

Company Registration No. 08487387 (England and Wales)

SUNE GREEN ENERGY LTD
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

THURSDAY



AAG1BPDM

A22

28/10/2021

#8

COMPANIES HOUSE

SUNE GREEN ENERGY LTD

COMPANY INFORMATION

Directors	H Ismail	(Appointed 17 September 2020)
	V R Davys	(Appointed 24 February 2021)
	N A Paimin	(Appointed 24 February 2021)
	A A A Nordin	(Appointed 24 February 2021)

Company number	08487387
-----------------------	----------

Registered office	Eversheds House 70 Great Bridgewater Street Manchester M1 5ES
--------------------------	--

SUNE GREEN ENERGY LTD

CONTENTS

	Page
Directors' report	1 - 2
Statement of Directors' responsibilities in respect of the Directors' Report and Financial Statements	3
Income statement	4
Statement of comprehensive income	5
Statement of financial position	6 - 7
Statement of changes in equity	8
Notes to the financial statements	9 - 24

SUNE GREEN ENERGY LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the Company during the year under review was electricity generation using solar technology.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

C Dandanell	(Resigned 17 September 2020)
S Isa	(Appointed 8 October 2020 and resigned 24 February 2021)
H Ismail	(Appointed 17 September 2020)
V R Davys	(Appointed 24 February 2021)
N A Paimin	(Appointed 24 February 2021)
A A A Nordin	(Appointed 24 February 2021)

Going Concern

Notwithstanding net current liabilities at 31 December 2020 of £6,938,921 and a loss for the year then ended of £109,130, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides including the impact of COVID-19, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

The Group is funded by way of a £99m shareholder loan which is repayable by Vortex Solar UK3 Limited and an external bank loan which is repayable by Vortex Solar UK Limited of which a liability of £283m remains as at 31 December 2020. The shareholder loan is repayable as a bullet payment in September 2027 and the external bank loan will be repaid in six-monthly instalments with the final repayment date in June 2027. The annual interest and principal repayment obligation is approximately £22m for the Group. The Group has a cash balance of £18m at 31 December 2020 and £18m at 23 August 2021 (unaudited). The Company has a cash balance of £48,828 at 31 December 2020 and £165,526 at 23 August 2021 (unaudited).

The base case cash flows prepared by the Directors for the Group show that for the next 12 months, the Group will generate £31m. In a severe but plausible downside scenario, these forecasts show that the Group will generate approximately £27m in the next 12 months.

Those forecasts are dependent on the Company's intermediate parent company, Terraform UK3 Intermediate Holdings Limited not seeking repayment of the amounts currently due, which at 31 December 2020 amounted to £7,341,296. Terraform UK3 Intermediate Holdings Limited has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Results and dividends

During the year under review the Company made a loss of £109,130 (2019: loss of £272,622).

No ordinary dividends were paid. The Directors do not recommend payment of a final dividend.

SUNE GREEN ENERGY LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Political donations

The Company made no political donations or incurred any political expenditure during the year.

Future developments

The Directors believe the Company is well placed to mitigate any future developments as they may arise.

Small company exemption

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

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

On behalf of the board



.....
V R Davys

Director

Date: 23 September 2021

Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

SUNE GREEN ENERGY LTD

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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 he has elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including *FRS 101 Reduced Disclosure Framework*.

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 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 he either intends 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.

SUNE GREEN ENERGY LTD**INCOME STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £	2019 £
Revenue		908,768	940,244
Cost of sales		(78,871)	(114,045)
Gross profit		829,897	826,199
Administrative expenses		(470,066)	(442,802)
Operating profit	3	359,831	383,397
Finance income	5	13	32
Finance costs	6	(568,964)	(568,315)
Loss before taxation		(209,120)	(184,886)
Tax on loss	7	99,990	(87,736)
Loss for the financial year		(109,130)	(272,622)

The Income Statement has been prepared on the basis that all operations are continuing operations.

The accompanying notes form an integral part of the financial statements

SUNE GREEN ENERGY LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Loss for the year	(109,130)	(272,622)
Other comprehensive income	-	-
Total comprehensive loss for the financial year	<u>(109,130)</u>	<u>(272,622)</u>

The accompanying notes form an integral part of the financial statements

SUNE GREEN ENERGY LTD**STATEMENT OF FINANCIAL POSITION**
AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Non-current assets					
Property, plant and equipment	8	9,583,422		9,852,391	
Deferred tax	15	216,892		116,902	
		<u>9,800,314</u>		<u>9,969,293</u>	
Current assets					
Inventories	9	30,405		15,865	
Trade and other receivables	10	371,794		341,754	
Cash and cash equivalents		48,828		48,828	
		<u>451,027</u>		<u>406,447</u>	
Creditors - amounts falling due within one year	11	(7,389,948)		(7,527,072)	
Net current liabilities			(6,938,921)		(7,120,625)
Total assets less current liabilities			<u>2,861,393</u>		<u>2,848,668</u>
Creditors - amounts falling due after one year	12		(485,171)		(450,128)
Provisions for liabilities	14		(717,895)		(631,083)
Net assets			<u>1,658,327</u>		<u>1,767,457</u>
Equity					
Called up share capital	16		100		100
Capital redemption reserve			2,608,610		2,608,610
Retained earnings			(950,383)		(841,253)
Total equity			<u>1,658,327</u>		<u>1,767,457</u>

For the financial year ended 31 December 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The accompanying notes form an integral part of the financial statements.

SUNE GREEN ENERGY LTD

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2020

The financial statements were approved and authorised for issue by the Board of Directors on 23 September 2021


.....

V R Davys

Director

Company Registration No. 08487387

SUNE GREEN ENERGY LTD**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital £	Capital redemption reserve £	Retained earnings £	Total £
Balance at 1 January 2019	100	2,608,610	(568,631)	2,040,079
Year ended 31 December 2019:				
Total comprehensive loss for the year	-	-	(272,622)	(272,622)
Balance at 31 December 2019	100	2,608,610	(841,253)	1,767,457
Year ended 31 December 2020:				
Total comprehensive loss for the year	-	-	(109,130)	(109,130)
Balance at 31 December 2020	100	2,608,610	(950,383)	1,658,327

The accompanying notes form an integral part of the financial statements

SUNE GREEN ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

SunE Green Energy Ltd is a private limited company limited by shares, incorporated and domiciled in the UK. The address of the Company's registered office is Eversheds House, 70 Great Bridgewater Street, Manchester, M1 5ES.

The principal activity of the Company during the year under review was the generation of electricity using solar technology.

1.1 Accounting convention

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

- Cash Flow Statement and related notes;
- Disclosures in respect of transactions with related parties;
- Disclosures in respect of capital management;
- Disclosures in respect of financial instruments;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures of transactions with a management entity that provides key management personnel services to the Company;
- Certain disclosures regarding revenue;
- Certain disclosures regarding leases; and
- The effects of new but not yet effective IFRSs

The presentation currency of these financial statements is pounds sterling. Where appropriate amounts have been rounded to the nearest £.

1.2 Going concern

Notwithstanding net current liabilities at 31 December 2020 of £6,938,921 and a loss for the year then ended of £109,130, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides including the impact of COVID-19, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

The Group is funded by way of a £99m shareholder loan which is repayable by Vortex Solar UK3 Limited and an external bank loan which is repayable by Vortex Solar UK Limited of which a liability of £283m remains as at 31 December 2020. The shareholder loan is repayable as a bullet payment in September 2027 and the external bank loan will be repaid in six-monthly instalments with the final repayment date in June 2027. The annual interest and principal repayment obligation is approximately £22m for the Group. The Group has a cash balance of £18m at 31 December 2020 and £18m at 23 August 2021 (unaudited). The Company has a cash balance of £48,828 at 31 December 2020 and £165,526 at 23 August 2021 (unaudited).

SUNE GREEN ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

The base case cash flows prepared by the Directors for the Group show that for the next 12 months, the Group will generate £31m. In a severe but plausible downside scenario, these forecasts show that the Group will generate approximately £27m in the next 12 months.

Those forecasts are dependent on the Company's intermediate parent company, Terraform UK3 Intermediate Holdings Limited not seeking repayment of the amounts currently due, which at 31 December 2020 amounted to £7,341,296. Terraform UK3 Intermediate Holdings Limited has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Revenue

Revenue comprises the value of electricity generated, Renewable Obligation Certificates ('ROC' Buyout and Recycle) and other embedded benefits income.

ROCs are issued to the Company by the government as evidence that the MWh of electricity has been generated by a qualifying accredited renewable generator for the purposes of renewable obligations. The value of a ROC is the ROC Buyout (fixed in advance) plus the ROC Recycle (determined after the compliance period dependent on the number of ROCs submitted in that period). As the ROC Recycle price is not published until September following the 31 March year end compliance period, at the date of these financial statements the ROC Recycle to be received is estimated.

Revenue from sale of electricity, ROCs (Buyout and Recycle) and other embedded benefits income is recognised in the period in which the output is delivered at which point the Company's obligation under the PPA is completed and the rights to receive revenue become unconditional. All electricity generated which has not been invoiced at year end is recognised as accrued income.

1.4 Property, plant and equipment

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	30 years
Decommissioning assets	Over the life of the site lease
Right of use asset	Over the life of the site lease

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

Depreciation commences when an asset is available for use.

SUNE GREEN ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.5 Impairment of non-current assets

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

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

1.6 Inventories

Inventories comprise spare parts held for repairs, and are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash at bank and deposits at reporting date.

1.8 Financial instruments

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

SUNE GREEN ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Initial measurement and impairment

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

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

Derecognition of financial assets and liabilities

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

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

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade Receivables

Trade receivables are recognised initially at fair value and measured subsequently at amortised cost less provision for impairment. They are first assessed individually for impairment, or collectively where the receivables are not significant individually. Where there is no objective evidence of impairment for an individual receivable, it is included in a group of receivables with similar credit risk characteristics and these are assessed collectively for impairment based on the expected credit loss. Movements in the provision for impairment are recorded in the income statement. As a result of this forward looking model – which removes the requirement for a "trigger event" to have occurred – earlier recognition of credit losses may occur.

Intercompany Receivables

Intercompany receivables are recognised initially at fair value and measured subsequently at amortised cost less provision for impairment. Impairment is assessed based on the cash generating unit in that supports the receivable balance. This groups together receivables with similar credit risk characteristics and these are assessed collectively for impairment based on expected credit loss. Movements in the provision for impairment are recorded in the income statement. As a result of this forward looking model – which removes the requirement for a "trigger event" to have occurred – earlier recognition of credit losses may occur.

SUNE GREEN ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Impairment of financial assets

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Financial liabilities

Interest-bearing borrowings and trade and other creditors are classified as financial liabilities and are subsequently measured at amortised cost. Gains and losses are recognised in the Income Statement when the financial liabilities are derecognised or impaired as well as through the amortisation process.

Borrowings and trade and other creditors relating to financial liabilities are included in the Income Statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity comprises the following:

- "Called up share capital" represents the nominal value of ordinary equity shares.
- "Retained earnings" include all current and prior year results as disclosed in the statement of Profit or Loss.
- "Capital redemption reserve" represents the purchase of shares within the Company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

SUNE GREEN ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Decommissioning provisions

Liabilities for decommissioning costs are recognised when the Company has an obligation to dismantle and remove the Solar PV equipment and to restore the land on which it is located. Liabilities may arise upon construction of such facilities, upon acquisition or through a subsequent change in legislation or regulations. The amount recognised is the estimated present value of expenditure determined in accordance with local conditions and requirements. A corresponding tangible item of property, plant and equipment equivalent to the provision is also created.

Any changes in the present value of the estimated expenditure is added to or deducted from the cost of the asset to which it relates. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. The unwinding of the discount on the decommissioning provision is included as a finance cost.

1.12 Capital risk management

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

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. The loan balances represent intercompany loans.

SUNE GREEN ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

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

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

Revenue relating to the ROC recycle

The number of Renewable Obligations Certificates (ROCs) are calculated each month based on the number of mega-watts of power exported. The ROC price is fixed for each Compliance Period and is published in advance by Ofgem. The ROC recycle price is not published until September following the accounting year end and thus management estimate the price. The recycle value of the ROCs is an estimate of the future benefit that may be obtained from the ROC recycle fund at the end of the compliance period. The recycle fund provides a benefit where Supplier buy-out charges (incurred by Suppliers who do not procure sufficient ROCs to satisfy their obligations) are returned to renewable generators on a pro-rata basis. The estimate is based on assumptions about likely levels of renewable generation and supply over the compliance period and is thus subject to some uncertainty.

Management utilises external sources of information in addition to its own forecasts in calculating these estimates. Management monitor the total UK renewable generation on a quarterly basis through the use of an external expert to ensure this assumption remains reasonable. Past experience indicates that the values arrived at are reasonable but they remain subject to possible variation. The revenue relating to the ROC Recycle in the year was £5,099 (2019: £103,680).

SUNE GREEN ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

(Continued)

Decommissioning costs

As part of the measurement and recognition of assets and liabilities, the Company has recognised a provision for decommissioning obligations associated with the solar park. In determining the fair value of the provision, assumptions and estimates are made in relation to the expected cost to dismantle and remove the plant from the site, the expected timing of those costs, and the discount rate. The decommissioning provision, was revalued during the year following an annual review of the present value of the estimated future expenditure. The associated decommissioning asset, was revalued last year as a result. In determining the present value of the estimated future costs the following assumptions were used.

Expected cost to dismantle and remove the plant from the site

An estimated dismantling cost of £92,444 per MWh was used in assessing the present value of the estimated future expenditure. The cost has been assessed by an external evaluator and reflects the current market conditions.

Discount rate

A discount rate of 0.69% was used in assessing the present value of the estimated future expenditure. The discount rate has been calculated using the 20 year UK bond yield. If the discount rate were to change by +0.5% / -0.5%, then the impact on the present value of the estimated future expenditure would be +10% / -9%.

Expected timing

The expected timing of the costs has been determined as the minimum between the remaining useful life of the assets and remaining lease period. On average this is approximately 19.5 years hence the 20 year UK bond yield has been determined as the most appropriate discount rate.

Any changes in the present value of the estimated expenditure is added or deducted from the costs of the related decommissioning asset. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. The unwinding of the discount on the decommissioning provision is included as a finance costs.

Deferred tax

Management judgement is required to determine 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 tax planning strategies. The deferred tax asset at 31 December 2020 was £216,892 (2019: £116,902).

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

SUNE GREEN ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

(Continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'creditors' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

SUNE GREEN ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty (Continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging:		
Depreciation of property, plant and equipment	400,363	389,587
Audit of the financial statements of the company	-	5,186
	<u> </u>	<u> </u>

4 Employees

The Company has no employees other than the Directors. The Directors' remuneration was borne by another group entity (2019: £nil).

5 Finance Income

	2020	2019
	£	£
Interest income		
Bank interest	13	32
	<u> </u>	<u> </u>

SUNE GREEN ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

6 Finance costs

	2020 £	2019 £
Interest expense		
Interest on bank overdrafts and loans	361	407
Interest on lease liabilities	27,669	25,162
Interest on intercompany loans	533,606	532,148
	<u>561,636</u>	<u>557,717</u>
Other finance costs:		
Unwinding of discount on provisions	7,328	10,598
	<u>568,964</u>	<u>568,315</u>

7 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	(99,990)	87,736
	<u>(99,990)</u>	<u>87,736</u>

The actual (credit)/charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

Loss before taxation	(209,120)	(184,886)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(39,733)	(35,128)
Tax effect of expenses that are not deductible in determining taxable profit	5,600	4,758
Adjustments in respect of prior years	(46,619)	21,409
Effect of change in corporation tax rate	(19,238)	(7,803)
Group relief	-	104,500
Taxation (credit)/charge for the year	<u>(99,990)</u>	<u>87,736</u>

Factors that affect the future tax charge

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. Following this, in the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (from the current 19% rate).

SUNE GREEN ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

8 Property, plant and equipment

	Plant and equipment £	Decommissioning assets £	Right-of-use assets £	Total £
Cost				
At 1 January 2020	10,627,991	542,100	474,443	11,644,534
Additions	1,277	-	-	1,277
Revaluation	-	-	50,633	50,633
Change in estimate	-	79,484	-	79,484
At 31 December 2020	10,629,268	621,584	525,076	11,775,928
Depreciation and impairment				
At 1 January 2020	1,684,025	86,447	21,671	1,792,143
Depreciation charged in the year	354,230	21,765	24,368	400,363
At 31 December 2020	2,038,255	108,212	46,039	2,192,506
Carrying amount				
At 31 December 2020	8,591,013	513,372	479,037	9,583,422
At 31 December 2019	8,943,966	455,653	452,772	9,852,391

The decommissioning provision and the associated decommissioning asset were reassessed for the year ended 31 December 2020. Following a review of the present value of the estimated future expenditure, indicators of revaluation were identified thus the asset has been revalued.

The right-of-use assets have been recognised in accordance with IFRS 16.

9 Inventories

	2020 £	2019 £
Stock of spare parts	30,405	15,865

10 Trade and other receivables

	2020 £	2019 £
Amounts falling due within one year:		
Trade receivables	55,514	45,740
Amounts owed by group undertakings	137,755	121,052
VAT receivable	5,282	-
Prepayments	17,597	11,287
Accrued Income	155,646	163,675
	371,794	341,754

SUNE GREEN ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

10 Trade and other receivables (Continued)

		2020 £	2019 £
Amounts falling due after more than one year:	Notes		
Deferred tax asset	15	216,892	116,902
Total debtors		588,686	458,656

11 Current liabilities

	2020 £	2019 £
Lease liabilities	14,301	12,254
Trade payables	9,640	28,997
Amounts due to group undertakings	7,341,299	7,148,668
Amounts due to group undertakings - interest payable	-	330,419
Accruals and deferred income	24,708	6,734
	7,389,948	7,527,072

The intercompany payable loan and interest balances with Terraform UK3 Intermediate Holdings Limited are repayable on demand, with an interest rate of 7.5 %.

On 22 June 2017 the Company registered a charge with full title guarantee in favour of Santander UK PLC (as Trustee). The charge contains fixed and floating security over the assets of the Company.

12 Non-current liabilities

	2020 £	2019 £
Lease liabilities	485,171	450,128

SUNE GREEN ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

13 Leases as a lessee

Right-of-use assets

	Right of use asset - Land £
Balance at 1 January 2020	452,772
Additions to right-of-use assets	-
Revaluation	50,633
Depreciation charge for the year	(24,368)
Balance at 31 December 2020	479,037

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	2020 £	2019 £
Interest expense on lease liabilities	27,669	25,162
Depreciation expense	24,368	21,671

The total cash outflow for leases was £41,213 (2019: £37,223).

14 Provisions for liabilities

	2020 £	2019 £
Decommissioning provisions	717,895	631,083

Movements on provisions:

	£
At 1 January 2020	631,083
Unwinding of discount	7,328
Adjustment for change in discount rate	79,484
At 31 December 2020	717,895

Any changes in the present value of the estimated expenditure is added to or deducted from the cost of the asset to which it relates. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. The unwinding of the discount on the decommissioning provision is included as a finance cost at 0.69%.

SUNE GREEN ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

15 Deferred taxation

	2020 £	2019 £
Deferred tax		
Accelerated capital allowances	33,976	(52,679)
Tax losses	182,916	169,581
	<u>216,892</u>	<u>116,902</u>
Movements in the year:		2020 £
Asset at 1 January 2020		116,902
Charge to profit or loss		99,990
		<u>216,892</u>
Asset at 31 December 2020		<u>216,892</u>

The deferred tax asset at 31 December 2020 has been calculated based upon the rate of 19% (2019: 17%) substantially enacted at the balance sheet date. All movements in deferred tax in the year have been recognised in the income statement. The Company is expected to generate future taxable profits against which the deferred tax assets can be utilised.

16 Called up share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

17 Events after the reporting date

There were no significant events after the reporting date.

18 Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with related parties. The Company has taken advantage of the exemption under paragraph 68 of FRS 101 not to disclose transactions with fellow subsidiaries under common ownership. There are no other related party transactions noted in the year.

SUNE GREEN ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2020**

19 Ultimate controlling party

At 31 December 2020, the Company's immediate parent company was SunE Green HoldCo7 Limited.

Vortex Solar UK4 Limited is the largest entity for which group financial statements at 31 December 2020 are reported, with its registered office and the address from which group financial statements can be obtained at Eversheds House, 70 Great Bridgewater Street, Manchester, M1 5ES.

The Company's ultimate holding companies are Tenaga Nasional Berhad (55% Shareholding) and Kumpulan Wang Persaraan (Diperbadankan) (45% Shareholding)

Tenaga Nasional Berhad is a listed company on Kuala Lumpur Stock Exchange incorporated under the laws of Malaysia, whose registered office is located at Pejabat Setiausaha Syarikat, Tingkat 2, /bu Pejabat Tenaga Nasional Berhad, No.129, la/an Bangsar, 59200 Kuala Lumpur.

Kumpulan Wang Persaraan (Diperbadankan) is a Malaysian Government Pension Fund incorporated under the laws of Malaysia, whose registered office is located at Level 36 Integra Tower, The Intermark 348, Jalan Tun Razak, 50400 Kuala Lumpur.