

REGISTERED NUMBER: 08985708 (England and Wales)

REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
FOR
SOUTHAM SOLAR FARM LTD



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FOR THE YEAR ENDED 31 DECEMBER 2021

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SOUTHAM SOLAR FARM LTD

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

Directors:

G E Shaw
Pinecroft Corporate Services Limited

Registered office:

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

Registered number:

08985708 (England and Wales)

SOUTHAM SOLAR FARM LTD (REGISTERED NUMBER: 08985708)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

Principal activity

The principal activity of the company in the year under review was that of the generation of electricity using solar technology on a solar farm located in Southam, West Midlands.

DIRECTORS

The directors during the year under review were:

G E Shaw

Pinecroft Corporate Services Limited

The directors holding office at 31 December 2021 did not hold any beneficial interest in the issued share capital of the company at 1 January 2021 or 31 December 2021.

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. The directors do not expect COVID-19 to have any material impact on the going concern of the company.

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;
- 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 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.

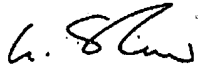
This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

SOUTHAM SOLAR FARM LTD (REGISTERED NUMBER: 08985708)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

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', is written over a horizontal line.

G E Shaw - Director

31 August 2022

SOUTHAM SOLAR FARM LTD (REGISTERED NUMBER: 08985708)

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	31.12.21 £	31.12.20 £
Continuing operations			
Revenue	3	1,240,803	1,163,533
Cost of sales		<u>(140,734)</u>	<u>(135,973)</u>
Gross profit		1,100,069	1,027,560
Administrative expenses		<u>(587,670)</u>	<u>(589,687)</u>
Operating profit		512,399	437,873
Finance costs	5	<u>(923,731)</u>	<u>(912,025)</u>
Loss before income tax	6	(411,332)	(474,152)
Income tax	7	<u>180,061</u>	<u>76,795</u>
Loss for the year		<u><u>(231,271)</u></u>	<u><u>(397,357)</u></u>

The notes form part of these financial statements

SOUTHAM SOLAR FARM LTD (REGISTERED NUMBER: 08985708)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	31.12.21 £	31.12.20 £
Loss for the year	(231,271)	(397,357)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(231,271)</u>	<u>(397,357)</u>

The notes form part of these financial statements

SOUTHAM SOLAR FARM LTD (REGISTERED NUMBER: 08985708)**STATEMENT OF FINANCIAL POSITION**
31 DECEMBER 2021

	Notes	31.12.21 £	31.12.20 £
Assets			
Non-current assets			
Owned			
Property, plant and equipment	8	8,080,284	8,529,753
Right-of-use			
Property, plant and equipment	8, 15	936,463	947,344
		<u>9,016,747</u>	<u>9,477,097</u>
Current assets			
Trade and other receivables	9	715,066	420,481
Cash and cash equivalents	10	81,162	133,451
		<u>796,228</u>	<u>553,932</u>
Total assets		<u><u>9,812,975</u></u>	<u><u>10,031,029</u></u>
Equity			
Shareholders' equity			
Called up share capital	11	1	1
Retained earnings	12	(2,342,282)	(2,111,011)
Total equity		<u>(2,342,281)</u>	<u>(2,111,010)</u>
Liabilities			
Non-current liabilities			
Trade and other payables	13	11,060,150	11,060,150
Financial liabilities - borrowings			
Interest bearing loans and borrowings	14	931,360	930,127
		<u>11,991,510</u>	<u>11,990,277</u>
Current liabilities			
Trade and other payables	13	126,789	117,742
Financial liabilities - borrowings			
Interest bearing loans and borrowings	14	36,957	34,020
		<u>163,746</u>	<u>151,762</u>
Total liabilities		<u>12,155,256</u>	<u>12,142,039</u>
Total equity and liabilities		<u><u>9,812,975</u></u>	<u><u>10,031,029</u></u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2021 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

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION - continued
31 DECEMBER 2021

- (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 and authorised for issue on 31 August 2022 and were signed on its behalf by:



G E Shaw - Director

SOUTHAM SOLAR FARM LTD (REGISTERED NUMBER: 08985708)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2020	1	(1,713,654)	(1,713,653)
Changes in equity			
Total comprehensive income	-	(397,357)	(397,357)
Balance at 31 December 2020	1	(2,111,011)	(2,111,010)
Changes in equity			
Total comprehensive income	-	(231,271)	(231,271)
Balance at 31 December 2021	1	(2,342,282)	(2,342,281)

The notes form part of these financial statements

SOUTHAM SOLAR FARM LTD (REGISTERED NUMBER: 08985708)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

		31.12.21	31.12.20
		£	£
Cash flows from operating activities			
Cash generated from operations	1	725,026	901,819
Tax paid		180,061	-
Net cash from operating activities		<u>905,087</u>	<u>901,819</u>
Cash flows from financing activities			
Capital element of lease repaid		(33,645)	(19,874)
Interest paid		(884,812)	(884,812)
Lease interest paid		(38,919)	(27,213)
Net cash from financing activities		<u>(957,376)</u>	<u>(931,899)</u>
Decrease in cash and cash equivalents		<u>(52,289)</u>	<u>(30,080)</u>
Cash and cash equivalents at beginning of year	2	133,451	163,531
Cash and cash equivalents at end of year	2	<u><u>81,162</u></u>	<u><u>133,451</u></u>

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Reconciliation of loss before income tax to cash generated from operations

	31.12.21	31.12.20
	£	£
Loss before income tax	(411,332)	(474,152)
Depreciation charges	497,834	503,184
Lease asset/liability remeasurement	332	(24,808)
Finance costs	923,731	912,025
	<u>1,010,565</u>	<u>916,249</u>
Increase in trade and other receivables	(294,586)	(10,405)
Increase/(decrease) in trade and other payables	9,047	(4,025)
	<u>725,026</u>	<u>901,819</u>
Cash generated from operations	725,026	901,819

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 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>81,162</u>	<u>133,451</u>

Year ended 31 December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	<u>133,451</u>	<u>163,531</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Southam Solar Farm Limited was 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 year the Company's activity was the generation of electricity using solar technology on a solar farm located in Southam, Warwickshire.

2. Accounting policies

Basis of preparation

The company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements are presented in sterling which is the functional and presentational currency.

Measurement convention

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

New standards effective for these financial statements

The following amendments to accounting standards became effective for periods beginning on or after 1st January 2021.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - interest rate benchmark reform phase 2.
- COVID-19 - Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

The adoption of these standards has had no material impact on the company's financial statements.

New standards not yet effective

- Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (effective 1 January 2023).
- Amendments to: IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets (effective 1 January 2022); and
- Annual Improvements to IFRSs (2018-2020 Cycle): IFRS 1; IFRS 9; Illustrative Examples Accompanying IFRS 16; and IAS 41 (effective 1 January 2022). 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").
- Amendments to: IFRS 17 Insurance Contracts, IAS 12 Income Taxes (Deferred tax related to Assets and Liabilities arising from a single transaction) and IAS 8 Accounting Policies, Changes in Accounting Estimates (Effective 1 January 2023)

Critical accounting judgements and key sources of estimation uncertainty

Significant accounting estimates and assumptions

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values that are not readily apparent from other sources. Actual values may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The most critical accounting policies and estimates in determining the financial position and results of the company are those requiring a greater degree of subjective or complete judgement.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies - continued

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Revenue comprises amounts received and receivable in respect of generated electricity and Renewable Obligation Certificates (ROCs). Revenue in respect of both energy generation and ROCs is recognised over time. Under the terms of its Power Purchase Agreements (PPA) with customers, ROCs are immediately transferable to the customer.

Revenue from PPAs with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods. Revenue on the generation of energy is recognised based upon the value of units supplied during the year at the price under the PPA, with the number of units determined by energy volumes recorded on the solar farm meters and market settlement systems. The company has concluded that it is the principal in its revenue arrangements because it typically controls the goods before they are transferred to the PPA counterparty. All revenue recognised in the year related to performance obligations satisfied in the year. There are no significant judgements taken in respect of the recognition of revenues.

While the performance obligation is satisfied as the electricity is generated, payment is generally due within 10 days from supply of energy or transfer of the ROCs, with the related amount recognised as a trade debtor or accrued income until payment is received from the customer.

The company has no material contract assets or liabilities other than trade debtors and accrued income as disclosed in note 9.

There is only one operating activity and all revenue is generated within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

Provisions

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

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies - continued

Financial instruments

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

Initial recognition and measurement

Financial assets and financial liabilities are recognised on the balance sheet when the company becomes party to the contractual provisions of the instrument. Financial instruments are initially recorded at fair value plus, in the case of a financial asset 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 normal 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.

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). Financial liabilities are measured at amortised cost or FVTPL.

The classification of financial assets is based on the way a financial asset is managed and its contractual cash flow characteristics. Financial assets are measured at amortised cost if both of the following conditions are met and the financial asset or liability is not designated as at FVTPL:

- the financial asset is held with the objective of collecting or remitting contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the financial asset is held with the objectives of collecting contractual cash flows and selling the financial asset; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

The Company's principal financial instruments comprise cash and cash equivalents, trade receivables, amounts due from related companies trade payables and interest-bearing borrowings. Based on the way these financial instruments are managed and their contractual cash flow characteristics, all the Company's financial instruments are measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies - continued

The amortised cost of financial assets is reduced by impairment losses as described below. Interest income, foreign exchange gains and losses, impairments and gains or losses on derecognition are recognised through the statement of comprehensive income.

Trade receivables and trade payables are held at their original invoiced value, as the interest that would be recognised from discounting future cash flows over the short credit period is not considered to be material.

Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short term. Cash and cash equivalents do not include other financial assets.

Impairment losses against financial assets carried at amortised cost are recognised by reference to any expected credit losses against those assets.

The simplified approach for calculating impairment of financial assets has been used for trade receivables. Lifetime expected credit losses are calculated by considering, on a discounted basis, the cash shortfalls that would be incurred in various default scenarios over the remaining lives of the assets and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes.

Loans from related parties and certain other receivables meet the criteria to be classified at amortised cost because they are held in a 'hold to collect' business model and meet the 'solely payments of principal and interest' ("SPPI") test and uses the general approach to calculate the expected credit loss. Under the general approach, at each reporting date, the company determines whether there has been a Significant Increase in Credit Risk (SICR) since initial recognition and whether the loan is credit impaired. If there has not been a SICR nor has the loan been credit impaired the company applies a 12-month credit loss alternatively the company applies a lifetime expected credit loss.

Lifetime expected credit loss are the losses that result from all possible default events over the expected life of the loan whereas 12-month expected credit loss are a portion of Lifetime expected credit loss that represent the credit loss that result from default events that are possible within 12 months of the reporting date.

Financial liabilities

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

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

Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies - continued

Taxation

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

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

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

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

Deferred taxation is calculated on an un-discounted basis at the tax rates which are expected to apply in the periods when the timing differences will reverse.

Leases

Right-of-use assets are stated at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the Group's incremental borrowing rate at commencement of the lease, less accumulated depreciation. Depreciation is calculated to write off the value of an asset over the lease term.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

The lease liabilities associated with right-of-use assets are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the Group's incremental borrowing rate at commencement of the lease.

Equity

Equity comprises the following:

- "called up share capital" represents the nominal value of ordinary equity shares;
- "retained earnings" include all other net gains and losses and transactions with owners not recognised elsewhere less dividends paid.

Going concern

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

The directors of the company are satisfied after appropriate consultation with the directors of the group, review of the company's forecasts and projections, and taking into account of reasonably possible changes in trading performance and the current funds available, that the company is able to operate for at least twelve months from the signing of the Directors' Report and Financial Statements. For this reason, the directors believe that the company has adequate resources to continue in operational existence and therefore it is appropriate that the company continues to adopt the going concern basis in preparing the Directors' Report and Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

3. Revenue

Revenue

Revenue comprises:

	31.12.21 £	31.12.20 £
Electricity	480,078	330,014
ROCS	652,129	695,895
ROC Recycling	99,208	80,463
REGOs	3,098	4,518
Embedded Benefits	6,290	52,643
TOTAL	1,240,803	1,163,533

4. Employees and directors

The average number of employees, excluding directors, during the year was nil (2020 : nil)

5. Net finance costs

	31.12.21 £	31.12.20 £
Finance costs:		
Interest payable	884,812	884,812
Leasing	38,919	27,213
	<u>923,731</u>	<u>912,025</u>

6. Loss before income tax

The loss before income tax is stated after charging:

	31.12.21 £	31.12.20 £
Depreciation - owned assets	449,468	445,213
Depreciation - assets on finance leases	48,366	57,971
Lease Expense	<u>38,919</u>	<u>27,213</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

7. Income tax

Factors Affecting Total Tax Charge for the Current Period

The charge for the year can be reconciled to the profit per the income statement as follows:

	31.12.21 £	31.12.20 £
Loss per financial statements:	<u>(411,332)</u>	<u>(474,152)</u>
Tax on loss at standard UK tax rate of 19.00% (2020: 19.00%)	(78,153)	(90,089)
Effects of:		
Adjustments in respect of prior years	(1)	-
Expenses not deductible	2,743	2,719
Effects of Group relief/other reliefs	-	-
Deferred tax unrecognised	(104,651)	10,575
Other	1	-
	<u>(180,061)</u>	<u>(76,795)</u>
Tax credit for the period	(180,061)	(76,795)
Income tax expense reported in the income statement	<u>(180,061)</u>	<u>(76,795)</u>
Current (assets):		
	31.12.21 £	31.12.20 £
Group relief debtor	(256,856)	(76,795)
Deferred tax (assets) / liabilities:		
	31.12.21 £	31.12.20 £
Provision at start of period	-	-
Adjustment in respect of prior years	101,642	76,795
Deferred tax charge to I/S for the period	<u>(101,642)</u>	<u>(76,795)</u>
Provision at end of period	<u>-</u>	<u>-</u>
Fixed assets	659,768	402,271
Losses	<u>(659,768)</u>	<u>(402,271)</u>
	<u>-</u>	<u>-</u>
Unrecognised deferred tax:		
Losses	<u>(237,148)</u>	<u>(284,884)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Property, plant and equipment

	Short leasehold £	Plant and machinery £	Totals £
Cost			
At 1 January 2021	1,043,843	11,099,922	12,143,765
Additions	44,864	-	44,864
Disposals	(7,379)	-	(7,379)
At 31 December 2021	1,081,328	11,099,922	12,181,250
Depreciation			
At 1 January 2021	96,499	2,570,169	2,666,668
Charge for year	48,855	449,469	498,324
Eliminated on disposal	(489)	-	(489)
At 31 December 2021	144,865	3,019,638	3,164,503
Net book value			
At 31 December 2021	936,463	8,080,284	9,016,747
At 31 December 2020	947,344	8,529,753	9,477,097

9. Trade and other receivables

	31.12.21 £	31.12.20 £
Current:		
Trade Debtors	113,201	1,021
Other Debtors	144,414	143,252
Amounts owing from group company	200,595	199,413
Group Relief Debtor	256,856	76,795
	715,066	420,481

Trade receivables are non-interest bearing and are generally on terms of 10 days. All trade receivables were either current or due within 90 days and no provision is made (31.12.20 - £nil) based upon the historic experience of default with these customers.

10. Cash and cash equivalents

	31.12.21 £	31.12.20 £
Bank accounts	81,162	133,451

11. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	31.12.21 £	31.12.20 £
1	Ordinary		1	1

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Reserves

	Retained earnings £
At 1 January 2021	(2,111,011)
Deficit for the year	(231,271)
At 31 December 2021	<u>(2,342,282)</u>

13. Trade and other payables

	31.12.21 £	31.12.20 £
Current:		
Trade Creditors	21,091	20,131
Other Creditors	8,928	2,232
Amounts owed to group company	11,060,150	11,060,150
VAT	96,769	95,379
	<u>11,186,938</u>	<u>11,177,892</u>

There are no material differences between the fair value and the carrying value of the above liabilities. The present value of the cash flows is reassessed at the end of each reporting period at the prevailing interest rate.

The company's principal financial liabilities comprise trade and other payables and loans.

14. Financial liabilities - borrowings

	31.12.21 £	31.12.20 £
Current:		
Leases (see note 15)	<u>36,957</u>	<u>34,020</u>
Non-current:		
Leases (see note 15)	<u>931,360</u>	<u>930,127</u>

Terms and debt repayment schedule

	1 year or less £	1-2 years £	2-5 years £	More than 5 years £	Totals £
Leases	<u>36,957</u>	<u>38,319</u>	<u>124,548</u>	<u>768,493</u>	<u>968,317</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

15. Leasing

Right-of-use assets

Property, plant and equipment

	31.12.21	31.12.20
	£	£
Cost		
At 1 January 2021	1,043,843	836,328
Additions	44,864	207,515
Disposals	(7,379)	-
	<u>1,081,328</u>	<u>1,043,843</u>
Depreciation		
At 1 January 2021	96,499	38,527
Charge for year	48,855	57,972
Eliminated on disposal	(489)	-
	<u>144,865</u>	<u>96,499</u>
Net book value	<u><u>936,463</u></u>	<u><u>947,344</u></u>

Lease liabilities

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

	£
Lease liability as at 1 January 2021	964,147
Interest on lease liability recognised in Statement of Profit and Loss	38,587
Lease reduction	(72,232)
Lease remeasurement adjustment due to rent review with RPI increase	44,863
Revaluation due to Adjusted Historic Rent Reviews	(7,047)
Lease Liability as at 31 December 2021	<u><u>968,318</u></u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

16. Financial instruments

Fair Value category

The financial assets and liabilities held by the Company for both 31 December 2021 and the 31 December 2020 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 31.12.21 £	Carrying Amount 31.12.20 £	Fair Value 31.12.21 £	Fair Value 31.12.20 £
Financial assets:				
Trade and other receivables	448,618	334,262	448,618	334,262
Financial liabilities:				
Trade and other payables	998,337	986,507	998,337	986,507
Loans	11,060,150	11,060,150	11,060,150	11,060,150

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

17. Financial risk management

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

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

- Market risks, including foreign currency, commodity price, interest rate, inflation rate risks
- Credit risk
- Liquidity risk
- Capital management 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 exposure to interest rate risk. The company is fully funded by the parent company and has no floating rate interest bearing loans or borrowings at 31 December 2021 or 31 December 2020. The company does not intend to hold cash for the purpose of generating interest income.

b) Credit risk

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

c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company monitors its risks of shortage of funds using projected cash flows and by monitoring the maturity of both its financial assets and obligations. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

Period ended 31 December 2021

	On demand £	Less than 3 months £	3 to 12 months £	2 to 5 years £	>5 years £	Total £
Financial Liabilities						
Trade and other payables	21,092	8,927	-	-	-	30,019
Owing to group company	-	-	-	-	11,060,150	11,060,150

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

Lease Liabilities	-	-	36,957	162,867	768,493	968,317
						<u>12,058,486</u>

Period ended 31 December 2020

	On demand £	Less than 3 months £	3 to 12 months £	2 to 5 years £	>5 years £	Total £
Financial Liabilities						
Trade and other payables	20,128	2,232	-	-	-	22,360
Owing to group company	-	-	-	-	11,060,150	11,060,150
Lease Liabilities	-	-	34,020	150,360	779,766	964,146
						<u>12,046,656</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 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 a capital structure to reduce the cost of capital.

The company's policy is to finance its operations through a combination of equity, shareholder debt and bank borrowings. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders or issue new shares.

It is the company's policy not to hold financial instruments for speculative purposes.

18. Related party disclosure

At the period end the company owed a long-term loan of £11,060,149 to FS Southam Limited, a parent company. Interest payable is calculated at a flat rate of 8% and amounted to £884,812 during the reported period of which zero balance was outstanding at the year end.

During the reported period the aggregate cost of services provided by Foresight Asset Management Limited amounted to £40,643 of which zero balance was outstanding at the year end.

19. Ultimate controlling party

At 31 December 2021 the company was a wholly owned subsidiary of FS Southam Limited. Foresight Solar Fund Limited is the ultimate parent company incorporated in Jersey.