

Warren Solar Limited

Report of Directors and Financial Statements

For the year end 31 March 2020

Registered number 09480067



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Company Information

Directors: J Skinner
N Hildyard

Registered Office: 15 Diddenham Court
Lambwood Hill
Grazeley
RG7 1JQ

Directors' Report:

Directors

The directors, who served throughout the year and to the date of signing of the accounts except as noted, were as follows:

Serkan Bahceci (resigned on 23 August 2019)

Christian James-Milrose (resigned on 23 August 2019)

Julian Skinner (appointed on 23 August 2019)

Nigel Hildyard (appointed on 23 August 2019)

Operational risk:

Performance of the installed equipment over the life of the lease. The risk is mitigated by the operations and maintenance agreement in place with an experienced O&M Contractor.

Energy yield risk. Variability of solar irradiance which affects the generation achieved by the installation. This risk is mitigated to a manageable level through performance guarantees.

Covid-19. The performance of the company has so far not been impacted by the Covid-19 pandemic. Anesco, managing the operation and maintenance (O&M) of the solar farm, are following stringent business continuity plans for dealing with Covid-19, and are currently expected to be able to continue delivering its O&M performance.

The impact of COVID-19 on the energy sector in the United Kingdom resulted in a reduction in grid energy demand during the lockdown period as business activities were closed.

The National Grid which monitors supply and demand of electricity in the United Kingdom advised of the temporary closure of some solar sites on 23rd and 25th May 2020 and 5th July 2020. To mitigate the impact of any temporary closure, The Group entered an Optional Downward Flexibility Management (ODFM) contract with National Grid which guaranteed that lost output during any period enforced closure will be reimbursed by National Grid.

As an indirect consequence of Covid-19, the market power price in 2020 may be affected alongside reduced demand linked to a decrease in business activities in the UK. However, this is so far not expected to have a material impact on long-term power prices. Volatility in shorter term merchant power prices would be partly mitigated by the solar farm's revenue structure (largely fixed due to the Renewable Obligation Certificate and Power Purchase Agreement floor price), and an agreement with the portfolio's external customer to fix forward energy prices to March 2021 to fix the price received for Purchase Price Arrangement (Wholesale energy generation) revenue. These actions contribute to reducing the impact of short-term price volatility on the performance of the group.

Brexit. The withdrawal of the United Kingdom from the European Union. The Directors have assessed the current risk surrounding Brexit. As the company supplies energy to utility companies within the UK, the impact is considered to be of low risk.

Director's indemnities

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

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'JS' with a stylized flourish.

Julian Skinner
Director
16th December 2020

15 Diddenham Court
Lambwood Hill, Grazeley, RG7 1PQ

Directors' responsibilities statement

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

**STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2020**

	<i>Notes</i>	2020 £	2019 £
Turnover	5	545,623	604,711
Cost of sales		(107,124)	(108,074)
Depreciation and amortisation	6	(206,829)	(206,828)
Gross profit		231,670	289,809
Administrative expenses		(12,324)	(11,995)
Operating profit		219,346	277,814
Finance costs (net)	3	(308,410)	(307,509)
Profit/ (loss) before taxation		(89,064)	(29,695)
Tax on profit	4	(70,399)	(28,829)
Profit/(loss) for the financial year		<u>(159,463)</u>	<u>(58,524)</u>

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	Notes	2020	2019
		£	£
Non-current assets			
Property, plant and equipment	6	4,432,110	4,638,938
Deferred tax assets		26,864	26,865
		<u>4,458,974</u>	<u>4,665,803</u>
Current assets			
Debtors	7	572,754	1,022,384
Cash in hand		-	4,307
		<u>572,754</u>	<u>1,026,691</u>
Creditors: amounts falling due within one year	8	(279,878)	(854,262)
Net current assets		<u>292,876</u>	<u>172,429</u>
Total assets less current liabilities		<u>4,751,850</u>	<u>4,838,232</u>
Creditors: amounts falling due after more than one year	9	(5,081,500)	(5,081,500)
Provision for liabilities	11	(180,086)	(107,005)
Deferred tax Liabilities			
Net liabilities		<u>(509,736)</u>	<u>(350,273)</u>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account		(509,836)	(350,373)
Equity shareholders' funds		<u>(509,736)</u>	<u>(350,273)</u>

The notes on page 9 to 15 form part of the financial statements.

The company is entitled to exemption under section 477 of the Companies Act 2006 for the year ended 31 March 2020.

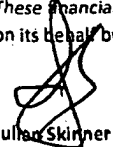
The members have not required the Company to obtain an audit of its financial statements for the year ended 31 March 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

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

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

These financial statements were approved by the board of directors on 16th December 2020 and were signed on its behalf by:


Julian Skinner
Director

Company registered number: 09480067

Notes

(forming part of the financial statements)

1 Accounting policies

Warren Solar Limited (the "Company") is a private company limited by shares and incorporated, domiciled and registered in the UK. The registered number is 09480067

Basis of Preparation

The financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling.

The company has prepared these financial statements in accordance with FRS 102 section 1A.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The company made a loss before taxation of £89k (2019: £30k) and has a net liabilities of £510k (2019: £350k). The company has net current assets of £293k (2019: £172k)

The directors are confident that, having reviewed the Group's budgets and forecasts, the Group and Company have adequate resources and bank funding to continue in operation and to enable the Group and Company to pay their debts as they fall due for the 12-months from signing of the financial statements.

In assessing the going concern position of the group, the directors have undertaken an assessment of all the available planning information, including the forecast for the year ending 31 March 2021, most recent cash flow forecasts for the period to 31 March 2022 and a forecast assessment of the covenant compliance required within the going concern period. This review included an analysis of business operating plans, proposed capital expenditure, the availability of alternative sources of funding and associated cash flow projections. The Directors' have considered the impact of the Covid-19 pandemic.

As an indirect consequence of Covid-19, the market power price in 2020 may be affected alongside reduced demand linked to a decrease in business activities in the UK. However, this is so far not expected to have a material impact on long-term power prices. Volatility in shorter term merchant power prices would be partly mitigated by the solar farm's revenue structure (largely fixed due to the Renewable Obligation Certificate and Power Purchase Agreement floor price), and an agreement with the portfolio's external customer to fix forward energy prices to March 2021 to fix the price received for Purchase Price Arrangement (Wholesale energy generation) revenue. These actions contribute to reducing the impact of short-term price volatility on the performance of the group.

In performing their review, the Directors' have considered the commitment and ability of the Group to continue to be able to provide ongoing financial support. The Directors have sought and obtained a letter of support from the Directors of the parent company. Accordingly, the going concern basis has been adopted in preparing the annual report and financial statements.

1 Accounting policies (continued)

1.3 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Costs include any costs 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. These can include the costs of site preparation, installation and assembly, and testing of functionality.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Solar photovoltaic (PV) facilities: 25 years

The estimated useful life of the asset is based on the life the Solar PV facilities are expected to be in operation.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.4 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.5 Decommissioning provision

Provisions for decommissioning are recognised in full when the related facilities are constructed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to plant and equipment. The unwinding of the discount on the decommissioning provision is included as a finance cost.

1 Accounting policies (continued)

1.6 Turnover

Revenue

Revenue comprises the fair value of the consideration received or receivable in respect of the invoiced value of generated electricity, Renewable Obligation Certificates (ROCs) and accrued income. Revenue is shown net of sales/value added tax, returns, rebates and discounts.

Revenue on the generation of energy comprises the value of units supplied during the year. Units are determined by energy volumes recorded on the solar park meters and market settlement systems.

Under the terms of its Power Purchase Agreements with customers, ROC's are immediately transferable to the customer. Revenue in relation to ROC's is recognised in line with the generation of energy.

Accrued income represents the sales value of energy (and related ROC's) which is yet to be invoiced and is based upon the value of units supplied with respect to energy and quantity of units supplied with respect to ROC's.

The company recognises revenue when:

- The amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the company's activities.

Sales of services: The Company provides management services to its subsidiaries in the form of asset management, corporate services and financing coordination services. These are charged by the Company to subsidiaries in the form of management service charges.

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

1.7 Expenses

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case, the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable

Interest payable and similar expenses includes interest payable, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss.

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1 Accounting policies (continued)

1.8 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Staff numbers and costs

The Company had no employees during the period. Although there are 2 directors, whom are not paid by the group (2019: no employees), (2019: 2 directors)

3 Finance costs (net)

	2020	2019
	£	£
Interest payable and similar expenses	(305,728)	(304,893)
Unwinding of discount on decommissioning provision	(2,682)	(2,616)
	<u>(308,410)</u>	<u>(307,509)</u>

4 Tax on profit

Analysis of tax credit

The tax credit on the loss for the year was as follows:

	2020	2019
	£	£
Deferred tax	70,399	28,829
Total tax on loss	<u>70,399</u>	<u>28,829</u>
 Profit/(loss) before tax	 <u>(89,063)</u>	 <u>(41,852)</u>
Effects of:		
- Tax at 19%	(16,922)	(7,952)
- Expenses not deductible for tax purposes	1,498	4,306
- Group relief losses (claimed)/surrendered for nil payment	89,885	35,817
- Effect of reduction in future tax rates	(3,309)	(3,386)
- Adjustments to tax charge in respect of previous years	(1,264)	44
- Deferred tax not provided	511	-
Total tax expense/(credit)	<u>70,399</u>	<u>28,829</u>

5 Turnover and revenue

An analysis of the Group's turnover by class of business is set out below.

	2020	2019
	£	£
Turnover:	<u>545,623</u>	<u>604,711</u>
	<u>545,623</u>	<u>604,711</u>

6 Tangible fixed assets

	Plant & Equipment £	Plant & Equipment £
Cost		
Balance at 1 April 2019	5,174,548	5,174,548
Balance at 31 March 2020	<u>5,174,548</u>	<u>5,174,548</u>
Depreciation and impairment		
Balance at 1 April 2019	(535,609)	(328,781)
Depreciation charge for the year	(206,829)	(206,829)
Balance at 31 March 2020	<u>(742,438)</u>	<u>(535,610)</u>
Net book value		
At 1 April 2019	4,638,939	4,845,767
At 31 March 2020	<u>4,432,110</u>	<u>4,638,938</u>

Security

The net amount of tangible and intangible assets is charged against security for liabilities with ING Bank.

7 Debtors

	2020 £	2019 £
Trade Debtors	(450)	35,177
Inter-company	458,767	-
Accrued Income	98,823	104,828
Prepayments	9,970	11,848
VAT receivable	5,644	7,217
VAT Bank Account	-	-
Treasury account with Daedalus Acquisitions	-	863,314
Amount receivable from parent	-	-
	<u>572,754</u>	<u>1,022,384</u>

8 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	(36,681)	(41,217)
Inter-company	-	-
Accruals and deferred income	(4,673)	(16,935)
Interest payable to parent	(238,524)	(796,110)
VAT Payable	-	-
	<u>(279,878)</u>	<u>(854,262)</u>

9 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Amounts owed to parent	(5,081,500)	(5,081,500)
	<u>(5,081,500)</u>	<u>(5,081,500)</u>

10 Called-up share capital and reserves

	2020	2019
	£	£
Allotted, called-up and fully-paid 1 ordinary shares of £1 each	<u>100</u>	<u>100</u>

11 Provisions for liabilities

		Deferred Taxation	Decomm. Provision	Total
		£	£	£
At 1 April 2019	79000	-	(107,005)	(107,005)
Charged to profit and loss account	48500	(70,399)	(2,682)	(73,081)
At 31 March 2020		<u>(70,399)</u>	<u>(109,687)</u>	<u>(180,086)</u>

A provision has been recognised for decommissioning costs associated with the solar farms owned by the group. The group is committed to decommissioning the solar farms as a result of the construction of the solar farms for the production of power.

The provision has been discounted at an annual rate of 2.5% and this discount will be unwound and charged to the profit and loss account. The estimated date of decommissioning would at least commence in 2041.

12 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Daedalus Acquisitions Limited.

The largest group in which the results of the Company and its group are consolidated is that headed by Daedalus Topco Limited, 15 Diddenham Court, Lambwood Hill, Grazeley, RG7 1JQ

The Company is ultimately controlled by Fivesuns 2 Limited. As Fivesuns 2 Limited does not prepare consolidated accounts for public use, the most senior parent company which prepares consolidated accounts is Daedalus Topco Limited.