Registered No. 10644098

Renewable Energy Income Partnership Holdings 1 Limited

Report and Financial Statements

30 June 2019

Registered No. 10644098

Registered No. 10644098

Contents of the Report and Financial Statements as at and for the year ended 30 June 2019

Company information

Directors
T Rosser
K A Shenton
A D K Brierley

Secretary
Octopus Company Secretarial Services Limited
6th Floor
33 Holborn
London EC1N 2HT

Auditors
Ernst & Young LLP
Bedford House
Bedford Street
Belfast, BT2 7DT

Bankers
Royal Bank of Scotland
280 Bishopsgate
London ECZM 4R8

Solicitors
Burges Salmon
6 New Street Square
London
EC4A 3BF

Registered Office
6th Floor
33 Holborn
London EC1N 2HT

Strategic report

The directors present their strategic report of Renewable Energy Income Partnership Holdings 1 Limited (the "Company") for the year ended 30 June 2019. Consolidated financial statements have been prepared for the Company together with its subsidiaries, which together comprise the "Group".

Principal activities and review of the business

The Company is a holding company and the Group's principal activity is the operation of solar plants for the generation of solar power.

The directors consider the results for the year to be satisfactory.

The nature of the Group's corporate structure results in significant interest costs and non-cash amortisation expenses which contribute to the net liabilities in the Group balance sheet. The Directors consider that the Group has adequate cash resources to achieve the Group's objectives and meet the Group's liabilities as they fall due.

The Group's key performance indicators are as follows:

	Year ended 30 June 2019	*Year ended 30 June 2018*
	£000	*£000*
Group turnover	28,766	24,620
Operating profit	11,821	6,853
EBITDA	24,135	19,222

The results for Group continue to be underpinned by strong operational performance and the 17% increase in Group turnover is largely attributable to improved market pricing and increased levels of electricity production throughout the year, due to higher levels of irradiance.

The Group has net liabilities of £18,823,724 at 30 June 2019 (30 June 2018: £12,168,688) which is the result of £3,445,282 amortisation and £8,868,863 depreciation charges for the year, while £17,773,475 of interest and £4,230,570 of principal repayments were paid on amounts owed to parent undertakings.

Principal risks and uncertainties

The objective of the Group is to deliver an annualised gross return of 6.35% over its term through the distribution of proceeds derived from the sale of ROCs and electricity generated by a portfolio of 26 solar photovoltaic (PV) plants located in the United Kingdom.

The Group's activities expose it to a variety of financial risks: market risk (including interest rate and price risks), credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments changes due to variables such as interest rates, electricity prices, and inflation rates.

Strategic report (continued)

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows. The Group is subject to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rate.

The Group has issued loan notes which are held by the immediate parent undertaking. The interest rate is fixed. As a result, the Group is considered to have limited exposure to interest rate risk.

The Group is exposed to price risk due to external sales of electricity at market rates. The Group is able to mitigate price risk by fixing prices in a proportion of the Power Purchase Agreements (PPAs).

Credit risk

The Group takes on exposure to credit risk, which is the risk that one party will cause a financial loss for the other party by failing to discharge an obligation. The group is exposed to the risk of non-payment of revenue generating activities, primarily from its PPA customers.

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect the Group's counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

The Group assesses all counterparties, including its partners, for credit risk before contracting with them. The Group monitors credit risk regularly and maintains credit support guarantee amounts from certain PPA customers.

Liquidity risk

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Group invests through its direct and indirect holding subsidiaries in various companies that are not traded in an organised market and may be illiquid. The Group manages liquidity risk by maintaining cash levels to fund short term operating expenses, and to repay interest and principal on long-term borrowings.

Capital risk management

The Group's objective when managing capital is to safeguard the ability to continue as a going concern in order to provide returns to its parent and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Group.

Important events since the year end

There have been no significant events affecting the Group's business since the year end.

On behalf of the Board

T Rosser
Director
20 March 2020

Registered No. 10644098

Directors' report

The directors present their report and financial statements of Renewable Energy Income Partnership Holdings 1 Limited (the company) for the year ended 30 June 2019.

The principal activity of the company and the principal risks and uncertainties faced by the company are stated and set out in the Strategic report.

Results and dividends

The Group loss for the year after taxation amounted to £6,655,036 (2018: £11,072,429). The directors do not propose the payment of a dividend.

Going concern

The financial statements have been prepared on the going concern basis. The directors have prepared forecasts and reviewed capital requirements for the 12 months from the date of approving these financial statements, which indicate the Group can continue trade for at least 12 months.

Directors

The directors who served the company during the year were as follows:

T Rosser
A D K Brierley
K A Shenton

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

On behalf of the Board

T Rosser
Director

20 March 2020

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 period. 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). 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 judgments 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; 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.

Independent auditors' report

to the members of Renewable Energy Income Partnership Holdings 1 Limited

Opinion

We have audited the financial statements of Renewable Energy Income Partnership Holdings 1 Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 30 June 2019 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Company Statement of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and the related notes 1 to 20, 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 FRS 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 group's and of the parent company's affairs as at 30 June 2019 and of the group's loss for the year 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 below. We are independent of the group and 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.

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.

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 group's or the parent 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.

Directors' responsibilities statement (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and 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 strategic report or directors' 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 parent company 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.

Directors' responsibilities statement (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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 group's and parent 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 group or the parent 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 on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Ernst & Young LLP

Michael Kidd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
Date: 20 March 2020

Group statement of comprehensive income

for the year ended 30 June 2019

	Notes	*Year ended 30 June 2019* £	*Year ended 30 June 2018* £
Turnover	4	28,765,758	24,574,785
Cost of sales	3	(14,018,969)	(13,932,494)
Gross profit		14,746,789	10,642,291
Other operating income	5	1,083,723	45,420
Administrative expenses	3	(4,009,250)	(3,834,914)
Operating profit	6	11,821,262	6,852,797
Interest payable and similar charges		(17,777,586)	(17,813,072)
Loss before taxation		(5,956,324)	(10,960,275)
Tax on loss	8	(698,712)	(112,154)
Loss for the financial period		(6,655,036)	(11,072,429)
Other comprehensive income for the financial period		–	–
Total comprehensive loss for the financial period		(6,655,036)	(11,072,429)

All amounts relate to continuing activities.

Group statement of financial position

at 30 June 2019

	Notes	£	30 June 2019 £	£	30 June 2018 £
Fixed assets					
Intangible assets	10		61,232,913		64,928,323
Tangible assets	11		173,918,818		182,572,057
			235,151,731		247,500,380
Current assets					
Debtors: amounts falling due within one year	12	11,910,396		10,580,013	
Cash at bank and in hand		5,545,637		4,250,048	
		17,456,033		14,830,061	
Creditors: amounts falling due within one year	13	(7,265,210)		(6,568,317)	
Net current assets			10,190,823		8,261,744
Total assets less current liabilities			245,342,554		255,762,124
Creditors: amounts falling due after more than one year	14		(263,239,476)		(267,662,384)
Provisions for liabilities					
Deferred taxation	6(c)	(926,802)		(268,428)	
			(926,802)		(268,428)
Net (liabilities)			(18,823,724)		(12,168,688)
Capital and reserves					
Called up share capital	15		1		1
Retained loss			(18,823,725)		(12,168,689)
Total shareholders' deficit			(18,823,724)		(12,168,688)

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

T Rosser
Director

20 March 2020

Company statement of financial position

at 30 June 2019

	Notes	£	30 June 2019 £	£	30 June 2018 £
Fixed assets					
Investments	9		1		1
			1		1
Current assets					
Creditors: amounts falling due within one year	13	(11,750)		(3,650)	
Net current liabilities			(11,750)		(3,650)
Net liabilities			(11,749)		(3,649)
Capital and reserves					
Called up share capital	15		1		1
Retained loss			(11,750)		(3,650)
Total shareholders' (deficit)/funds			(11,749)		(3,649)

No profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006. The loss for the period amounted to £8,100 (2018: £3,650).

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

T Rosser
Director

20 March 2020

Group statement of changes in equity

for the year ended 30 June 2019

	Called up share capital	*Retained earnings*	*Total shareholders' funds*
	£	£	£
At 30 June 2017	1	(1,096,260)	(1,096,259)
Total comprehensive loss for the year	–	(11,072,429)	(11,072,429)
At 30 June 2018	1	(12,168,689)	(12,168,688)
At beginning of the year	1	(12,168,689)	(12,168,688)
Total comprehensive loss for the year	–	(6,655,036)	(6,655,036)
At 30 June 2019	1	(18,823,725)	(18,823,724)

Called up share capital
Share capital represents the nominal value of shares that has been issued.

Retained earnings
Retained earnings includes all current and prior period retained profits and losses.

Company statement of changes in equity

for the year ended 30 June 2019

	Called up share capital	*Retained earnings*	*Total shareholders' funds*
	£	*£*	*£*
At 30 June 2017	–	–	–
Total comprehensive loss for the period	–	(3,650)	(3,650)
At 30 June 2018	1	(3,650)	(3,649)
At beginning of the year	1	(3,650)	(3,649)
Total comprehensive loss for the period	–	(8,100)	(8,100)
At 30 June 2019	1	(11,750)	(11,749)

Called up share capital
Share capital represents the nominal value of shares that has been issued.

Retained earnings
Retained earnings includes all current and prior period retained profits and losses.

Group statement of cash flows

for the year ended 30 June 2019

	Note	*2019* £	*2018* £
Net cash inflow from operating activities	*16 (a)*	22,759,829	18,472,179
Investing activities			
Purchase of tangible fixed assets		(215,624)	(150,556)
Net cash flow from investing activities		(215,624)	(150,556)
Financing activities			
Interest paid		(17,018,046)	(17,813,072)
Repayment of loan		(4,230,570)	(5,092,569)
Net cash flow from financing activities		(21,248,616)	(22,905,641)
Increase/(decrease) in cash		1,295,589	(4,584,018)
Cash and cash equivalents at the start of period		4,250,048	8,834,066
Cash and cash equivalents at 30 June		5,545,637	4,250,048

Notes to the financial statements

at 30 June 2019

1. General information

Renewable Energy Income Partnership Holdings 1 Limited (the "Company") is a private company, limited by shares, incorporated and domiciled in England, United Kingdom with Registration number 10644098. The registered office is 6th Floor, 33 Holborn, and London, EC1N 2HT.

Consolidated financial statements have been prepared for the Company together with its subsidiaries, which together comprise the "Group". The consolidated financial statements have been prepared in compliance with FRS 102 as it applies to the Group for the period ended 30 June 2019.

2. Accounting policies

Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements are prepared in Sterling (£) which is the functional currency of all entities in the Group and are rounded to the nearest £.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all of its subsidiary undertakings made up to 30 June 2019.

No profit and loss account is presented for the Company as permitted by section 408 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 Group's accounting policies.

The following are the Group's key sources of estimation uncertainty:

ROC Recycle Estimate

The Group establishes accrued income in respect of the ROC recycle based on production for the period and apply externally available best estimates for the expected ROC recycle price for the period which is outstanding. Any difference between the estimate and the actual ROC recycle price is taken as revenue in the period in which the ROC recycle price is confirmed. The carrying amount of accrued ROC recycle income based on a forecast price as at end of the reporting period, which is included within prepayments and accrued income in note 12, is £784,623 (2018: £684,776).

The following principal accounting policies have been applied:

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemption:

- from disclosing related party transactions that are wholly owned within the same group under paragraph 33.1A from the provisions of FRS 102, on the grounds that at 30 June 2019 it was a wholly owned subsidiary.
- From preparing a statement of cash flows, required under Section 7 of FRS102 on the basis that a group cash flow statement is prepared.

Notes to the financial statements

at 30 June 2019

2. Accounting policies (continued)

Going concern

The financial statements have been prepared on the going concern basis. The directors have prepared forecasts and reviewed capital requirements for the twelve months from the date of approving these financial statements, which indicate the business can continue to trade for at least twelve months. Factors supporting the assessment are as follows:

- The Company owns 26 solar PV plants which are generating cashflows throughout the year
- The solar PV plants have Power Purchase Agreements (PPAs) which guarantee the electricity they produce a route to market for at least 12 months
- The solar PV plants have Renewable Obligation Certificate (ROC) accreditation, which is a 20-year government subsidy administered by Office of Gas and Electricity Markets (OFGEM) which guarantees a revenue stream as long as the plants are generating electricity.

Goodwill

Positive goodwill acquired on each business combination is capitalised, classified as an asset on the statement of financial position and amortised on a straight line basis over its useful life of 20 years.

Tangible fixed assets

Tangible 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 Group adds to the carrying amount of an item of tangible 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 Group. 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.

Depreciation is provided on the following basis:

Long-term leasehold property	–	4% straight-line
Plant and machinery	–	4% and 10% straight-line

The assets residual values useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, net of discounts, rebates, value added tax and other sales taxes.

Revenue comprises income receivable from energy generated during the year (PPAs) and the sale of certificates issued to renewable electricity generators (ROCs). Any un-invoiced income is accrued for in the month it was generated.

Notes to the financial statements

at 30 June 2019

2. Accounting policies (continued)

Revenue recognition (continued)

Revenue is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Equity investments

Equity investments are recognised initially at fair value which is normally the transaction price. Subsequently, they are measured at cost less impairment.

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.

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.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

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 debtors and creditors and loans from the parent.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost.

At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets' original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in statement of comprehensive income.

Notes to the financial statements

at 30 June 2019

2. Accounting policies (continued)

Financial assets (continued)

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (iii) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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.

Creditors

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

Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

Deferred taxation

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

Notes to the financial statements

at 30 June 2019

2. Accounting policies (continued)

Dividends

Dividends are recognised when they are approved by shareholders and are accounted for as a reduction in equity within the statement of changes in equity.

3. Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. On the statement of comprehensive income, amortisation of goodwill has been reclassified from cost of sales to administrative expenses. This reclassification had no effect on the reported results of operations and net assets of the Group.

4. Turnover

Turnover is attributable to the Group's main activity: the operation of solar plants and the generation of solar power, with income receivable from energy generated during the year and the sale of ROCs. This is carried out in the United Kingdom.

	2019	*2018*
	£	*£*
Energy generation income	11,491,680	9,617,818
ROC income	16,368,394	14,266,145
Other income, including embedded benefits	905,684	690,822
	28,765,758	24,574,785

5. Other operating income

Other operating income mainly relates to compensation from site operators to cover reductions in revenue from underperformance.

6. Operating profit

The operating profit is stated after charging:

	2019	*2018*
	£	*£*
Amortisation of intangible assets	3,445,282	3,445,282
Depreciation of tangible assets	8,868,863	8,928,840
Fees payable to the Company's auditor and its associates for the audit of the Group and Company's annual financial statements	66,060	51,452
– Non audit services	-	8,766
– Taxation compliance services	22,200	30,838
Operating lease charges	1,406,809	1,329,273

7. Employees and directors' remuneration

The Group has no employees other than the directors, who did not receive any remuneration from the Group (period ended 30 June 2018 – £nil).

Notes to the financial statements

at 30 June 2019

8. Tax

a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2019	*2018*
	£	*£*
Current tax:		
Corporation tax on profits for the period	–	–
Adjustments in respect of previous periods	40,338	–
Total current tax	40,338	–
Deferred tax:		
Origination and reversal of timing differences	490,818	130,935
Adjustments in respect of previous periods	167,556	(18,781)
Tax on profit (note 8(b))	698,712	112,154

b) Factors affecting tax charge for the year:

The tax assessed for the year differs from the standard rate of corporation tax of 19%. The differences are explained below:

	2019	*2018*
	£	*£*
Loss before tax	(5,956,324)	(10,960,275)
Loss multiplied by standard rate of corporate tax of 19%	(1,131,702)	(2,082,452)
Disallowed expenses and non-taxable income	2,649,662	2,944,032
Movement in deferred tax unrecognised	(867,365)	(639,952)
Adjustment due to change in tax rate	(159,777)	(90,693)
Adjustments in respect of previous periods	(207,894)	(18,781)
Total tax charge for the period	698,712	112,154

Notes to the financial statements

at 30 June 2019

8. Tax (continued)

c) Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2019	*2018*
	£	*£*
Deferred tax liability	926,802	268,428
At the start of the period	268,428	156,274
Prior year adjustments	167,556	–
Charged/(Credited) to the profit and loss account	490,818	112,154
At 30 June	926,802	268,428

The elements of deferred tax are as follows:

Accelerated capital allowances	926,802	268,428

d) Factors that may affect future tax charges

A reduction in UK corporation tax to 17% (effective 1 April 2020) was substantively enacted on 15 September 2016. The deferred tax balance at 30 June 2019 has been calculated at that rate.

Notes to the financial statements

at 30 June 2019

9. Investments in subsidiaries

Company	*Shares in participating interests* £
Cost	
At 1 July 2018	1
Acquired during the year	–
At 30 June 2019	1

Name of company	*Holding*	*Registered office*	*Proportion of voting rights and shares held*	*Nature of business*
Renewable Energy Income Partnership Holdings 2 Limited	Ordinary	London, EC1N 2HT	100%	Holding company
Renewable Energy Income Partnership Holdings Limited	Ordinary	London, EC1N 2HT	100%*	Holding company
Arevalous Power SPV 1 Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Belakane Solar SPV 1 Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Channel Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Lodge Farm Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Elli Solar SPV 1 Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
KS SPV 21 Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Krieger Energy SPV 1 Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Walland Farm Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Little Morton Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Somerton Door Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Malwine Solar SPV 1 Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Mitzi Solar SPV 1 Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
MTS Rydon Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Oda Solar SPV 1 Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Push Energy (Bardfield) Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Rashmika SPV 1 Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Cloford Common Farm Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Pollington Airfield Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Ash Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Peter Hill Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Lawn Lane Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Ratcliffe House Farm Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Carlisle Estate Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Guisborough Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Holtwood Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Brickkiln Farm Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Elios Energy Limited	Ordinary	London, EC1N 2HT	100%*	Dormant

*Held by a subsidiary undertaking

The registered office for all the companies listed above is 33 Holborn, London, EC1N 2HT, England, United Kingdom.

Notes to the financial statements

at 30 June 2019

10. Intangible fixed assets

	Goodwill
	£
Cost:	
At 1 July 2018	68,901,478
Write-off	(281,179)
At 30 June 2019	68,620,299
Accumulated amortisation:	
At 1 July 2018	3,973,155
Charge for the period	3,445,282
Write-off	(31,051)
At 30 June 2019	7,387,386
Net book value:	
At 30 June 2019	61,232,913
At 30 June 2018	64,928,323

The useful economic life of the goodwill has been estimated by the directors at 20 years for goodwill on consolidation in line with expected flow of economic benefit from the acquired companies. The write-off during the year relates to goodwill in respect of a dormant subsidiary which is currently in liquidation.

11. Tangible fixed assets

	Long-term leasehold property	*Plant and machinery*	*Total*
	£	£	£
Cost:			
At 1 July 2018	1,911,585	190,989,742	192,901,327
Additions	-	215,624	215,624
At 30 June 2019	1,911,585	191,205,366	193,116,951
Accumulated depreciation:			
At 1 July 2018	91,906	10,237,364	10,329,270
Charge for the period	85,142	8,783,721	8,868,863
At 30 June 2019	177,048	19,021,085	19,198,133
Net book value:			
At 30 June 2019	1,734,537	172,184,281	173,918,818
At 1 July 2018	1,819,679	180,752,378	182,572,057

Notes to the financial statements

at 30 June 2019

12. Debtors

Group	*30 June 2019*	*30 June 2018*
	£	*£*
Trade debtors	1,613,437	483,581
Corporation tax receivable	-	40,338
Other debtors	259,660	421,603
Prepayments and accrued income	10,037,299	9,634,491
	11,910,396	10,580,013

13. Creditors: amounts falling due within one year

Group	*30 June 2019*	*30 June 2018*
	£	*£*
Trade creditors	274,931	995,871
Other creditors	1,607,619	620,431
Taxation and social security	357,609	583,628
Accruals and deferred income	5,025,051	4,368,387
	7,265,210	6,568,317

Included within accruals and deferred income is an amount of £4,397,160 (2018: £3,637,620) relating to interest payable on the unsecured loan due to parent undertaking.

Company	*30 June 2018*	*30 June 2018*
	£	*£*
Trade creditors	11,750	3,650
	11,750	3,650

Notes to the financial statements

at 30 June 2019

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

Group	*30 June 2019*	*30 June 2018*
	£	*£*
Amounts owed to parent undertakings	263,238,201	267,468,771
Other creditors	1,275	193,613
	263,239,476	267,662,384

Included within amounts owed to parent undertakings are unsecured loans with period end balances totalling £263,238,201 (2018: £267,468,771). The loan bears interest at 6.7% and is repayable before 31st December 2046.

15. Issued share capital

Group and company	*30 June 2019*	*30 June 2018*
Allotted, called up and fully paid	*£*	*£*
100 Ordinary shares of £0.01 each	1	1

16. Notes to the statement of cash flows

Group

(a) *Reconciliation of loss to net cash inflow from operating activities*

	2019	*2018*
	£	*£*
Loss for the financial period	(6,655,036)	(11,072,429)
Tax on profit on ordinary activities	698,712	112,154
Write off of tangible and intangible assets	250,128	286,809
Interest charge	17,777,586	17,813,072
Depreciation	8,868,863	8,940,791
Goodwill amortisation	3,445,282	3,445,282
Increase in debtors	(1,330,383)	(1,061,285)
(Decrease)/Increase in creditors	(295,323)	7,785
Taxation		
Corporation tax paid	–	–
Net cash inflow from operating activities	22,759,829	18,472,179

Notes to the financial statements

at 30 June 2019

16. Notes to the statement of cash flows (continued)

(b) Cash and cash equivalents

	2019 Group	*2018 Group*
	£	*£*
Cash at bank and in hand	5,545,637	4,250,048

17. Related party transactions

The company has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102 exempting from the disclosure of related party transactions with wholly owned subsidiaries.

18. Operating leases

The Group has future minimum lease payments under non-cancellable operating leases as follows:

	30-Jun 2019	*30-Jun 2018*
	£	*£*
No later than one year	1,392,247	1,342,332
Later than one year and no later than five years	5,568,988	7,226,844
Later than five years	24,462,204	28,222,889
	31,423,439	36,792,065

The Company has no future minimum lease payments under non-cancellable operating leases.

19. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking and controlling party is Renewable Energy Income Partnership LP, a limited partnership incorporated in the United Kingdom.

20. Post balance sheet events

The Directors have been monitoring the progress of the COVID-19 pandemic throughout 2020, and its impact on the Group. Whilst it will have a detrimental impact on the economy in the short term, it is unlikely to adversely affect energy demand in the United Kingdom. The Group also benefits from fixed price PPAs which help to mitigate price risk. It is therefore the view of the Directors that COVID-19 will not affect the going concern status of the Group, and that all assets and liabilities remain fairly stated as at 30 June 2019. The Directors will continue to monitor the situation as it develops.