

# **Butteriss Downs Solar Farm Limited**

Report and Financial Statements

Year Ended

30 June 2020

Company Number 07580966



# Butteriss Downs Solar Farm Limited

## Company Information

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|                            |   |
|----------------------------|---|
| <b>Directors</b>           | N A Wood<br>L J B Roberts   |
| <b>Registered number</b>   | 07580966  |
| <b>Registered office</b>   | 2nd Floor<br>2 City Place<br>Beehive Ring Road<br>Gatwick<br>West Sussex<br>RH6 0PA |
| <b>Independent auditor</b> | BDO LLP<br>55 Baker Street<br>London<br>W1U 7EU                                     |

# Butteriss Downs Solar Farm Limited

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# Butteriss Downs Solar Farm Limited

## Directors' Report For the Year Ended 30 June 2020

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The directors present their report and the financial statements for the year ended 30 June 2020.

### 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

Butteriss Downs Solar Farm Limited was incorporated as a private limited company, limited by shares, under the Registrar of Companies for England and Wales on 28th March 2011.

### 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 is charged at a fixed rate and are 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 Ltd, as its dedicated asset manager, with responsibility for closely monitoring the performance of the plant, ensuring activities conducted by 3rd 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.

**Covid-19 risk:** During the year there has been limited impact on the business and its activities. In order to minimise the risk of disruption to the solar plants, mitigating steps including executing safe remote working policies with key service providers and contractors, have been consistently reviewed by management. The Directors have continued to review the forecasts to ensure a true and fair reflection of the impact, if any, of Covid-19.

Management are continuously monitoring the impact of Covid-19 and do not expect a significant impact in the future. Refer to Note 1.2 for Covid impact on going concern.

### Results and dividends

The loss for the year, after taxation, amounted to £98,008 (2019 - loss £47,226).

No dividends were distributed in the current or prior year.

# Butteriss Downs Solar Farm Limited

## Directors' Report (continued) For the Year Ended 30 June 2020

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### Directors

The directors who served during the year were:

H R Down (resigned 19 March 2020)  
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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements 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;
- 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 to 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.

### 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.

### Post balance sheet events

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

# Butteriss Downs Solar Farm Limited

## Directors' Report (continued) For the Year Ended 30 June 2020

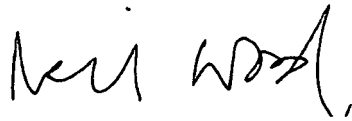
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### Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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 02/03/2021 and signed on its behalf.



**N A Wood**  
Director

# **Butteriss Downs Solar Farm Limited**

## **Independent Auditor's Report to the Members of Butteriss Downs Solar Farm Limited**

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### **Opinion**

We have audited the financial statements of Butteriss Downs Solar Farm Limited ("the Company") for the year ended 30 June 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, statement of cash flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

# **Butteriss Downs Solar Farm Limited**

## **Independent Auditor's Report to the Members of Butteriss Downs Solar Farm Limited (continued)**

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### **Other information**

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

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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



# Butteriss Downs Solar Farm Limited

## Independent Auditor's Report to the Members of Butteriss Downs Solar Farm Limited (continued)

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### Responsibilities of directors

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

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

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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



**Marc Reinecke** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK

Date: 4 March 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Butteriss Downs Solar Farm Limited

## Statement of Comprehensive Income For the Year Ended 30 June 2020

|                                       | Note | 2020<br>£       | 2019<br>£ |
|---------------------------------------|------|-----------------|-----------|
| Turnover                              | 3    | 239,388         | 269,934   |
| Administrative expenses               |      | (217,082)       | (200,260) |
| <b>Operating profit</b>               | 4    | <b>22,306</b>   | 69,674    |
| Interest payable and similar expenses | 6    | (110,656)       | (115,969) |
| <b>Loss before tax</b>                |      | <b>(88,350)</b> | (46,295)  |
| Tax charge for the year               | 7    | (9,658)         | (931)     |
| <b>Loss for the year</b>              |      | <b>(98,008)</b> | (47,226)  |

There was no other comprehensive income for 2020 (2019:£NIL).

All amounts relate to continuing activities of the company.

The notes on pages 11 to 20 form part of these financial statements.

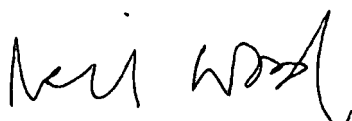
**Butteriss Downs Solar Farm Limited**  
Registered number: 07580966

**Statement of Financial Position**  
**As at 30 June 2020**

|   | Note | 2020<br>£        | 2019<br>£        |
|---|------|------------------|------------------|
| <b>Fixed assets</b>                                     |      |                  |                  |
| Tangible assets   | 8    | 1,211,704        | 1,283,767        |
|   |      | <u>1,211,704</u> | <u>1,283,767</u> |
| <b>Current assets</b>                                   |      |                  |                  |
| Debtors: amounts falling due within one year            | 9    | 90,248           | 101,473          |
| Cash at bank and in hand                                | 10   | 25,201           | 39,495           |
|   |      | <u>115,449</u>   | <u>140,968</u>   |
| Creditors: amounts falling due within one year          | 11   | (99,199)         | (79,276)         |
| <b>Net current assets</b>                               |      | <u>16,250</u>    | <u>61,692</u>    |
| <b>Total assets less current liabilities</b>            |      | <u>1,227,954</u> | <u>1,345,459</u> |
| Creditors: amounts falling due after more than one year | 12   | (1,305,132)      | (1,334,476)      |
| <b>Provisions for liabilities</b>                       |      |                  |                  |
| Deferred tax  | 14   | (50,531)         | (40,873)         |
| Other provisions  | 15   | (7,773)          | (7,584)          |
|   |      | <u>(58,304)</u>  | <u>(48,457)</u>  |
| <b>Net liabilities</b>                                  |      | <u>(135,482)</u> | <u>(37,474)</u>  |
| <b>Capital and reserves</b>                             |      |                  |                  |
| Called up share capital                                 | 16   | 1                | 1                |
| Profit and loss account                                 |      | (135,483)        | (37,475)         |
|   |      | <u>(135,482)</u> | <u>(37,474)</u>  |

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

02/03/2021



**N A Wood**  
Director

The notes on pages 11 to 20 form part of these financial statements.

# Butteriss Downs Solar Farm Limited

## Statement of Changes in Equity For the Year Ended 30 June 2020

|  | Called up<br>share capital | Profit and<br>loss account | Total equity     |
|--|----------------------------|----------------------------|------------------|
|  | £                          | £                          | £                |
| At 1 July 2019                                 | 1                          | (37,475)                   | (37,474)         |
| Loss and total comprehensive loss for the year | -                          | (98,008)                   | (98,008)         |
| <b>At 30 June 2020</b>                         | <b>1</b>                   | <b>(135,483)</b>           | <b>(135,482)</b> |

## Statement of Changes in Equity For the Year Ended 30 June 2019

|  | Called up<br>share capital | Profit and<br>loss account | Total equity    |
|--|----------------------------|----------------------------|-----------------|
|  | £                          | £                          | £               |
| At 1 July 2018                                 | 1                          | 9,751                      | 9,752           |
| Loss and total comprehensive loss for the year | -                          | (47,226)                   | (47,226)        |
| <b>At 30 June 2019</b>                         | <b>1</b>                   | <b>(37,475)</b>            | <b>(37,474)</b> |

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

Share capital- Nominal value of share capital subscribed for.

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

The notes on pages 11 to 20 form part of these financial statements.

# Butteriss Downs Solar Farm Limited

## Statement of Cash Flows For the Year Ended 30 June 2020

|   | 2020<br>£        | 2019<br>£        |
|---|------------------|------------------|
| <b>Cash flows from operating activities</b>                   |                  |                  |
| Loss for the financial year                                   | (98,008)         | (47,226)         |
| <b>Adjustments for:</b>                                       |                  |                  |
| Depreciation of tangible assets                               | 72,063           | 72,064           |
| Interest payable and similar expenses                         | 110,656          | 115,969          |
| Taxation charge   | 9,658            | 931              |
| Decrease/(increase) in debtors                                | 11,225           | (14,649)         |
| Increase in creditors   | 1,124            | 22,571           |
| Increase in amounts owed to groups                            | 18,799           | 2,794            |
| Increase in provisions  | 189              | 185              |
| <b>Net cash generated from operating activities</b>           | <b>125,706</b>   | <b>152,639</b>   |
| <b>Cash flows from financing activities</b>                   |                  |                  |
| Loans from group companies repaid                             | (135,678)        | -                |
| Interest paid   | (4,322)          | (222,310)        |
| <b>Net cash used in financing activities</b>                  | <b>(140,000)</b> | <b>(222,310)</b> |
| <b>Net (decrease) in cash and cash equivalents</b>            | <b>(14,294)</b>  | <b>(69,671)</b>  |
| Cash and cash equivalents at beginning of year                | 39,495           | 109,166          |
| <b>Cash and cash equivalents at the end of year</b>           | <b>25,201</b>    | <b>39,495</b>    |
| <b>Cash and cash equivalents at the end of year comprise:</b> |                  |                  |
| Cash at bank and in hand                                      | 25,201           | 39,495           |
|   | <b>25,201</b>    | <b>39,495</b>    |

The notes on pages 11 to 20 form part of these financial statements.

# Butteriss Downs Solar Farm Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

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### 1. Accounting policies

#### 1.1 Basis of preparation of financial statements

Butteriss Downs Solar Farm 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 activities are set out in the Directors' report.

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 judgment in applying the Company's accounting policies (see note 2).

#### 1.2 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 Covid19, 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 95% of the company's revenues, as these are backed by government subsidies and limited impact on the remaining 5% 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 the impact of Covid19 to have a material impact on the Company's ability to continue as a going concern.

Should any unforeseen circumstances require additional funding, the Company has obtained written confirmation from its 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.

#### 1.3 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 feed-in-tariffs. Turnover is recognised as electricity is generated.

# Butteriss Downs Solar Farm Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

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### 1. Accounting policies (continued)

#### 1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. 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.

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 profit or loss 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) |
|---------------------|---|

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 profit or loss.

#### 1.5 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.

#### 1.6 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 method, less any impairment.

# Butteriss Downs Solar Farm Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

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### 1. Accounting policies (continued)

#### 1.7 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 24 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.

#### 1.8 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 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 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.

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.

#### 1.9 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 method.



# Butteriss Downs Solar Farm Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

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### 1. Accounting policies (continued)

#### 1.10 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.

#### 1.11 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 profit or loss 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.

#### 1.12 Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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 profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

# Butteriss Downs Solar Farm Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

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

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

a) Going concern - refer to note 1.2

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) Accrued income is calculated on the actual electricity generated which is not able to be invoiced as it is yet to be validated by external parties or for various other reasons. Estimates are sometimes made with regards to price on portions of income or other certain aspects of the accrued income based on management's best information of the price at the time such as contracted prices or recent history of transactions.

d) 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.

### 3. Turnover

All turnover arose within the United Kingdom.

### 4. Operating profit

The operating profit is stated after charging:

|   | 2020<br>£ | 2019<br>£ |
|---|-----------|-----------|
| Depreciation of tangible fixed assets   | 72,063    | 72,064    |
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | 3,891     | 3,338     |
| Fees payable to the Company's auditor for other services - Accounting services                                      | 4,613     | 4,613     |
| - Taxation compliance services  | 3,220     | 2,950     |
| Operating leases - land   | 22,593    | 19,976    |

### 5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2019 - £NIL).

# Butteriss Downs Solar Farm Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 6. Interest payable and similar expenses

|                              | 2020<br>£      | 2019<br>£      |
|------------------------------|----------------|----------------|
| Interest on loan from parent | 110,656        | 115,969        |
|                              | <u>110,656</u> | <u>115,969</u> |

### 7. Taxation

|  | 2020<br>£    | 2019<br>£  |
|--|--------------|------------|
| <b>Deferred tax</b>                        |              |            |
| Current year deferred tax                  | 9,842        | 936        |
| Adjustments in respect of previous periods | (184)        | (5)        |
| <b>Total deferred tax</b>                  | <u>9,658</u> | <u>931</u> |
| <b>Taxation charge for the year</b>        | <u>9,658</u> | <u>931</u> |

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%). The differences are explained below:

|  | 2020<br>£       | 2019<br>£       |
|--|-----------------|-----------------|
| Loss on ordinary activities before tax   | <u>(88,350)</u> | <u>(46,295)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%) | (16,787)        | (8,796)         |
| <b>Effects of:</b>   |                 |                 |
| Expenses not deductible for tax purposes   | 116             | 96              |
| Adjustments to tax charge in respect of prior periods  | (184)           | (5)             |
| Group relief for no payment  | 21,726          | 9,745           |
| Differences in tax rates   | 4,787           | (109)           |
| <b>Total tax charge for the year</b>   | <u>9,658</u>    | <u>931</u>      |

#### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

# Butteriss Downs Solar Farm Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 8. Tangible fixed assets

|                          | Plant and<br>machinery<br>£ |
|--------------------------|-----------------------------|
| <b>Cost or valuation</b> |                             |
| At 1 July 2019           | 1,800,626                   |
| At 30 June 2020          | <u>1,800,626</u>            |
| <b>Depreciation</b>      |                             |
| At 1 July 2019           | 516,859                     |
| Charge for the year      | 72,063                      |
| At 30 June 2020          | <u>588,922</u>              |
| <b>Net book value</b>    |                             |
| At 30 June 2020          | <u>1,211,704</u>            |
| At 30 June 2019          | <u>1,283,767</u>            |

### 9. Debtors

|                                | 2020<br>£     | 2019<br>£      |
|--------------------------------|---------------|----------------|
| Trade debtors                  | 3,794         | 9,560          |
| Other debtors                  | 4,290         | 14,981         |
| Prepayments and accrued income | 82,164        | 76,932         |
|                                | <u>90,248</u> | <u>101,473</u> |

### 10. Cash and cash equivalents

|                          | 2020<br>£     | 2019<br>£     |
|--------------------------|---------------|---------------|
| Cash at bank and in hand | 25,201        | 39,495        |
|                          | <u>25,201</u> | <u>39,495</u> |

# Butteriss Downs Solar Farm Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 11. Creditors: Amounts falling due within one year

|                                    | 2020<br>£     | 2019<br>£     |
|------------------------------------|---------------|---------------|
| Trade creditors                    | 1,542         | 3,207         |
| Amounts owed to group undertakings | 40,361        | 21,562        |
| Accruals and deferred income       | 57,296        | 54,507        |
|                                    | <u>99,199</u> | <u>79,276</u> |

### 12. Creditors: Amounts falling due after more than one year

|                                    | 2020<br>£        | 2019<br>£        |
|------------------------------------|------------------|------------------|
| Amounts owed to group undertakings | 1,305,132        | 1,334,476        |
|                                    | <u>1,305,132</u> | <u>1,334,476</u> |

The loan is repayable in 2041 and bears interest at a rate of 8%, compounding annually on 30 June, and increasing in line with the annual RPI for the previous 12 months. The loan is unsecured.

### 13. Financial instruments

|  | 2020<br>£          | 2019<br>£          |
|--|--------------------|--------------------|
| <b>Financial assets</b>                          |                    |                    |
| Financial assets at amortised cost               | <u>107,781</u>     | <u>132,401</u>     |
| <b>Financial liabilities</b>                     |                    |                    |
| Financial liabilities measured at amortised cost | <u>(1,404,331)</u> | <u>(1,413,751)</u> |

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

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

# Butteriss Downs Solar Farm Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 14. Deferred taxation

|                           | 2020<br>£       | 2019<br>£       |
|---------------------------|-----------------|-----------------|
| At beginning of year      | (40,873)        | (39,942)        |
| Charged to profit or loss | (9,658)         | (931)           |
| <b>At end of year</b>     | <b>(50,531)</b> | <b>(40,873)</b> |

The provision for deferred taxation is made up as follows:

|                                | 2020<br>£       | 2019<br>£       |
|--------------------------------|-----------------|-----------------|
| Accelerated capital allowances | (58,854)        | (55,310)        |
| Losses                         | 8,323           | 14,437          |
|                                | <b>(50,531)</b> | <b>(40,873)</b> |

### 15. Provisions

|                           | Restoration<br>provision<br>£ |
|---------------------------|-------------------------------|
| At 1 July 2019            | 7,584                         |
| Charged to profit or loss | 189                           |
| <b>At 30 June 2020</b>    | <b>7,773</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 31 December 2037.

### 16. Share capital

|   | 2020<br>£ | 2019<br>£ |
|---|-----------|-----------|
| <b>Allotted, called up and fully paid</b> |           |           |
| 1 Ordinary share of £1.00                 | 1         | 1         |

# Butteriss Downs Solar Farm Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 17. Commitments under operating leases

At 30 June 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

|  | 2020<br>£      | 2019<br>£      |
|--|----------------|----------------|
| Not later than 1 year                        | 22,706         | 20,209         |
| Later than 1 year and not later than 5 years | 91,965         | 81,852         |
| Later than 5 years                           | 311,879        | 299,690        |
|  | <u>426,550</u> | <u>401,751</u> |

### 18. 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 group.

The Company incurred Asset Management fees of £19,528 (2019: £19,999) paid to Bluefield Services Limited. At the year end £nil (2019: £nil) was owed to Bluefield Services Limited.

Bluefield Services Limited is under the control of the group's investment advisors.

### 19. Controlling party

The company's immediate parent company is Kite Solar 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 incorporated in Guernsey.