Hermitage Solar Park Limited

Report of the Directors and Financial Statements

For the year ended 31 March 2018

Registered number 08429523

Company Information

Directors:	M Niu L S Mellor C W G Herriott
Registered office:	40 Gracechuch Street London England EC3V 0BT
Registered number:	08429523 (England and Wales)

Report of the Directors

The directors present their report with the financial statements of Hermitage Solar Park Limited ("the company") for the period ended 31 March 2018.

Principal activity

The principal activity of the company in the financial year under review was that of a solar powered electricity generator through a long-term Power Purchase Agreement. The company will continue in this activity for the foreseeable future.

Review of business

The company's solar site was commissioned on 27 June 2016 and commenced operations on that date. The loss for the financial year of £78,380 (2017: £73,236) has been transferred to reserves. Both the level of business and the year-end financial positions were in line with expectations.

Dividends

The directors do not recommend payment of dividend for the year ended 31 March 2018 (2017: £Nil).

Going concern

After making enquiries, and having taken into account long term projected cash flows in relation to the company's revenue, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence by meeting its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Future developments

The directors are not aware of any current activities of the company that are expected to impact the future development of the company in the foreseeable future. The directors aim to maintain the management policies and consider next year the company will show further growth in sales from continuing operations.

Directors

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

M Niu	
L S Mellor	
F-X Arhanchiague	Resigned 21 December 2017
C W G Herriott	Appointed 21 December 2017

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable United Kingdom 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 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 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 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.

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

On behalf of the Board

C Herriott
Director
Date: 12 September 2018

Statement of total comprehensive income
For the year ended 31 March 2018

	Notes	2018 £	2017 £
Turnover		471,400	317,267
Cost of sales		(288,468)	(202,070)
Gross profit		**182,932**	**115,197**
Operating profit	*4*	**182,932**	**115,197**
Interest payable and similar expenses	*5*	(275,363)	(202,939)
Loss before taxation		**(92,431)**	**(87,742)**
Tax on loss	*6*	14,051	14,506
Total comprehensive loss for the year		**(78,380)**	**(73,236)**

The profit and loss account has been prepared on the basis that all operations are continuing operations.
The notes on pages 7 to 11 form part of these financial statements.

Statement of financial position

at 31 March 2018

	Notes	2018 £	2017 £
Non-current assets			
Tangible assets	*7*	4,224,096	4,405,129
Deferred tax asset	*6*	28,557	14,506
		4,252,653	4,419,635
Current assets			
Debtors (Amounts falling due within one year)	*8*	149,417	79,219
Cash in hand		4,689	-
		154,106	79,219
Current liabilities			
Creditors (amounts falling due within one year)	*9*	(25,893)	(39,608)
Net current assets		**128,213**	**39,611**
Total assets less current liabilities		**4,380,866**	**4,459,246**
Creditors (amounts falling due after more than one year)	*10*	(4,589,382)	(4,589,382)
Net liabilities		**(208,516)**	**(130,136)**
Capital and reserves			
Called up share capital	*11*	100	100
Retained earnings		(130,236)	(57,000)
Current year		(78,380)	(73,236)
Shareholder's funds		**(208,516)**	**(130,136)**

The notes on pages 7 to 11 form part of these financial statements.

The company is entitled to exemption under section 477 of the Companies Act 2006 for the year ended 31 March 2018.
The members have not required the Company to obtain an audit of its financial statements for the year ended 31 March 2018 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 12 September 2018 and were signed on its behalf by

C Herriott
Director

Statement of changes in equity
for the year ended 31 March 2018

	Called up share capital	Retained earnings	Total shareholder's equity
Balance at 31 March 2016	**100**	**(57,000)**	**(56,900)**
Changes in equity			
Total comprehensive loss	-	(73,236)	(73,236)
Balance at 31 March 2017	**100**	**(130,236)**	**(130,136)**
Changes in equity			
Total comprehensive loss	-	(78,380)	(78,380)
Balance at 31 March 2018	**100**	**(208,616)**	**(208,516)**

Notes

(forming part of the financial statements)

1. Statutory information

Hermitage Solar Park Limited is a limited liability company incorporated in England and Wales. The Registered Office is 40, Gracechurch Street, London, England, EC3V 0BT.

2. Accounting policies

Basis of preparing the financial statements
These financial statements have been prepared under the historical cost convention and in accordance with UK Accounting Standards, and are presented in pound sterling which is the presentational and functional currency of the company.

Statement of compliance
The company's financial statements have been prepared in compliance with FRS102 Section 1A Small Entities and Companies Act 2006 for the period ended 31 March 2018.

Financial reporting standard 102 - reduced disclosure exemptions
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Turnover
Turnover is the amount derived from the sale of electricity and associated renewable certificates in the normal course of business, measured at fair value of consideration received, net of VAT.

Interest payable and similar charges
All interest-bearing loans are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in that period and reduced by repayment made in that period.

Short term debtors and creditors
Debtors and creditors with no stated interest rate and receivables or payables within one year are recorded at the transaction price.

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.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

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

Notes *(continued)*

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 (PV) equipment: 25 years

The estimated useful life of the asset is based on the period over which 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 last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

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 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 is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amount reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There are no significant accounting estimates or judgements required in the preparation of these financial statements.

3. Staff costs and directors' remuneration

There were no employees during the financial year (Period to 2017: none). The directors have no contract of service with the company (2017: none). Amounts payable to third parties in respect of directors' services totaled £Nil (2017 £Nil).

4. Operating loss

The operating loss is stated after charging:

	2018	2017
	£	£
Depreciation on owned assets	181,033	120,688

Notes ***(continued)***

5. Interest payable and similar expenses

	2018	2017
	£	£
Group interest	275,363	202,939

6. Taxation

Analysis of the tax credit

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

	2018	2017
	£	£
Deferred Tax	(14,051)	(14,506)
Tax on loss	(14,051)	(14,506)

UK corporation tax has been charged at 19% (Period ended 2017: 20%).

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£	£
Profit/(Loss) on Ordinary Activities before tax	(92,431)	(87,742)
Tax on Profit/(loss) on ordinary activities at average UK Rate of corporation tax of 19%	(17,562)	(17,548)
Expenses not deductible for tax purposes	688	482
Prior period adjustment	1,047	-
Effect of reduction in future tax rates	1,776	2,560
Total tax expense/(credit)	**(14,051)**	**(14,506)**

Factors that may affect future tax charges

The UK corporation tax rate reduced to 19% from April 2017 and will further to 17% from 1 April 2020, and as at the balance sheet date, both these future tax rate reductions had been substantively enacted. The deferred tax liability at 31 March 2018 has been calculated based upon the substantively enacted rate of 17%. The respective rate changes will impact the amount of future tax payments to be made by the company.

Notes *(continued)*

Deferred tax

Provision for deferred taxation is made in the financial statements as follows (there are no un-provided amounts):

	2018	2017
	£	£
Deferred tax asset	28,557	14,506
Deferred tax reconciliation:	**£**	**£**
At 1 April	14,506	-
Credit for the financial year	14,051	14,506
At 31 March	**28,557**	**14,506**
Accelerated capital allowances - liability	(61,049)	(28,596)
Losses	89,606	43,102
Deferred tax asset at 31 March	**28,557**	**14,506**

7. Tangible fixed assets

	Solar PV equipment	
	2018	**2017**
	£	**£**
Cost		
Opening cost balance	4,525,817	394,249
Additions	-	4,131,568
At 31 March	**4,525,817**	**4,525,817**
Depreciation		
Accumulated depreciation	120,688	-
Charge for Period	181,033	120,688
At 31 March	**301,721**	**120,688**
Net book value	**4,224,096**	**4,405,129**

8. Debtors

	2018	2017
	£	£
Trade Debtors	814	-
Amounts receivable from parent undertaking	50,057	-
VAT	-	1,607
Prepayments and accrued income	98,546	77,612
	149,417	**79,219**

9. Creditors falling due within one year

	2018	2017
	£	£
Creditors	13,361	21,039
Accruals	11,678	25,951
VAT	854	-
Interest payable to parent	-	(7,382)
	25,893	**39,608**

Notes ***(continued)***

10. Creditors falling due after one year

	2018	2017
	£	£
Amounts owed to group undertakings	4,589,382	4,589,382

Amounts owed to group undertakings are interest bearing at 6% per annum.

11. Called up share capital

Allotted, issued and fully paid

Number	Class	Nominal value	2018	2017
100	Ordinary shares	£1	100	100

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, 40 Gracechurch Street, London, EC3V 0BT.

The Company is ultimately controlled by Ancala Renewables II LP ("AR II LP"). As AR II LP does not prepare consolidated accounts for public use, the most senior parent company which prepares consolidated accounts is Daedalus Topco Limited.