

## Hoback Solar Ltd

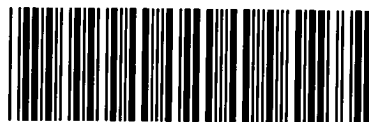
Directors' Report and Financial Statements

Year Ended

30 June 2022

Company Number 07521294

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# Hoback Solar Ltd

## Company Information

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Directors	N A Wood L J B Roberts
Registered number	07521294
Registered office	2nd Floor 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
Independent auditor	KPMG Channel Islands Limited Gategny Court Gategny Esplanade St Peter Port Guernsey GY1 1WR
Bankers	Royal Bank of Scotland 49 Bishopsgate London EC2N 3AS

# Hoback Solar Ltd

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# Hoback Solar Ltd

## Directors' Report For the Year Ended 30 June 2022

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The directors present their report together with the audited financial statements of Hoback Solar Ltd (the "Company") for the year ended 30 June 2022.

### Principal activity

The principal activity of the Company is the operation of a solar photovoltaic plant in the UK, earning revenue from the sale of electricity generated.

### Country of incorporation and legal form of the entity

TGC Solar 105 Limited was incorporated as a private company, limited by shares, under the Registrar of Companies for England and Wales on 8 February 2011. On 4 November 2013 the Company changed its name to Hoback Solar Ltd and on 23 May 2014 the entire issued share capital of the Company was purchased by Bluefield SIF Investment Limited.

### Risk Management and Control

In the ordinary course of business, the Company is exposed to and manages a variety of risks in relation to its activities, including financial risk. The management of credit, interest rate, liquidity and operational risks are fundamental to the Company, with the Board of Directors having responsibility for the overall system of internal control and for reviewing its effectiveness.

The key areas of risk in relation to the use of financial statements are listed below and are properly addressed by the management of the Company:

**Credit risk:** Losses due to the inability or unwillingness of a customer to meet its obligations. This is mitigated by the Company entering into price agreements with creditworthy counterparties for the purchase of electricity to be generated by the solar photovoltaic plant.

**Interest risk:** Fluctuations in the prevailing levels of market rates of interest pose a risk to the Company's financial position and cash flows. This is not considered a significant risk to the Company as the interest on loans are charged at a rate agreed by the parent company and not subject to interest movements in the market.

**Liquidity risk:** Failure to meet financial obligations in a timely and cost effective manner due to mismatches in the maturity profile of assets and liabilities. The Company closely monitors its cash flow levels and financial obligations to anticipate its future cash commitments.

**Operational risk:** Failure to meet expected levels of generation output due to technical issues affecting performance of the plant. The Company has sought to mitigate this risk by the appointment of Bluefield Services Limited, as its dedicated asset manager, with responsibility for closely monitoring the performance of the plant, ensuring activities conducted by third party contractors are completed in a timely fashion and, as required, contractual protections are enforced. The Company also has insurance policies in place that protect against generation loss in situations out of the Company's control.

**Price risk:** 36% of the income generated by the Company is linked to power market prices and so in the unlikely event of a major structural shift in power prices due to reduced demand or excess energy supply, there could be an impact on the Company's earnings. A rolling programme of PPA contract expiries has been implemented to mitigate risk, alongside the fact the Company receives 62% of its income from the government backed ROC regime.

**COVID-19 risk:** During the year there has been limited impact on the business and its activities. The directors have continued to review the forecasts to ensure a true and fair reflection of the impact, if any, of COVID-19.

**Russia/Ukraine conflict risk:** The directors are continuously monitoring the impact, if any, of the ongoing conflict in Ukraine may have on the entity and the impact on energy prices across the portfolio. The Company has no direct exposure to either Ukraine or Russia.

# Hoback Solar Ltd

## Directors' Report (continued) For the Year Ended 30 June 2022

### Results and dividends

The loss for the year, after taxation, amounted to £29,002 (2021 - loss £818,412).

No dividends were distributed in the current or prior year.

### Directors

The directors who served during the year and up to the date of signing the financial statements were:

N A Wood  
L J B Roberts

### Qualifying third party indemnity provisions

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

### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## Hoback Solar Ltd

### Directors' Report (continued) For the Year Ended 30 June 2022

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#### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### Subsequent events

There have been no significant events affecting the Company since the year end.

#### Independent auditor

BDO LLP resigned as auditor on 15 August 2022. KPMG Channel Islands Limited was appointed as auditor after the year end, and has indicated its willingness to continue in office and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

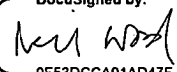
#### Small companies note

In preparing this Directors' Report advantage has been taken of the small companies' exemption. The Company is exempt from preparing a Strategic Report.

This report was approved by the board on

01 December 2022

and signed on its behalf.

DocuSigned by:  
  
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**N A Wood**  
Director

# Hoback Solar Ltd

## Independent Auditor's Report to the Member of Hoback Solar Ltd

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### ***Our opinion***

We have audited the financial statements of Hoback Solar Ltd (the "Company"), which comprise the Statement of Financial Position as at 30 June 2022, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

*In our opinion, the accompanying financial statements:*

- give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the Company's loss for the year then ended;
- are properly prepared in accordance with United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### ***Going concern***

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

## Hoback Solar Ltd

### Independent Auditor's Report to the Member of Hoback Solar Ltd (continued)

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#### ***Fraud and breaches of laws and regulations – ability to detect***

##### ***Identifying and responding to risks of material misstatement due to fraud***

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, and the risk that management may be in a position to make inappropriate accounting entries. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- recalculating revenue based on third party generation data and agreements in place; and
- incorporating an element of unpredictability in our audit procedures.

##### ***Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations***

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of litigation or impacts on the Company's ability to operate. We identified company law as being the area most likely to have such an effect. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.



# Hoback Solar Ltd

## Independent Auditor's Report to the Member of Hoback Solar Ltd (continued)

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### ***Fraud and breaches of laws and regulations – ability to detect (continued)***

#### ***Context of the ability of the audit to detect fraud or breaches of law or regulation***

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### ***The Directors' Report***

The directors are responsible for the Directors' Report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' Report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

### ***Matters on which we are required to report by exception***

Under the Companies Act 2006, we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

We have nothing to report in these respects.

### ***Respective responsibilities***

#### ***Directors' responsibilities***

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Hoback Solar Ltd

### Independent Auditor's Report to the Member of Hoback Solar Ltd (continued)

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#### ***Respective responsibilities (continued)***

##### ***Auditor's responsibilities***

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

##### ***The purpose of our audit work and to whom we owe our responsibilities***

This report is made solely to the Company's member, 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 member 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 its member, as a body, for our audit work, for this report, or for the opinions we have formed.

*E. Vermeulen*

**Emilie Vermeulen** (Senior Statutory Auditor)  
For and on behalf of KPMG Channel Islands Limited (Statutory Auditor)  
*Chartered Accountants*  
Guernsey

Date: 7 December 2022

# Hoback Solar Ltd

## Statement of Comprehensive Income For the Year Ended 30 June 2022

	Note	2022 £	2021 £
Turnover	4	2,208,827	2,084,675
Administrative expenses		(1,280,623)	(1,237,059)
Other operating income	5	-	2,896
<b>Operating profit</b>	6	<b>928,204</b>	<b>850,512</b>
Interest expense and similar expenses	8	(946,774)	(1,450,413)
<b>Loss before tax</b>		<b>(18,570)</b>	<b>(599,901)</b>
Tax charge for the year	9	(10,432)	(218,511)
<b>Total comprehensive loss and loss for the year</b>		<b>(29,002)</b>	<b>(818,412)</b>

All amounts relate to continuing activities of the Company.

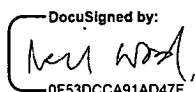
The notes on pages 12 to 24 form part of these financial statements.

**Hoback Solar Ltd**  
Registered number: 07521294

**Statement of Financial Position**  
As at 30 June 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible fixed assets	10	11,202,677	11,854,690
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	1,343,445	890,147
Cash and cash equivalents	12	477,730	786,819
		<u>1,821,175</u>	<u>1,676,966</u>
Creditors: amounts falling due within one year	13	(123,607)	(133,946)
<b>Net current assets</b>		<u>1,697,568</u>	<u>1,543,020</u>
<b>Total assets less current liabilities</b>		<u>12,900,245</u>	<u>13,397,710</u>
Creditors: amounts falling due after more than one year	14	(10,816,191)	(17,325,417)
<b>Provisions for liabilities</b>			
Deferred taxation	16	(883,993)	(873,561)
Other provisions	17	(177,577)	(173,246)
		<u>(1,061,570)</u>	<u>(1,046,807)</u>
<b>Net assets/(liabilities)</b>		<u><u>1,022,484</u></u>	<u><u>(4,974,514)</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	1,001	1
Share premium account		6,025,000	-
Profit and loss account		(5,003,517)	(4,974,515)
<b>Total equity</b>		<u><u>1,022,484</u></u>	<u><u>(4,974,514)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 01 December 2022

DocuSigned by:  
  
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**N A Wood**  
 Director

The notes on pages 12 to 24 form part of these financial statements.

# Hoback Solar Ltd

## Statement of Changes in Equity For the Year Ended 30 June 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
<b>At 1 July 2020</b>	<b>1</b>	<b>-</b>	<b>(4,156,103)</b>	<b>(4,156,102)</b>
Total comprehensive loss and loss for the year	-	-	(818,412)	(818,412)
<b>At 30 June 2021 and 1 July 2021</b>	<b>1</b>	<b>-</b>	<b>(4,974,515)</b>	<b>(4,974,514)</b>
Total comprehensive loss and loss for the year	-	-	(29,002)	(29,002)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(29,002)</b>	<b>(29,002)</b>
<b>Contributions by and distributions to owners</b>				
Shares issued during the year	1,000	6,025,000	-	6,026,000
<b>At 30 June 2022</b>	<b>1,001</b>	<b>6,025,000</b>	<b>(5,003,517)</b>	<b>1,022,484</b>

The following describes the nature and purpose of each reserve within equity:

Share capital - nominal value of share capital subscribed for.

Share premium account - value of which the consideration received upon issue of ordinary share capital exceed the nominal value of the issued shares.

Profit and loss account - cumulative profit or losses, net of dividends paid and other adjustments.

The notes on pages 12 to 24 form part of these financial statements.

# Hoback Solar Ltd

## Statement of Cash Flows For the Year Ended 30 June 2022

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(29,002)	(818,412)
<b>Adjustments for:</b>		
Depreciation of tangible fixed assets	652,013	652,013
Interest expense and similar expenses	946,774	1,450,413
Taxation charge	10,432	218,511
(Increase)/decrease in debtors	(453,298)	203,131
Decrease in creditors	(10,339)	(40,087)
Increase in provisions	4,331	4,225
<b>Net cash generated from operating activities</b>	<b>1,120,911</b>	<b>1,669,794</b>
<b>Cash flows from financing activities</b>		
Interest paid	(816,485)	(1,480,510)
Loans from group companies repaid	(613,515)	-
<b>Net cash used in financing activities</b>	<b>(1,430,000)</b>	<b>(1,480,510)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(309,089)</b>	<b>189,284</b>
Cash and cash equivalents at beginning of year	786,819	597,535
<b>Cash and cash equivalents at the end of year</b>	<b>477,730</b>	<b>786,819</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	477,730	786,819

The notes on pages 12 to 24 form part of these financial statements.

# Hoback Solar Ltd

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 1. General information

Hoback Solar Limited (the "Company") is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activity is the operation of a solar photovoltaic plant in the UK, earning revenue from the sale of electricity generated.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company's presentational and functional currency is GBP.

#### 2.2 Going concern

These accounts have been prepared on a going concern basis. The directors believe this basis is appropriate following the consideration of cashflow forecasts which show the Company is able to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements.

The directors have considered the impact which the current economic downturn, triggered by COVID-19, could have on the ability of the Company to continue as a going concern. In their view, whilst the demand for electricity generation may decrease in the short term, the ability of the Company to generate electricity will not be materially impacted. Importantly, as the Company's revenues are derived from the sale of electricity, a fall in electricity demand has no impact on 62% of the Company's revenues, as these are backed by government subsidies and limited impact on the remaining 36% as these are sold through power purchase agreements on a rolling fixed term basis. As such, the directors do not expect a significant impact on revenue and cash flows of the entity. The Company has in place risk mitigation plans in order to ensure, as far as possible, electricity generation from the plant is maintained. The Company's key service providers have all successfully implemented remote working policies with contractors providing onsite operational technical support treated as key workers with unfettered access to the sites in order to carry out necessary works if required. Hence, the directors do not consider COVID-19 to have a material impact on the Company's ability to continue as a going concern.

The directors have considered the impact which the current conflict in Ukraine could have on the Company. In their view, as the Company has no direct exposure to Ukraine or Russia, the directors do not expect a significant impact on revenue and cash flows of the Company.

Should any unforeseen circumstances require additional funding, the Company has obtained written confirmation from its intermediate parent that it would provide financial support to meet the Company's liabilities for a period of at least twelve months from the date the financial statements are approved.

# Hoback Solar Ltd

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 2. Accounting policies (continued)

#### 2.3 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest rate method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

For financial liabilities measured at amortised cost, the impairment loss is measured as the difference between a liability's carrying amount and the present value of estimated cash flows discounted at the liability's original effective interest rate. If a financial liability has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. The Company offsets financial assets and financial liabilities if the Company has a legally enforceable legal right to offset the recognised amounts and interest and intends to settle on a net basis or realise the asset and liability immediately.



# Hoback Solar Ltd

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 2. Accounting policies (continued)

#### 2.3 Financial instruments (continued)

A financial asset (in whole or in part) is derecognised either:

- when the Company has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cashflow has expired.

#### 2.4 Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover 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 the Renewables Obligation Certificates. Turnover is recognised as electricity is generated.

#### 2.5 Tangible fixed assets

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

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

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

The estimated useful lives range as follows:

Plant and machinery	- Over the useful expected life of the asset (25 years)
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

# Hoback Solar Ltd

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 2. Accounting policies (continued)

#### 2.6 Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the Statement of Comprehensive Income over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Statement of Comprehensive Income over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

#### 2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method, less any impairment.

#### 2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than twenty four hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

#### 2.10 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.11 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

# Hoback Solar Ltd

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 2. Accounting policies (continued)

#### 2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

#### 2.13 Taxation

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

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

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

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

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

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

# Hoback Solar Ltd

## Notes to the Financial Statements For the Year Ended 30 June 2022

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

The preparation of the financial statements under FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these financial statements, the directors have made the following judgements and estimates:

- a) Going concern - refer to note 2.2.
- b) Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- c) There is an obligation to restore the land back to its original condition at the end of the lease. The estimated amount in the accounts is calculated by multiplying the weighted average cost of restoration per MW by the capacity MWp of the farm and discounted over the life of the lease at 2.5% risk free rate.
- d) An assessment of the possible impairment of assets takes place bi-annually, whereby the directors calculate the fair value on a discounted cash-flow basis in accordance with IPEV Valuation Guidelines. This value is then compared to that within the financial statements at which point, if there are signs of impairment, this is then accounted for.
- e) A determination of the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the net effect of future planning strategies.

### 4. Turnover

All turnover arose within the United Kingdom from the generation of electricity.

### 5. Other operating income

	2022 £	2021 £
Other operating income	-	2,896

Other operating income referred to performance related liquidated damages receivable from contractors in respect of the engineering, procurement and construction contract entered into for the acquisition of the solar photovoltaic plant.

# Hoback Solar Ltd

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 6. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	652,013	652,013
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	3,205	4,140
Fees payable to former auditor for other services:		
- Accounting services	-	4,613
- Taxation compliance services	-	3,465
Operating leases - land	98,692	98,692

### 7. Employees

The Company has no employees (2021 - Nil) other than the directors, who did not receive any remuneration (2021 - £Nil).

### 8. Interest expense and similar expenses

	2022 £	2021 £
Interest on loan from parent	946,774	1,450,413

### 9. Taxation

	2022 £	2021 £
Current tax	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Current year deferred tax	10,432	218,511
<b>Total deferred tax</b>	10,432	218,511
<b>Tax on loss on ordinary activities</b>	10,432	218,511

# Hoback Solar Ltd

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 9. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	<u>(18,570)</u>	<u>(599,901)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<b>(3,528)</b>	<b>(113,981)</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>11,457</b>	11,439
Difference in tax rates	<b>2,503</b>	209,655
Group relief for no payment	-	111,398
<b>Total tax charge for the year</b>	<u><b>10,432</b></u>	<u><b>218,511</b></u>

#### Factors that may affect future tax charges

Increases in the UK Corporation tax rate from 19% to 25% (19% effective from 1 April 2017, and 25% effective from 1 April 2023) have been substantively enacted. This will impact the Company's future tax charge accordingly. The value of the deferred tax liability at the Statement of Financial Position date has been calculated using the applicable rate when the liability is expected to be realised.

# Hoback Solar Ltd

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 10. Tangible fixed assets

	Plant and machinery £
<b>Cost</b>	
At 1 July 2021	16,293,952
At 30 June 2022	16,293,952
<b>Depreciation</b>	
At 1 July 2021	4,439,262
Charge for the year	652,013
At 30 June 2022	5,091,275
<b>Net book value</b>	
At 30 June 2022	11,202,677
At 30 June 2021	11,854,690

The assets of the Company have been offered as security against debts of other entities in the group.

### 11. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade debtors	280,357	214,000
Prepayments and accrued income	1,063,088	676,147
	<u>1,343,445</u>	<u>890,147</u>

### 12. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	<u>477,730</u>	<u>786,819</u>

# Hoback Solar Ltd

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 13. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	17,426	15,415
Other taxation and social security	24,856	48,855
Accruals and deferred income	81,325	69,676
	<u>123,607</u>	<u>133,946</u>

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

	2022 £	2021 £
Amounts owed to group undertakings	<u>10,816,191</u>	<u>17,325,417</u>

Amount owed to group undertaking consist of a loan payable to Bluefield SIF Investments Limited. The loan is repayable in 2038 and bears interest at a rate of 8.5% (2021 - 8.4%), compounding annually on 30 June. The loan is unsecured.

On 9 August 2021 the company issued 1,000 ordinary shares at a premium of £6,025 per share. The resulting £6,026,000 was used to reduce the amounts owed to group undertakings (see note 18). This was a non-cash transaction executed during the year.

### 15. Financial instruments

	2022 £	2021 £
<b>Financial assets</b>		
Financial assets at amortised cost	<u>1,780,747</u>	<u>1,634,613</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(10,914,942)</u>	<u>(17,410,508)</u>

Financial assets measured at amortised cost comprise cash, trade debtors, accrued income and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed to group undertakings.



# Hoback Solar Ltd

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 16. Deferred taxation

	2022 £	2021 £
At beginning of year	873,561	655,050
Charged to Statement of Comprehensive Income	10,432	218,511
<b>At end of year</b>	<b>883,993</b>	<b>873,561</b>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	910,486	916,294
Tax losses carried forward	(26,493)	(42,733)
	<b>883,993</b>	<b>873,561</b>

### 17. Other provision

	Restoration Provision £
At 1 July 2021	173,246
Charged to the Statement of Comprehensive Income	4,331
<b>At 30 June 2022</b>	<b>177,577</b>

The restoration provision relates to the land of the solar farm. The provision will be fully utilised at the end of the lease period which expires on 9 October 2039.

### 18. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
1,001 (2021 - 1) Ordinary shares of £1.00 each	1,001	1

# Hoback Solar Ltd

## Notes to the Financial Statements For the Year Ended 30 June 2022

### 18. Share capital (continued)

On 9 August 2021 the company issued 1,000 ordinary shares at a premium of £6,025 per share. The resulting £6,026,000 was used to reduce the amounts owed to group undertakings (see note 14). This was a non-cash transaction.

The Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

### 19. Commitments under operating leases

At 30 June 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	100,029	99,186
Later than 1 year and not later than 5 years	413,843	401,728
Later than 5 years	1,509,620	1,362,371
	<u>2,023,492</u>	<u>1,863,285</u>

### 20. Analysis of net debt

	At 1 July 2021 £	Cash flows £	Non-cash changes £	At 30 June 2022 £
Cash at bank and in hand	786,819	(309,089)	-	477,730
Debt due after one year				
Intercompany financing	(17,325,417)	1,430,000	5,079,226	(10,816,191)
	<u>(16,538,598)</u>	<u>1,120,911</u>	<u>5,079,226</u>	<u>(10,338,461)</u>

# Hoback Solar Ltd

## Notes to the Financial Statements For the Year Ended 30 June 2022

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### 21. Related party transactions

The Company has taken advantage of the exemption available in Section 33.1A of FRS102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertakings of the parent company's group.

The Company incurred expenses and fees of £80,877 (2021 - £82,699) paid to Bluefield Services Limited. The amounts represent asset management services incurred by Bluefield Services Limited in advising the group. Bluefield Services Limited is the service provider of the Company. At the year end £Nil (2021 - £262) was owed to Bluefield Services Limited.

The Company incurred expenses and fees of £152,255 (2021 - £133,440) payable to Bluefield Operations Limited. At the year end £7,636 was owed from Bluefield Operations Limited (2021 - £9,789 owed to).

Bluefield Services Limited and Bluefield Operations Limited are under the control of the group's investment advisors.

### 22. Subsequent events

There have been no significant events affecting the Company since the year end.

### 23. Controlling party

The Company's immediate parent company is Bluefield SIF Investments Limited, a Company incorporated in the United Kingdom, and is a wholly owned subsidiary of Bluefield Solar Income Fund Limited which is the ultimate parent Company and controlling party, and is incorporated in Guernsey. The registered address of the immediate parent company is 2nd Floor, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, United Kingdom RH6 0PA.