	(310,646)	(310,546)

The notes form part of these financial statements

Abbeyfields Solar Limited

Statement of Cash Flows
for the Year Ended 31 March 2018

	Year Ended 31.3.18 £	Period 8.6.16 to 31.3.17 £
Cash flows from operating activities		
Cash generated from operations 1	<u>(800,976)</u>	<u>(3,538,141)</u>
Net cash from operating activities	<u>(800,976)</u>	<u>(3,538,141)</u>
 Cash flows from investing activities		
Purchase of tangible fixed assets	-	(19,580)
Sale of tangible fixed assets	-	4,209,067
	-	(4,209,067)
Interest received	<u>97</u>	<u>33,596</u>
Net cash from investing activities	<u>97</u>	<u>14,016</u>
 Cash flows from financing activities		
New loans in year	4,876,983	4,116,507
Loan repayments in year	(4,209,169)	-
Interest paid	<u>(255,727)</u>	<u>(123,197)</u>
Net cash from financing activities	<u>412,087</u>	<u>3,993,310</u>
 (Decrease)/increase in cash and cash equivalents	 (388,792)	 469,185
Cash and cash equivalents at beginning of year 2	<u>469,185</u>	<u>-</u>
 Cash and cash equivalents at end of year 2	 <u>80,393</u>	 <u>469,185</u>

The notes form part of these financial statements

Abbeyfields Solar Limited

Notes to the Statement of Cash Flows
for the Year Ended 31 March 2018

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

	Year Ended 31.3.18 £	Period 8.6.16 to 31.3.17 £
(Loss)/profit before corporation tax	(359,440)	58,591
Depreciation charges	221,530	197,548
Profit on disposal of fixed assets	-	(142,166)
Finance costs	404,295	123,197
Finance income	(168,460)	(33,596)
	97,925	203,574
Increase in trade and other receivables	(708,466)	(84,430)
Decrease in trade and other payables	(190,435)	(3,657,285)
Cash generated from operations	(800,976)	(3,538,141)

2. **CASH AND CASH EQUIVALENTS**

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

Year ended 31 March 2018

	31.3.18 £	1.4.17 £
Cash and cash equivalents	<u>80,393</u>	<u>469,185</u>

Period ended 31 March 2017

	31.3.17 £	8.6.16 £
Cash and cash equivalents	<u>469,185</u>	<u>-</u>

The notes form part of these financial statements

Abbeyfields Solar Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

1. **GENERAL INFORMATION**

Abbeyfields Solar Limited is a company incorporated and domiciled in the United Kingdom. The address of the registered office is Foresight Group LLP, The Shard, London Bridge Street, London, SE1 9SG.

During the period the Company's activity is the development and generation of electricity using solar technology on a solar park in Kent.

2. **ACCOUNTING POLICIES**

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

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

Measurement convention

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

Adopted IFRSs not yet applied

The following Adopted IFRSs have been issued but, not being effective for the financial year ended 31 March 2018, have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements.

- IFRS 9 Financial Instruments.
- IFRS 15 Revenue from Contracts with Customers.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to be in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual report and accounts.

Revenue recognition

Revenue represents income from the generation of energy from the operational solar park during the period. Any income not invoiced is accrued in the period in which it has been generated.

Revenue is stated net of value added tax and is generated entirely within the United Kingdom.

2. ACCOUNTING POLICIES - continued

Property, plant and equipment

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

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

Right to use finance lease Solar Photovoltaic (PV) assets - over 19 years - 5.3% straight line

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

Provision

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

Impairment of non-financial assets

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

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

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

Financial instruments

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

2. ACCOUNTING POLICIES - continued

Initial recognition and measurement

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

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

De-recognition of financial assets and liabilities

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

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

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

Trade and other receivables

Trade and other receivables reflected on the balance sheet are net of an allowance for uncollectible amounts

Financial liabilities

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

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

Where the contractual terms of share capital do not have any features meeting the definition of financial liability then such capital is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. ACCOUNTING POLICIES - continued

Leases

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

Impairment of financial assets

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

Taxation

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

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

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

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the statement of financial position. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the income statement over the relevant period. The capital element of the future payments is treated as a liability.

Abbeyfields Solar Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

2. ACCOUNTING POLICIES - continued

Equity

Equity comprises the following

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

Capital risk management

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

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

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

3. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 March 2018 nor for the period ended 31 March 2017.

	Year Ended 31.3.18 £	Period 8.6.16 to 31.3.17 £
Directors' remuneration	<u>-</u>	<u>-</u>

4. NET FINANCE COSTS

	Year Ended 31.3.18 £	Period 8.6.16 to 31.3.17 £
Finance income:		
Intercompany interest income	<u>168,460</u>	<u>33,596</u>

Abbeyfields Solar Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

4. NET FINANCE COSTS - continued

	Year Ended 31.3.18 £	Period 8.6.16 to 31.3.17 £
Finance costs:		
Bank loan interest	97,162	-
Shareholder loan interest	158,565	123,197
Finance lease interest	<u>148,568</u>	<u>-</u>
	<u>404,295</u>	<u>123,197</u>
Net finance costs	<u>235,835</u>	<u>89,601</u>

5. (LOSS)/PROFIT BEFORE CORPORATION TAX

The loss before corporation tax (2017 - profit before corporation tax) is stated after charging/(crediting):

	Year Ended 31.3.18 £	Period 8.6.16 to 31.3.17 £
Depreciation - owned assets	-	142,166
Depreciation - assets on hire purchase contracts or finance leases	221,530	55,382
Profit on disposal of fixed assets	<u>-</u>	<u>(142,166)</u>

6. CORPORATION TAX

Analysis of tax (income)/expense

	Year Ended 31.3.18 £	Period 8.6.16 to 31.3.17 £
Current tax:		
Corporation tax	<u>(3,982)</u>	<u>3,982</u>
Total tax (income)/expense in statement of profit or loss	<u>(3,982)</u>	<u>3,982</u>

Abbeyfields Solar Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

6. **CORPORATION TAX - continued**

Factors affecting the tax expense

The tax assessed for the year is higher (2017 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31.3.18 £	Period 8.6.16 to 31.3.17 £
(Loss)/profit before income tax	<u>(359,440)</u>	<u>58,591</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	(68,294)	11,718
Effects of:		
Non deductible expenses	6,565	(5,777)
Utilisation of losses brought forward	-	(1,959)
Deferred tax asset not recognised	57,946	-
Change in tax rate	<u>(199)</u>	<u>-</u>
Tax (income)/expense	<u>(3,982)</u>	<u>3,982</u>

Abbeyfields Solar Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

6. CORPORATION TAX - continued

Deferred tax asset accumulated on losses:

	31.3.17
	£
Profit per financial statements:	(359,440)
Add:	
Depreciation	221,530
Non deductible expenses	34,551
Less:	
Capital allowances	(331,113)
Trading Profit:	(434,472)
Losses carried back	5,141
Taxable Trading profit	(429,331)
Deferred tax asset (DTA taxation 19%) :	81,573

Deferred tax liabilities:

	31.3.17
	£
Additions	-
Depreciation	221,530
Net Book Value (NBV)	3,932,155
Capital Allowances	331,113
Tax Book Value (TWDV)	3,807,803
NBV - TWDV	124,352
Deferred tax liability (DTL taxation 19%) :	(23,627)
Deferred Tax (DTA-DLT)	57,946

The deferred tax asset has not been recognised as the company is currently loss making.

Abbeyfields Solar Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

7. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery £
COST	
At 1 April 2017 and 31 March 2018	<u>4,209,067</u>
DEPRECIATION	
At 1 April 2017	55,382
Charge for year	<u>221,530</u>
At 31 March 2018	<u>276,912</u>
NET BOOK VALUE	
At 31 March 2018	<u>3,932,155</u>
At 31 March 2017	<u>4,153,685</u>

The net book value of Plant and machinery includes £3,932,155 (2017 - £4,153,685) in respect of assets held under hire purchase contracts or finance leases.

8. LOANS AND OTHER FINANCIAL ASSETS

	Loans to group undertakings £
At 1 April 2017 and 31 March 2018	<u>4,209,067</u>

9. TRADE AND OTHER RECEIVABLES

	31.3.18 £	31.3.17 £
Current:		
Trade debtors	9,456	-
Other debtors	78,623	111,294
Intercompany debtor	609,199	33,596
VAT	<u>10,995</u>	<u>-</u>
	<u>708,273</u>	<u>144,890</u>

Abbeyfields Solar Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

9. **TRADE AND OTHER RECEIVABLES - continued**

	31.3.18 £	31.3.17 £
Non-current:		
Debt service reserve account	<u>145,083</u>	<u>-</u>
Aggregate amounts	<u>853,356</u>	<u>144,890</u>

10. **CASH AND CASH EQUIVALENTS**

	31.3.18 £	31.3.17 £
Bank accounts	<u>80,393</u>	<u>469,185</u>

11. **CALLED UP SHARE CAPITAL**

Number:	Class:	Nominal value:	31.3.18 £	31.3.17 £
100	Ordinary	1.00	<u>100</u>	<u>100</u>

12. **RESERVES**

	Retained earnings £
At 1 April 2017	44,812
Deficit for the year	(355,458)
At 31 March 2018	<u>(310,646)</u>

Abbeyfields Solar Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

13. TRADE AND OTHER PAYABLES

	31.3.18 £	31.3.17 £
Current:		
Trade creditors	74,821	64,201
Intercompany creditor	135,939	34,126
Other creditors	278,037	404,340
VAT	-	7,030
	<u>488,797</u>	<u>509,697</u>
Non-current:		
Shareholder loan	-	4,209,169
Bank loan	4,876,983	-
Intercompany finance lease	<u>4,019,737</u>	<u>4,209,067</u>
	<u>8,896,720</u>	<u>8,418,236</u>
Aggregate amounts	<u>9,385,517</u>	<u>8,927,933</u>

During the year the company entered into a loan agreement with the Royal Bank of Scotland Group for £5,200,000 repayable by 30 September 2019 with an interest rate of 1.75% +Libor over the term of the loan.

The company has an intercompany finance lease with True Blue Solar Limited with a lease term of 19 years to 31 March 2036. Lease payments of £337,898 per annum are payable quarterly over the term of the lease.

14. DEFERRED TAX

	31.3.18 £	31.3.17 £
Balance at 1 April	2,954	-
Fixed asset timing differences	<u>(2,954)</u>	<u>2,954</u>
Balance at 31 March	<u>-</u>	<u>2,954</u>

Abbeyfields Solar Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

15. OTHER FINANCIAL COMMITMENTS

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

Financial Liabilities	1 year	2 to 5 years	After 5 years
Operating leases	34,444	138,810	668,024

16. FINANCIAL INSTRUMENTS

Fair Value category

The financial assets and liabilities held by the Company for both 31 March 2018 and the 31 March 2017 were categorised under loans and receivables.

Fair value measurement

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

	Carrying Amount 31.3.18 £	Carrying Amount 31.3.17 £	Fair Value 31.3.18 £	Fair Value 31.3.17 £
Financial assets:				
Trade and other receivables	825,989	123,799	825,989	123,799
Financial liabilities:				
Trade and other payables	9,385,517	8,920,903	9,385,517	8,920,903

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

17. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

a) Market risk

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

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

The company has limited exposure to interest rate risk. The company is partially funded by the parent company and has floating rate interest bearing loans or borrowings at 31 March 2018. The company does not intend to hold cash for the purpose of generating interest income. The company does not currently consider it necessary to actively manage interest rate risk.

b) Credit risk

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

c) Liquidity risk

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

Abbeyfields Solar Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

Period ended 31 March 2018

	On demand £	Less than 3 month £	3 to 12 months £	2 to 5 years £	>5 years £	Total £
Financial Liabilities						
Trade and other payables	74,821	278,037	-	-	4,876,983	5,229,841
Owing to group company	135,939	35,762	109,788	654,482	3,219,705	<u>4,155,676</u>
						<u>9,385,517</u>

Period ended 31 March 2017

	On demand £	Less than 3 month £	3 to 12 months £	2 to 5 years £	>5 years £	Total £
Financial Liabilities						
Trade and other payables	64,201	411,370	-	-	-	475,571
Owing to group company	34,126	84,474	104,855	624,833	7,604,074	<u>8,452,362</u>
						<u>8,927,933</u>

d) Capital management

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

Abbeyfields Solar Limited

Notes to the Financial Statements - continued
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18. RELATED PARTY DISCLOSURE

On 30 August 2016, Abbeyfields Solar Limited entered into a contract with Lithium Solar Limited, for provision of asset management services. During the reported period the net cost of services provided by Lithium Solar Limited amounted to £199,100.

During the year the company repaid a long term loan to Lithium Solar Limited, the parent company. Interest payable was calculated at a flat rate of 5% per annum and amounted to £158,565 for the period.

At the year end, £609,199 was due from Lithium Solar Limited in respect of an outstanding intercompany account.

The company has a finance lease liability of £4,019,737 and a loan receivable of £4,209,067 at the year end with True Blue Solar Limited, a sister company. Interest is receivable on the loan at a rate of 4% per annum and amounted to £168,363 for the year. Quarterly payments under the finance lease amounted to £337,898 for the year.

At the year end £135,939 was owed to True Blue Solar Limited in respect of an outstanding intercompany account.

19. ULTIMATE CONTROLLING PARTY

The directors consider there to be no ultimate controlling party.