

Solar Century Holdings Limited

Company Number 03570325

Annual Report - 31 March 2019



Solar Century Holdings Limited
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For the year ended 31 March 2019

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General information

The financial statements were authorised for issue, in accordance with a resolution of directors, on 17 July 2019.

Solar Century Holdings Limited
Corporate directory
For the year ended 31 March 2019

Directors	D Allan A M Eggenberg F H N Van den Heuvel J K Leggett J Mighell N G Perry S S Salty P M Splinter G Le Sueur
Company secretary	N G Perry
Registered office	90 Union Street London SE1 0NW United Kingdom
Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF
Bankers	Royal Bank of Scotland plc 9th Floor 280 Bishopsgate London EC2M 4RB Santander UK plc 17 Ulster Terrace Regent's Park London NW1 4PJ
Solicitors	DLA Piper UK LLP 160 Aldersgate Street London EC1A 4HT

Solar Century Holdings Limited

Strategic report

For the year ended 31 March 2019

The directors present their strategic report on the Group for the year ended 31 March 2019.

Principal activities

The Group is principally engaged in the design, development, supply, installation, maintenance and ownership of solar energy products and systems. Information on the Group's structure is provided in Note 14. Information on other related party relationships of the Group is provided in Note 37.

Business review

The Group's revenue grew by 59% to £100.2m (2018: £62.9m). The increase was driven by the continuation of the transition to develop and build an international pipeline of utility scale projects, as well as strengthening performance in the Group's African hybrid project business and expansion of the Group's European residential business.

International project sales grew by 119% to £91.3m (2018: £41.7m) due to a number of large development and construction projects resulting from prior investment in development assets. During the year the Group sold 80% of its share in two Spanish projects totalling 500MW to Encavis AG, a listed German renewable infrastructure fund. In addition, construction was completed on the 44MW Nyrstar site in the Netherlands which was developed and sold to Encavis in the previous financial year, with the Group now earning operations, maintenance (O&M) and asset management income from the project. The Dutch business also successfully delivered an additional 18MW groundmount project alongside previously delivered installations at Twence's Hengelo plant.

The Group's African business continued growth to £4.2m (2018: £2.6m), with successful completion of 2MW off grid and hybrid projects in Eritrea and Nigeria respectively as well as further projects in Kenya.

The residential business has seen further growth, with total revenues at £10.9m (2018: £5.9m): £7.4m of this revenue came from European operations, principally the Netherlands and Belgium, with operations in Germany commencing in late 2018. The UK residential market continues to prove extremely challenging, and the government's decision to scrap both the UK Feed in Tariff and export tariff schemes in March 2019 caused the Group to withdraw from this market until conditions improve.

The key financial performance indicator for management is EBITDA margin. EBITDA margin is calculated as earnings before interest, tax, depreciation and amortization divided by total revenue. For the current year, the Group achieved a record EBITDA margin of 14.4% (2018: 2.4%).

Gross profit increased 117% to £33.4m (2018: £15.4m) following the Group's continued move to a greater mix of higher margin development income. Gross profit margin grew to 33.4% (2018: 24.5%).

Total overheads increased by £4.7m (32%) to £19.5m: £3.4m of this increase is attributable to staff costs, with average headcount up 26% year on year to support the Group's international expansion, and a further £0.7m attributable to the Group's accrued charitable contribution to SolarAid in accordance with the commitment to contribute 5% of net profits to the charity. The EBITDA outcome for the year is a profit of £14.4m (2018: £1.5m) and a net profit of £9.9m (2018: loss of £0.7m), having incurred a tax charge of £4.2m (2018: £1.3m).

Available closing cash was £18.6m (2018: £22.2m). The Group continues to carry no debt and the strong cash balance will support further successful global development and project activity.

Principal risks and uncertainties

Operating risks

The key operating risk in 2019/20 remains the Group's ability to convert certain Spanish and Dutch development projects that are close to 'ready to build' ("RTB") and to reach Financial Close ("FC") whereby project finance lenders or equity providers agree to provide capital to construct the plants. In order to mitigate this risk the Group has continued to invest in an experienced development team to bring projects to RTB and have signed an agreement with Encavis AG to provide the equity for the RTB pipeline at previously agreed IRRs.

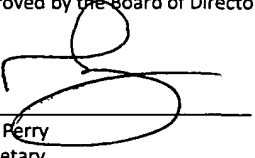
Financial risks

The main financial risks are the availability of working capital to finance growth and construct plants previously taken to financial close. The Group is negotiating working capital facilities to help mitigate this risk.

Solar Century Holdings Limited
Strategic report
For the year ended 31 March 2019

The directors, in preparing this report, have complied with s414C of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board.



Neil Perry
Secretary

17 July 2019
London

Solar Century Holdings Limited
Directors' report
For the year ended 31 March 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Solar Century Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 March 2019.

Directors

The following persons were Directors of Solar Century Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

D Allan	(Non-Executive Chairman)
A M Eggenberg	(Non-Executive)
F H N Van den Heuvel	(CEO)
J K Leggett	(Non-Executive)
J Mighell	(Non-Executive)
N G Perry	(CFO and Company Secretary)
S S Salty	(Non-Executive)
P M Splinter	(Non-Executive)
G Le Sueur	(Non-Executive)

Director's indemnities

The Group 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.

The following Directors held interests in the Company at 31 March 2019:

	2019 Number of shares	2018 Number of shares
J K Leggett (Non-Executive)	3,337	3,325
N G Perry (CFO and Company Secretary)	2,316	1,116

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Environment and society

The Group is committed to operate to the highest environmental, social and ethical standards and to take all reasonable steps necessary to mitigate the environmental impact of its operations.

The Company holds ISO 9001:2015 (certificate FS563311), BS EN ISO 14001:2015 (certificate EMS535856) and BS OHSAS 18001:2007 (certificate OHS585664) certifications.

SolarAid, a registered Charity was founded by Jeremy Leggett in 2006 with an initial contribution from the Group. It aims to combat poverty and climate change by providing access to solar lights in Uganda, Malawi and Zambia to help catalyse solar markets and eradicate the kerosene lamp. More information can be found on SolarAid's website at <https://solar-aid.org>. The Group is an ongoing donor to SolarAid.

Charitable and political donations

A charitable donation of £675,000 has been accrued to be paid to SolarAid at the end of the year.

Solar Century Holdings Limited
Directors' responsibilities statement
For the year ended 31 March 2019

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 year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. 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 Group and the Company and of the profit or loss of the Group for that period.

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

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group and the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Solar Century Holdings Limited
Directors' report
For the year ended 31 March 2019

Employees

All applications for employment from all people, irrespective of race, gender, religion, sexuality, disability or health status, are always fully considered bearing in mind the aptitudes of the applicant concerned. In the event that staff should become disabled every effort would be made to ensure that their employment with the Company would continue. It is the policy of the Company that the training, career development and promotion of disabled people should be identical to that of other employees. As staff retention is a key issue the Company regularly reviews the remuneration and retention policy including the award of share incentive plans or equivalent measures. The directors also believe that the principal activity of the Company together with adherence to the three working principles above can help attract and retain colleagues beyond standard compensation methods.

Going Concern

The Directors of the Company consider that it has adequate financial resources such that the Company and the Group is in the position to continue operating for the foreseeable future and that it is therefore appropriate to adopt the Going Concern basis in preparing the financial statements of the Group.

The Directors of the Company have satisfied themselves that it is in a sound financial position, taking into account forecast cash flows and access to all means of liquidity. It can therefore be considered that the Company and the Group have access to sufficient financial resources to meet their liabilities as they fall due and it can be reasonably expected that those financial resources will be made available to the Company and the Group in order to meet the foreseeable cash requirements.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 March 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Disclosure of information to the auditors

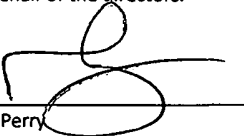
- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Group's auditor is unaware; and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the Group's auditor is aware of that information.

Auditor

Ernst & Young LLP has expressed its willingness to continue in office and a resolution to reappoint Ernst & Young LLP will be proposed at the annual general meeting.

This report is made in accordance with a resolution of directors.

On behalf of the directors.



Neil Perry
Secretary

17 July 2019
London

Solar Century Holdings Limited

Independent auditor's report to the members of Solar Century Holdings Limited

Opinion

We have audited the financial statements of Solar Century Holdings Limited ('the parent company') and its subsidiaries (together, the 'Group') for the year ended 31 March 2019 which comprise the Group Statements of Profit or Loss and Other Comprehensive Income, the Group and Parent Company Balance Sheet, the Group and Company Statement of Cash Flows, the Group and Parent Company Statements of Changes in Equity, and the related notes 1 to 37, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 31 March 2019 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements 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 parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

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:

Solar Century Holdings Limited

Independent auditor's report to the members of Solar Century Holdings Limited

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have 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 group and the parent 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 by the parent company, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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 the 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.

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.

Ernst & Young LLP

Natalia Moolman (Senior statutory auditor)
for and on behalf of Ernst & Young LLP
London

Date: 17 July 2019

Solar Century Holdings Limited
Statements of profit or loss and other comprehensive income
For the year ended 31 March 2019

	Note	Consolidated	
		2019 £'000	2018 £'000
Revenue	4	100,222	62,853
Cost of sales		<u>(66,786)</u>	<u>(47,452)</u>
Gross profit		<u>33,436</u>	<u>15,401</u>
Expenses			
Selling and distribution costs		(10,546)	(7,490)
Research and development		(13)	(322)
Administrative expenses		(8,453)	(6,102)
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)		14,424	1,487
Depreciation and amortisation expense	12/13	<u>(461)</u>	<u>(891)</u>
Operating profit		13,963	596
Finance income	8	181	30
Finance costs	9	<u>(2)</u>	<u>(12)</u>
Profit before income tax expense	5	14,142	614
Income tax expense	10	<u>(4,246)</u>	<u>(1,265)</u>
Profit after income tax expense for the year attributable to the owners of Solar Century Holdings Limited	27	9,896	(651)
Other comprehensive loss			
Foreign currency translation	26	<u>(250)</u>	<u>(27)</u>
Other comprehensive loss for the year, net of tax		<u>(250)</u>	<u>(27)</u>
Total comprehensive profit/(loss) for the year attributable to the owners of Solar Century Holdings Limited		<u>9,646</u>	<u>(678)</u>

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Solar Century Holdings Limited
Balance sheets
As at 31 March 2019

	Note	Consolidated		Company	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Non-current assets					
Intangible assets	12	178	401	169	366
Property, plant and equipment	13	448	455	410	424
Investments	14	8,319	361	116	116
Long-term receivables	15	2,007	2,048	-	-
Deferred tax asset	11	935	927	927	927
Total non-current assets		11,887	4,192	1,622	1,833
Current assets					
Inventories and work in progress	16	5,639	11,080	202	2,470
Trade and other receivables	17	27,166	12,698	43,522	24,402
Derivative financial instruments	29	-	263	-	263
Income tax refund due	18	-	415	-	415
Cash and cash equivalents	19	18,607	22,156	11,731	5,804
Total current assets		51,412	46,612	55,455	33,354
Current liabilities					
Trade and other payables	20	20,717	19,539	20,008	11,191
Income tax		3,664	1,661	2,351	-
Current provisions	21	3,840	946	3,144	946
Total current liabilities		28,221	22,146	25,503	12,137
Net current assets		23,191	24,466	29,952	21,217
Total assets less current liabilities		35,078	28,658	31,574	23,050
Non-current liabilities					
Non-current provisions	22	149	1,681	139	1,460
Contingent consideration	23	719	3,071	-	-
Total non-current liabilities		868	4,752	139	1,460
Net assets before deferred tax liability		34,210	23,906	31,435	21,590
Deferred tax liability	24	331	-	21	-
Net assets		33,879	23,906	31,414	21,590
Equity					
Share capital	25	36	36	36	36
Reserves	26	27,527	27,777	28,122	28,122
Retained earnings/(accumulated losses)	27	6,316	(3,907)	3,256	(6,568)
Total equity		33,879	23,906	31,414	21,590

Solar Century Holdings Limited's company number is 03570325. The financial statements on pages 11 to 44 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:


 Neil Perry
 Director

17 July 2019
 London

The above balance sheets should be read in conjunction with the accompanying notes

Solar Century Holdings Limited
Statements of changes in equity
For the year ended 31 March 2019

Consolidated	Share capital £'000	Share premium account £'000	Own shares £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2017	36	29,077	(981)	(318)	(3,256)	24,558
Loss after income tax expense for the year	-	-	-	-	(651)	(651)
Other comprehensive loss for the year, net of tax	-	-	-	(27)	-	(27)
Total comprehensive loss for the year	-	-	-	(27)	(651)	(678)
<i>Transactions with shareholder in their capacity as shareholder:</i>						
Share-based payments (note 34)	-	-	26	-	-	26
Balance at 31 March 2018	<u>36</u>	<u>29,077</u>	<u>(955)</u>	<u>(345)</u>	<u>(3,907)</u>	<u>23,906</u>

Consolidated	Share capital £'000	Share premium account £'000	Own shares £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2018	36	29,077	(955)	(345)	(3,907)	23,906
Profit after income tax expense for the year	-	-	-	-	9,896	9,896
Other comprehensive loss for the year, net of tax	-	-	-	(250)	-	(250)
Total comprehensive profit/(loss) for the year	-	-	-	(250)	9,896	9,646
Share-based payments (note 34)	-	-	-	-	327	327
Balance at 31 March 2019	<u>36</u>	<u>29,077</u>	<u>(955)</u>	<u>(595)</u>	<u>6,316</u>	<u>33,879</u>

Company	Share capital £'000	Share premium account £'000	Own shares £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2017	36	29,077	(981)	(3,305)	24,827
Loss after income tax expense for the year	-	-	-	(3,263)	(3,263)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(3,263)	(3,263)
Share-based payments (note 34)	-	-	26	-	26
Balance at 31 March 2018	<u>36</u>	<u>29,077</u>	<u>(955)</u>	<u>(6,568)</u>	<u>21,590</u>

The above statements of changes in equity should be read in conjunction with the accompanying notes

Solar Century Holdings Limited
Statements of changes in equity
For the year ended 31 March 2019

Company	Share capital £'000	Share premium account £'000	Own shares £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2018	36	29,077	(955)	(6,568)	21,590
Profit after income tax expense for the year	-	-	-	9,497	9,497
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	9,497	9,497
Share-based payments (note 34)	-	-	-	327	327
Balance at 31 March 2019	<u>36</u>	<u>29,077</u>	<u>(955)</u>	<u>3,256</u>	<u>31,414</u>

The above statements of changes in equity should be read in conjunction with the accompanying notes

Solar Century Holdings Limited
Statements of cash flows
For the year ended 31 March 2019

	Note	Consolidated		Company	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash flows from operating activities					
Profit before income tax expense for the year		14,142	614	11,856	(3,715)
Adjustments for:					
Depreciation and amortisation	5	461	891	413	822
Share-based payments	6/34	327	-	327	-
Non-cash gain on revaluation of investments	36	(7,916)	-	-	-
Increase in contingent consideration	23	5,444	-	-	-
Interest received		(181)	(30)	(80)	-
Interest and other finance costs		2	12	2	7
		12,279	1,487	12,518	(2,886)
Change in operating assets and liabilities:					
Decrease/(increase) in trade and other receivables	17	(14,468)	22,959	(19,120)	2,063
Decrease in inventories and work in progress	16	5,441	3,209	2,268	8,869
Decrease/(increase) in derivative assets	29	263	(412)	263	(412)
Increase in other operating assets		-	(1)	-	-
Increase/(decrease) in trade and other payables	20	(6,618)	(32,793)	8,817	(18,942)
Increase in other provisions	21/22	1,362	273	876	63
		(1,741)	(5,278)	5,622	(11,245)
Interest received		181	30	80	-
Interest and other finance costs paid		(2)	(12)	(2)	(7)
Income taxes refunded		420	-	420	-
Income taxes paid		(1,916)	(771)	-	-
Net cash (used in)/from operating activities		(3,058)	(6,031)	6,120	(11,252)
Cash flows from investing activities					
Payments for investments	14/15	-	(2,409)	-	-
Payments for property, plant and equipment	13	(189)	(353)	(164)	(328)
Payments for intangibles	12	(38)	(71)	(38)	(63)
Net cash used in investing activities		(227)	(2,833)	(202)	(391)
Cash flows from financing activities					
Net cash from financing activities		-	-	-	-
Net (decrease)/increase in cash and cash equivalents		(3,285)	(8,864)	5,918	(11,643)
Cash and cash equivalents at the beginning of the financial year		22,156	31,263	5,804	17,430
Effects of exchange rate changes on cash and cash equivalents		(264)	(243)	9	17
Cash and cash equivalents at the end of the financial year	19	18,607	22,156	11,731	5,804

The above statements of cash flows should be read in conjunction with the accompanying notes

Solar Century Holdings Limited

Notes to the financial statements

For the year ended 31 March 2019

Note 1. Corporate Information

The consolidated financial statements of Solar Century Holdings Limited and its subsidiaries (collectively, the Group) for the year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 17 July 2019.

Solar Century Holdings Limited ("the Company" or "the parent") is a limited Company incorporated and domiciled in England & Wales (Registered Number: 03570325). The registered office is located at 90 Union Street, London, SE1 0NW in England.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Changes in accounting policy and disclosures

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group has achieved a strong profit for the financial year and it is expected the Group's pipeline of development projects will increase this profitability going forward. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Business Review in the Strategic Report.

Exemptions

The directors have taken advantage of the exemption available under Section 408 of the Companies Act and not presented an income statement and statement of total comprehensive income for the Company alone. The Company profit for the year is £9,497,000 (2018: loss of £3,264,000).

Basis of preparation

These general purpose financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and the Companies Act 2006, as appropriate for for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Solar Century Holdings Limited ('company' or 'parent entity') as at 31 March 2019 and the results of all subsidiaries for the year then ended. Solar Century Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the group gains control until the date the group ceases to control the subsidiary.

Solar Century Holdings Limited

Notes to the financial statements

For the year ended 31 March 2019

Note 2. Significant accounting policies (continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Interests in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Contingent consideration arising as a result of the acquisition of a subsidiary is accounted for at its fair value at the date of acquisition and is revalued at each subsequent balance sheet date if events occur which have a material impact on contingent consideration payable.

Foreign currency translation

The financial statements are presented in Pound sterling, which is Solar Century Holdings Limited's functional and presentation currency.

Foreign currency transactions

For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Foreign operations

For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. Assets and liabilities of foreign operations are translated at foreign exchange rates ruling at the balance sheet date. Revenues and expenses of foreign operations are translated at average foreign exchange rates for the period.

Exchange differences arising from the translation of foreign operations are taken directly to retained earnings. They are released to the income statement upon disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Revenue from contracts with customers

Revenue from contracts with customers that meets the correct criteria is recognised in line with IFRS 15. Development income is generally not recognised in line with IFRS 15, depending on the terms of the contract (see below).

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group follows a five step approach when a new contract is entered into: identify the contract and performance obligations within, determine the transaction price, allocate the transaction price to the separate performance obligations and recognition of revenue when each performance obligation is satisfied.

The majority of the Group's contracts meet the criteria laid out in IFRS 15 to be recognised over time using either the input (cost incurred) or output (progress of the contract) method. For these contracts, revenue is calculated by comparing the costs incurred to the total expected cost of fulfilling the contract.

During the year, the Group undertook a comprehensive review of all contracts open at the date of initial application as well as those open at the year-end. The review focused on ensuring that the revenue recognition policy used historically was in line with IFRS 15 and included a review of each contract for any contractual terms that might lead to a differing recognition under IFRS 15. As a result of this review, no material differences were identified between historical revenue recognition and the adoption of IFRS 15.

Solar Century Holdings Limited
Notes to the financial statements
For the year ended 31 March 2019

Note 2. Significant accounting policies (continued)

Variable consideration within the transaction price, if any, reflects commissions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable revenue will only be recognised to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Development income

Development income consists of the sale of completed development projects. The sale of these projects will normally consist of a Share Purchase Agreement (SPA) for the sale of the Special Purpose Vehicle, as well as a Development Services Agreement (DSA).

In line with IFRIC guidance, the Group accounts for these sales which combine a DSA and SPA under IFRS 10, by measuring the consideration received within non-IFRS 15 revenue. The net assets disposed are accounted for as cost of sales and the revaluation gain or loss of the remaining holding (if any) as non-IFRS 15 revenue given the development and subsequent disposal of projects is one of the key activities of the Group.

If, subsequently, an Engineering, Procurement and Construction contract (EPC) is entered into, the accounting for this stage of this transaction will follow the accounting set out in IFRS 15 (see above).

Residential income

Residential revenues are recognised in line with IFRS15. The contracts generally consist of two milestones, being the installation and commissioning of projects. Delays in the commissioning of the projects which are outside the control of the Group will result in a proportion of the revenue being accrued until such point as the project is operational.

Costs are accrued for using historical average costs until such point as the sub-contractors have invoiced the Group.

Interest

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Operating leases

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term. Any rent-free clauses are accrued for and released to the profit and loss over the duration of the lease.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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 recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet 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 recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet 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 liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet 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 liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet 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 the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Taxation

The tax expense represents the sum of the tax currently payable and deferred 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Costs arising from other financial instruments are recognised according to the nature of the instrument as described under financial liabilities and derivative instruments below.

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Solar Century Holdings Limited

Notes to the financial statements

For the year ended 31 March 2019

Note 2. Significant accounting policies (continued)

Operating profit

Operating profit is stated before investment income and finance costs.

Current and non-current classification

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly-liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired.

Expected credit losses are applied to ageing groups based on historical default rates. Management have used the credit ratings of the most significant customers as an approximation of the probability of default, which was then applied to the quantum of probable loss in case of default.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The cost of purchased inventory comprises the purchase price of the items, net of trade discounts and rebates received, irrecoverable import duties and other material costs directly attributable to the acquisition of the items. The cost of manufactured inventory comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Gains or losses on translation of foreign currency payments against inventory purchases are not included within inventory value but are expensed separately in the period incurred.

The costs relating to early-stage development opportunities are recognised in the profit or loss until such point as the Group's Investment Committee is confident that the economics of the underlying project are viable and the project expenditure is approved by the Committee on the basis of its recoverability. After this point, all development activity relating to the project is capitalised as work in progress.

Where multiple inventory items of the same type are accumulated over time, the first-in, first-out (FIFO) method is used to value the line of items.

Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk. The Group does not enter into speculative derivative contracts. Details of the Group's derivative financial instruments are disclosed in note 29.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately. The Group records the exchange gain or loss recognised within the overall foreign exchange gains and losses in the income statement. Fair values are obtained by marking to market against identical or (where not practicable) similar instruments.

A derivative is presented as a current asset or current liability if the remaining maturity of the instrument is less than 12 months and/or it is expected to be realised or settled within 12 months.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Solar Century Holdings Limited
Notes to the financial statements
For the year ended 31 March 2019

Note 2. Significant accounting policies (continued)

Investments and other financial assets

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Parent Company investments in wholly-owned subsidiaries are accounted for at cost, in line with IAS 27. All other investments held by the Group are designated as Fair Value through Other Comprehensive Income and are revalued annually, with any movements being recognised in other comprehensive income.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, over the following periods:

Leasehold improvements	5 years
Computer equipment	2-4 years
Fixtures and fittings	3-7 years
Motor vehicles	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Internally-generated intangible assets – product development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred and included in Research and Development costs on the face of the Income Statement.

An internally-generated intangible asset arising from the group's development activities is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits whose fair value at the balance sheet date can be reasonably estimated; and
- the development cost of the asset can be attributed and measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives. This period is likely to range from 2-5 years for the Group's current and anticipated development projects. The amortisation is included within depreciation, amortisation and impairment costs on the face of the Income Statement and shown separately in Note 12. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred and disclosed as R&D expenditure in the income statement.

Other intangible assets

Other intangible assets comprise computer software depreciated on a straight-line basis over 2-4 years.

Solar Century Holdings Limited
Notes to the financial statements
For the year ended 31 March 2019

Note 2. Significant accounting policies (continued)

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount by reference to the cash-generating unit in which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount by reference to the cash-generating unit in which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of the end of the month of recognition.

Provisions

Provisions are recognised under IAS 37 Provisions, Contingent Liabilities and Contingent Assets when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the fair value of the expenditure required to settle the obligation at the balance sheet date.

Provisions are currently recognised by the Group in respect of guarantees and warranties granted to customers. Management estimates of expected future expenditure under these warranties are supported by internal data and established industry failure mode analyses.

The Group also recognises provisions in respect of its obligation to return leasehold properties to the required condition on termination of those leases. Such provisions are based on management estimates of the costs to be incurred.

Pensions

Pension costs charged in the financial statements represent the contributions payable by the Group into employees' private pension schemes. The contributions payable in the year are recognised as an expense. Differences between contributions payable in the year and contributions actually paid are accounted for as accruals or prepayments in the balance sheet

Share-based payments

The Group has applied the requirements of IFRS 2 Share-based Payment in respect of its Employee Benefit Trust ("EBT") and Ordinary B share issues. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments on or after 1 April 2006.

Solar Century Holdings Limited

Notes to the financial statements

For the year ended 31 March 2019

Note 2. Significant accounting policies (continued)

The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the estimates of shares that will eventually vest.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

In assessing such fair value, the directors have taken into account the following factors: the economic value of ordinary shares in the Company, using listed comparator companies as a guide (with an appropriate discount for the Company being an unlisted entity); an assumption that the fair value is at least equal to the net asset value; the liquidation and exit preferences attributable to the Preference Shares; together with an appropriate adjustment for vesting restrictions.

The EBT is consolidated and the investment held in own shares taken against reserves.

The Ordinary B shares issued during the year constitute an equity-settled share based payment. The fair value at the date of issue has been subject to valuation by an independent expert for the purposes of IFRS 2.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

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

Value-Added Tax ('VAT') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

Rounding of amounts

Amounts in this report have been rounded off to the nearest thousand pounds, or in certain cases, the nearest pound.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 March 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

Solar Century Holdings Limited
Notes to the financial statements
For the year ended 31 March 2019

Note 2. Significant accounting policies (continued)

IFRS 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces IAS 17 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the balance sheet, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under IFRS 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The impact of its adoption is yet to be assessed by the group.

Note 3. Critical accounting judgements, estimates and assumptions

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed in notes 21, 22 and 30.

Revenue from contracts with customers

A significant portion of the Group's revenue arises from contracts with customers, which are accounted for under IFRS 15. In the event that a contract meets the criteria laid out in the standards, recognition will be over time, calculated using the input method (being costs incurred as a proportion of the total costs expected to be incurred in fulfilling the performance obligations set out by the contract).

Revenue recognition of development revenue

Development revenue that consists of a combined SPA and DSA will be accounted for under IFRS 10 instead of other revenue streams, which will be accounted for under IFRS 15.

Solar Century Holdings Limited
Notes to the financial statements
For the year ended 31 March 2019

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Current project and product provision

The Group provides for future liabilities arising from contractual obligations in relation to guarantees and product warranties granted to customers. Estimates of the fair value of these obligations are made using internal data and established industry failure mode analyses.

Within the project and product provision the Group includes provisions for large scale ground mount projects to cover the anticipated costs of achieving client final acceptance of a project, which is generally scheduled to occur two years after the client has provisionally accepted delivery of the project under the terms of the contract. On provisional acceptance, 100% of the project value is recognised and provisions made to cover any reasonably expected costs to be incurred in ensuring the project achieves final acceptance and for any residual liabilities thereafter. An estimate of these costs is assessed by reviewing historic costs on projects that have achieved or are close to achieving final acceptance, in conjunction with estimates of any contractual penalties arising from system under-performance as monitored from provisional to final acceptance.

Nevertheless, as performance under specific warranty obligations cannot be anticipated, an element of reasonable uncertainty remains over the amount for warranty obligations included in the balance sheet (see notes 21 and 22).

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 4. Revenue

An analysis of the Group's revenue is as follows:

	Consolidated	
	2019	2018
Revenue		
Revenue from contracts with customers, recognised in line with IFRS 15	60,610	51,250
Non-IFRS 15 revenue	39,612	11,603
Total revenue as shown on the face of the profit and loss account	100,222	62,853

Non-IFRS 15 revenue includes the consideration received for shares sold as part of development projects, as well as the revaluation of retained ownership (if any) fair valued under IFRS 10.

For contracts which consist of an SPA as well as a DSA, the revenue from the contract as well as the proceeds of shares will be treated as non-IFRS 15 income.

	Consolidated	
	2019	2018
	£'000	£'000
Share of total revenue by market		
United Kingdom	8,928	21,163
Mainland Europe	84,491	36,337
Latin America	2,582	2,727
Africa	4,221	2,626
Total revenue	100,222	62,853

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Note 4. Revenue (continued)

	Consolidated	
	2019	2018
Recognition of revenue over time using the input method ("cost incurred")	54,256	46,542
Recognition of revenue over time using the output method ("progress")	5,953	3,858
Recognition of revenue at the point of sale	401	850
	<u>60,610</u>	<u>51,250</u>
Total IFRS 15 Revenue	<u>60,610</u>	<u>51,250</u>

Further information regarding non-IFRS 15 revenue can be found in note 36.

Note 5. Profit/loss for the year

	Consolidated	
	2019	2018
	£'000	£'000
Profit before income tax includes the following specific expenses:		
Depreciation of property, plant and equipment	200	302
Amortisation of intangible assets	261	589
	<u>461</u>	<u>891</u>
Total depreciation and amortisation	<u>461</u>	<u>891</u>
<i>Inventories</i>		
Cost of inventories recognised as expense	31,865	17,550
Write downs of inventories to the income statement	293	263
Reversal of write downs of inventory to income statement	(64)	(174)
	<u>32,094</u>	<u>17,639</u>
Total inventory expense	<u>32,094</u>	<u>17,639</u>
<i>Trade receivables</i>		
Impairment losses on trade receivables	464	16
Reversal of impairment losses on trade receivables	(231)	(3)
	<u>233</u>	<u>13</u>
Total trade receivable expense	<u>233</u>	<u>13</u>
<i>Net foreign exchange credit</i>		
Net foreign exchange credit	(986)	(388)
	<u>(986)</u>	<u>(388)</u>
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	799	826
	<u>799</u>	<u>826</u>
<i>Employee benefits expense</i>		
Staff costs	14,005	10,284
	<u>14,005</u>	<u>10,284</u>
<i>Research and development</i>		
Research and development expense	13	322
	<u>13</u>	<u>322</u>

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Note 6. Staff costs

The average number of employees (including executive directors) during the year was as follows:

	Consolidated	
	2019	2018
Administration	47	34
Sales and distribution	45	33
Technical	93	80
	<u>185</u>	<u>147</u>

The employee benefits expense during the year was as follows:

	Consolidated	
	2019	2018
	£'000	£'000
Wages and salaries	11,979	8,879
Social security costs	1,312	996
Other pension costs	387	409
Share-based payments	327	-
	<u>14,005</u>	<u>10,284</u>

As disclosed in note 25, 2,300 B1 and 6,655 B2 Ordinary Shares were issued to a number of Group employees during the year. The difference between the fair value of these shares at the date of issue and the nominal value paid by the employees has been recognised as an employment cost in the profit & loss. Further disclosure surrounding the rights attached to these shares is included in note 25.

Note 7. Directors' remuneration

	Consolidated	
	2019	2018
	£'000	£'000
Aggregate remuneration in respect of qualifying services	795	428
Aggregate amounts of contributions to pension schemes in respect of qualifying services	22	22
Highest paid director - aggregate remuneration	367	215
Highest paid director - pension scheme contribution	11	11

Note 8. Finance income

	Consolidated	
	2019	2018
	£'000	£'000
Interest income on bank deposits	8	30
Loan interest received	173	-
	<u>181</u>	<u>30</u>

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Note 9. Finance costs

	Consolidated	
	2019 £'000	2018 £'000
Finance costs	2	12

Note 10. Income tax expense

Corporation tax is calculated at 19% (2018: 19%) of the estimated assessable profit for the year.

	Consolidated	
	2019 £'000	2018 £'000
<i>Income tax expense</i>		
UK corporation tax	81	(67)
Overseas tax	3,834	1,717
Deferred tax	331	(385)
Aggregate income tax expense	<u>4,246</u>	<u>1,265</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	<u>14,142</u>	<u>614</u>
Tax at the statutory tax rate of 19%	2,687	117
Tax effect amounts which are not deductible/(taxable) in calculating taxable income	(15)	232
Adjustment to deferred tax balances as a result of change in statutory tax rate	-	57
Adjustment to tax charge in respect of previous years	420	196
Unrecognised losses brought forward	-	(725)
Unrecognised losses carried forward	412	830
Effect of overseas tax rate	742	558
Income tax expense	<u>4,246</u>	<u>1,265</u>

Deferred tax assets are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates in the relevant territory that have been enacted or substantially enacted at the balance sheet date.

Note 11. Deferred tax asset

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Deferred tax asset	<u>935</u>	<u>927</u>	<u>927</u>	<u>927</u>
<i>Movements:</i>				
Opening balance	927	542	927	542
Credited to profit or loss (note 10)	-	401	-	649
Prior year adjustment	-	(16)	-	(264)
Foreign exchange differences	8	-	-	-
Closing balance	<u>935</u>	<u>927</u>	<u>927</u>	<u>927</u>

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Note 11. Deferred tax asset (continued)

At the balance sheet date, the Group has a net total deferred tax asset of £1,644,000 (2018: £1,757,000), predominantly relating to unutilised tax losses and capital allowance in excess of depreciation, available for offset against future taxable profits. A deferred tax asset of £935,000 (2018: £927,000) has been recognised at the year-end on the basis that it is expected to be recovered in the foreseeable future. The Group has also recognised a deferred tax liability of £331,000 recognising the fully distributed rate on Chilean profits which will be remitted to the UK after the end of the accounting period.

Deferred tax has been recognised at a rate of 17% in respect of the UK assets and 35% in respect of the Chile liability.

The Group has unrecognised deferred tax assets totalling £1,040,000 (2018: £830,000) in relation to cumulative losses carried forward in various subsidiary undertakings.

Solarcentury Panamá S.A. has an unrecognised asset of £541,000 (2018: £346,000) based on carried forward losses at an effective tax rate of 25%.

Solarcentury East Africa Limited has an unrecognised asset of £288,000 (2018: £269,000), Solarcentury Microgen Deutschland GmbH has an unrecognised asset of £105,000 (at an effective rate of 33%) and Solarcentury México, S. de R.L. de C.V. has an unrecognised asset of £nil (2018: £151,000) at an effective tax rate of 30%, all arising from carried forward losses.

£106,000 (2018: £64,000) of other unrecognised deferred tax assets relate to carried forward losses in other subsidiaries at effective tax rates between 25% and 30%.

The deferred tax assets totalling £1,040,000 have not been recognised on the basis that there is uncertainty surrounding the future profitability in the entities concerned and whether there will be sufficient profits against which the assets could be utilised.

Note 12. Intangible assets

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Product development - at cost	-	1,220	-	1,220
Less: Accumulated amortisation	-	(1,220)	-	(1,220)
	-	-	-	-
Software - at cost	1,749	1,721	1,590	1,558
Less: Accumulated amortisation	(1,571)	(1,320)	(1,421)	(1,192)
	178	401	169	366
	178	401	169	366

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Product development £'000	Software £'000	Total £'000
Balance at 1 April 2017	272	647	919
Additions	-	71	71
Amortisation expense	(272)	(317)	(589)
Balance at 31 March 2018	-	401	401
Additions	-	38	38
Amortisation expense	-	(261)	(261)
Balance at 31 March 2019	-	178	178

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Note 12. Intangible assets (continued)

Company	Product development £'000	Software £'000	Total £'000
Balance at 1 April 2017	272	571	843
Additions	-	63	63
Amortisation expense	(272)	(268)	(540)
Balance at 31 March 2018	-	366	366
Additions	-	38	38
Amortisation expense	-	(235)	(235)
Balance at 31 March 2019	-	169	169

Note 13. Property, plant and equipment

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Leasehold improvements - at cost	339	324	339	324
Less: Accumulated depreciation	(88)	(30)	(88)	(30)
	<u>251</u>	<u>294</u>	<u>251</u>	<u>294</u>
Fixtures and fittings - at cost	731	957	657	896
Less: Accumulated depreciation	(677)	(874)	(625)	(835)
	<u>54</u>	<u>83</u>	<u>32</u>	<u>61</u>
Motor vehicles - at cost	11	10	-	-
Less: Accumulated depreciation	(6)	(2)	-	-
	<u>5</u>	<u>8</u>	<u>-</u>	<u>-</u>
Computer equipment - at cost	684	620	672	619
Less: Accumulated depreciation	(546)	(550)	(545)	(550)
	<u>138</u>	<u>70</u>	<u>127</u>	<u>69</u>
	<u>448</u>	<u>455</u>	<u>410</u>	<u>424</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements £'000	Motor vehicles £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Balance at 1 April 2017	3	-	257	143	403
Additions	312	-	32	10	354
Depreciation expense	(17)	-	(204)	(81)	(302)
Balance at 31 March 2018	298	-	85	72	455
Additions	11	9	27	146	193
Depreciation expense	(58)	(4)	(58)	(80)	(200)
Balance at 31 March 2019	<u>251</u>	<u>5</u>	<u>54</u>	<u>138</u>	<u>448</u>

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Note 13. Property, plant and equipment (continued)

Company	Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Balance at 1 April 2017	3	233	142	378
Additions	308	12	8	328
Depreciation expense	(17)	(185)	(80)	(282)
Balance at 31 March 2018	294	60	70	424
Additions	15	17	132	164
Depreciation expense	(58)	(45)	(75)	(178)
Balance at 31 March 2019	<u>251</u>	<u>32</u>	<u>127</u>	<u>410</u>

Note 14. Investments

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Investments in subsidiaries	-	-	116	116
Investment in Zonnepark Budel B.V. - at fair value	402	361	-	-
Investment in Genia Extremadura Solar S.L. - at fair value	2,450	-	-	-
Investment in Cabrera Energia Solar S.L. - at fair value	5,467	-	-	-
	<u>8,319</u>	<u>361</u>	<u>116</u>	<u>116</u>

Reconciliation

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

Opening carrying amount	361	-	116	107
Additions	7,917	2,409	-	9
Restatement of prior year opening balance (note 15)	-	(2,048)	-	-
Foreign exchange differences	41	-	-	-
Closing carrying amount	<u>8,319</u>	<u>361</u>	<u>116</u>	<u>116</u>

In the prior year, following the sale of the share capital in Zonnepark Budel B.V. the Group acquired a 19.99% stake in the Company, in exchange for consideration of £2,409,000. In the year ended 31 March 2019, the classification of this amount was adjusted between investments and long-term receivables (see note 15).

Following the sale of 80.00% of the issued share capital in Genia Extremadura Solar S.L, the Group's retained 20.00% holding was revalued to reflect the fair value of the investment as per IFRS 10. The valuation used for the sale of 80.00% of the issued share capital to Encavis S.A. was used to fair value the remaining investment.

Following the sale of the issued share capital in Navid Enterprise S.L.U., Narges Develops S.L.U., Neftis Business S.L.U. and Desarrollos Empresariales Luanda S.L.U. as part of the Cabrera transaction, a 20% investment in Cabrera Energia Solar S.L. was retained. Under IFRS 10, this remaining investment was fair valued, using the project valuation in order to establish fair value.

The fair value uplift for the investments in both Genia Extremadura Solar S.L. and Cabrera Energia Solar S.L. has been recognised within non-IFRS 15 revenue (see note 4) in line with the Group's accounting policy.

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Note 14. Investments (continued)

The fair value measurement of the investments held by the Group under IFRS 13 would be level 2, using inputs other than quoted prices (included within Level 1) that are observable for the investment, either directly or indirectly. In this case, a mix of future cash flows and price paid by the counterparty for control of the project are used.

Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following directly owned subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / country of incorporation	Principal activities	Company	
			Ownership interest 2019 %	Ownership interest 2018 %
SCH Projects Limited	United Kingdom	SPV holding company	100%	100%
Solarcentury East Africa Limited	Kenya	Development & construction	100%	100%
Solarcentury Ghana Limited	Ghana	Development & construction	100%	100%
Solarcentury Panamá S.A.	Panama	Development & construction	100%	100%
Solarcentury México S. de R.L. de C.V.	Mexico	Development & construction	100%	100%
Solarcentury Benelux B.V.	Netherlands	Development & construction	100%	100%
Solarcentury Africa PTY Limited	South Africa	Development & construction	100%	100%
Solarcentury Chile SpA	Chile	Development & construction	100%	100%
Solarcentury Projects SpA	Chile	SPV holding company	100%	100%
Solarcentury Generation Limited	United Kingdom	Residential holding company	100%	100%

The following entities have taken advantage of the exemption under s479A of the Companies Act (2006) allowing certain subsidiaries exemption from audit in relation to the financial year ended 31 March 2019.

Company Name	Country of Incorporation	Registered Number
SCH Projects Limited	England & Wales	03583567
Solarcentury Microgen (UK) Limited	England & Wales	11068740
Solarcentury Generation Limited	England & Wales	10864390
Solar Century Argentina Holdco 1 Limited	England & Wales	10860332
Solar Century Argentina Holdco 2 Limited	England & Wales	10859584
Solar Century Argentina Holdco 3 Limited	England & Wales	10859658
Solar Century Argentina Holdco 4 Limited	England & Wales	10859819
Solar Century Argentina Holdco 5 Limited	England & Wales	10859984

Solar Century Holdings Limited, the parent undertaking, has provided a guarantee under section 479C of the Companies Act (2006), guaranteeing all outstanding liabilities to which the above subsidiaries are subject to as at 31 March 2019, until they are satisfied in full. The guarantee is enforceable against the parent undertaking by any person to whom the above subsidiaries are liable in respect of these liabilities.

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Note 15. Long-term receivables

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Long-term receivable - Zonnepark Budel B.V.	2,007	2,048	-	-

In the prior year an investment was recognised at its fair value (equating cost) following the disposal of Zonnepark Budel B.V. Subsequent to the year-end, the classification of this instrument was clarified as comprising a significant portion of interest-bearing subordinated debt. The comparative figures have been restated in order for the correct split between debt and equity to be included within the financial statements.

In the year, interest of £113,000 (charged at a rate of 5.5% per annum straight-line) was recognised and the reduction in the receivable is caused by a loss on the revaluation of the balance sheet of the foreign subsidiary which holds the receivable.

Note 16. Inventories and work in progress

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Work in progress	27	796	-	574
Development costs	5,023	7,462	-	470
Components	1,420	3,424	951	1,879
Less: Provision for impairment	(831)	(602)	(749)	(453)
	589	2,822	202	1,426
	5,639	11,080	202	2,470

Work in progress comprises amounts incurred on long-term contracts for undelivered milestones to customers. Work in progress is value at the lower of cost and net realisable value.

Development costs comprise costs for the development of early stage projects which have not yet reached ready to build status and include contingent consideration amounts at their fair value.

Management undertake regular reviews for impairment based on the status of the underlying projects to which the amounts capitalised relate to.

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Note 17. Trade and other receivables

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade receivables	2,763	3,293	1,962	2,449
Trade receivables - retention	50	57	50	57
Less: Allowance for expected credit losses	(294)	(61)	(225)	(23)
	<u>2,519</u>	<u>3,289</u>	<u>1,787</u>	<u>2,483</u>
Other receivables	3,517	2,057	1,287	1,967
Amounts due from subsidiary undertakings	-	-	23,465	13,452
Accrued revenue	20,598	6,330	16,742	6,049
Prepayments	532	1,022	241	451
	<u>27,166</u>	<u>12,698</u>	<u>43,522</u>	<u>24,402</u>

In adopting IFRS 9, the Group has completed a comprehensive review of receivable balances. The Group has used the available practical expedient allowing it to prepare a simplified provision matrix using historical default rates over the expected life of the receivable balances and has adjusted this matrix for forward looking estimates, include credit rating deterioration and overall economic outlook. The impact on opening balances of adopting IFRS 9 has been reviewed and assessed as immaterial.

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2019	2018	2019	2018	2019	2018
	%	%	£'000	£'000	£'000	£'000
Not due	-	-	1,159	2,345	-	-
1-30 days overdue	5%	-	656	463	33	-
31-60 days overdue	7%	-	473	143	33	-
61-90 days overdue	88%	-	17	80	15	-
Over 90 days overdue	42%	19%	508	319	213	61
			<u>2,813</u>	<u>3,350</u>	<u>294</u>	<u>61</u>

Other receivables (including accrued income) are all current and the impact of expected credit losses on these balances is considered immaterial.

Movements in the allowance for expected credit losses are as follows:

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Opening balance	61	71	23	52
Impairment losses recognised	464	132	227	26
Utilised	-	(100)	(23)	(43)
Impairment losses released	(231)	(42)	(2)	(12)
Closing balance	<u>294</u>	<u>61</u>	<u>225</u>	<u>23</u>

The ageing of the unimpaired trade receivables is as follows:

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Note 17. Trade and other receivables (continued)

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Not due	1,159	2,345	598	1,545
Under 30 days overdue	623	463	611	470
31-60 days overdue	440	143	251	142
61-90 days overdue	2	80	3	80
Over 90 days overdue	295	258	324	246
	<u>2,519</u>	<u>3,289</u>	<u>1,787</u>	<u>2,483</u>

The Group has not provided for these balances as there has not been a significant deterioration in credit quality and the amounts are still considered recoverable or the amounts are covered under the Group's credit insurance policy. The Group does not hold any collateral over these balances. In determining the recoverability of uninsured trade receivables, the Group considers any change in the credit quality of the trade receivable from the date uninsured credit was initially granted up to the reporting date. Accordingly, the directors believe that there is no further credit provision required in excess of the impairments made.

Note 18. Income tax refund due

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Income tax refund due	-	415	-	415

Note 19. Cash and cash equivalents

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash and cash equivalents	<u>18,607</u>	<u>22,156</u>	<u>11,731</u>	<u>5,804</u>

Cash and cash equivalents comprise cash held by the Group, current account bank balances and treasury deposits accessible at short notice. The carrying amount of these assets equates to their fair value.

In addition to the cash and cash equivalents shown above, the Group has restricted cash of £942,000 (2018: £1,724,000), provided as security for bonds. These amounts have been included within trade & other receivables.

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Note 20. Trade and other payables

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade payables	3,639	6,076	2,108	4,493
Amounts owed to subsidiary undertakings	-	-	10,930	1,854
Other payables and accruals	8,136	7,949	6,076	4,463
Taxation and social security	327	285	296	238
Deferred revenue	819	5,229	598	143
Short term contingent consideration payable	7,796	-	-	-
	<u>20,717</u>	<u>19,539</u>	<u>20,008</u>	<u>11,191</u>

Refer to note 30 for further information on financial instruments.

Note 21. Current provisions

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Warranty	1,994	850	1,298	850
Penalty performance	1,809	96	1,809	96
Dilapidation	37	-	37	-
	<u>3,840</u>	<u>946</u>	<u>3,144</u>	<u>946</u>

Note 22. Non-current provisions

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Warranty	-	579	-	358
Penalty performance	-	969	-	969
Dilapidation	149	133	139	133
	<u>149</u>	<u>1,681</u>	<u>139</u>	<u>1,460</u>

Warranty Provision

The warranty provision represents the fair value of the Group's liability under warranties granted to customers. Within the warranty provision the Group includes provisions for large scale ground mount projects to cover the anticipated costs of achieving client final acceptance of a project, which is generally scheduled to occur two years after the client has provisionally accepted delivery of the project under the terms of the contract. On provisional acceptance, 100% of the project value is recognised and provisions made to cover any reasonably expected costs to be incurred in ensuring the project achieves final acceptance and for any residual liabilities thereafter.

Penalty Performance Provision

The penalty performance provision represents the fair value of the Group's liabilities under performance obligation contracts with customers, which are payable when the contractual minimum performance of projects is not met.

Dilapidation Provision

The dilapidation provision represents the fair value of the Group's obligations under various lease arrangements to return the leased property to the condition required under the lease terms at the end of the leasehold. The potential outflows are forecast to occur at the earlier of the actual lease termination date or any break clause within the leasehold agreement.

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Note 22. Non-current provisions (continued)

Movements in provisions

Movements in each class of provision (current and non-current) during the current financial year are set out below:

	Warranty Provision £'000	Penalty Performance Provision £'000	Dilapidation Provision £'000
Consolidated - 2019			
Carrying amount at the start of the year	1,429	1,065	133
Additional provisions recognised	1,805	1,222	53
Amounts used	(1,212)	(71)	-
Released	(28)	(407)	-
Carrying amount at the end of the year	<u>1,994</u>	<u>1,809</u>	<u>186</u>
Company - 2019			
Carrying amount at the start of the year	1,208	1,065	133
Additional provisions recognised	1,266	1,222	42
Amounts used	(1,152)	(71)	-
Released	(24)	(407)	-
Carrying amount at the end of the year	<u>1,298</u>	<u>1,809</u>	<u>175</u>

Note 23. Contingent consideration

As part of the acquisition of Genia Extremadura S.L. on 11 January 2017, contingent consideration is payable to the sellers, dependent on a number of milestones being met.

In the prior year, the fair value of the contingent consideration was revalued to £3,071,000 as a result of management's assessment surrounding the likelihood of the milestones being achieved. The corresponding £3,071,000 uplift to the assets acquired was recognised within development costs.

In the current year, the fair value of the contingent consideration was again revalued to £8,515,000 as a result of an increased likelihood of the milestones being achieved, with the corresponding uplift recognised within development costs (subsequently cost of sales as a result of the sale of the entity).

The milestones expected to be paid within 12 months of the balance sheet date have been included within current liabilities, with the remainder being included within non-current liabilities.

	Consolidated	
	2019 £'000	2018 £'000
Contingent consideration included within current liabilities	7,796	-
Contingent consideration included within non-current liabilities	<u>719</u>	<u>3,071</u>
	<u>8,515</u>	<u>3,071</u>

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Note 24. Deferred tax liability

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Deferred tax liability	331	-	21	-
<i>Movements:</i>				
Opening balance	-	-	-	-
Charged to profit or loss (note 10)	331	-	21	-
Closing balance	331	-	21	-

Note 25. Share capital

	Company			
	2019 Shares	2018 Shares	2019 £'000	2018 £'000
Ordinary shares - fully paid - nominal value £1	10,820	10,820	11	11
A Class Preference shares - fully paid - nominal value £1	18,555	18,555	18	18
B Class Preference shares - fully paid - nominal value £1	7,088	7,088	7	7
B1 Ordinary shares - fully paid - nominal value £0.01	2,300	-	-	-
B2 Ordinary shares - fully paid - nominal value £0.01	6,655	-	-	-
	45,418	36,463	36	36

The A shares and B shares have specific rights (prior to distribution amongst all shareholders) to recover their original investments up to certain levels upon sale or liquidation of the entire share capital of the Group. The A shareholders hold this right until they have received, in aggregate, four times their original investment. The B shareholders hold this right until they have received, in aggregate, two and a half times their original investment. Four A and B shareholders have the right to appoint directors to the Board and both these classes of shares have voting rights on certain reserved matters.

The B1 and B2 ordinary shares are non-redeemable and do not carry voting or dividend rights. The shares have the right to participate in a distribution subject to the Articles of Association of the Company.

Note 26. Reserves

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Translation reserve	(595)	(345)	-	-
Share premium account	29,077	29,077	29,077	29,077
Own shares	(955)	(955)	(955)	(955)
	27,527	27,777	28,122	28,122

Translation reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Pound sterling. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share Premium

The share premium reserve represents the excess amount received by investors over the par value of shares issued.

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Note 26. Reserves (continued)

Own shares

The own shares reserve represents the cost of shares held by the Solar Century Holdings Limited Employee Benefit Trust ("EBT") to satisfy options under the Group's share options scheme. The number of ordinary shares held by the EBT at 31 March 2019 was 1,567 (2018: 1,767).

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Share premium account £'000	Own shares £'000	Translation reserve £'000	Total £'000
Consolidated				
Balance at 1 April 2017	29,077	(981)	(318)	27,778
Foreign currency translation	-	-	(27)	(27)
Exercise of share options	-	26	-	26
Balance at 31 March 2018	29,077	(955)	(345)	27,777
Foreign currency translation	-	-	(250)	(250)
Balance at 31 March 2019	<u>29,077</u>	<u>(955)</u>	<u>(595)</u>	<u>27,527</u>

Note 27. Retained earnings/(accumulated losses)

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Accumulated losses at the beginning of the financial year	(3,907)	(3,256)	(6,568)	(3,305)
Profit after income tax expense for the year	9,896	(651)	9,497	(3,263)
Share-based payment	327	-	327	-
Retained earnings/(accumulated losses) at the end of the financial year	<u>6,316</u>	<u>(3,907)</u>	<u>3,256</u>	<u>(6,568)</u>

Note 28. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 29. Derivative financial instruments

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<i>Current assets</i>				
Forward foreign exchange contracts - cash flow hedges	-	263	-	263

At the balance sheet date, there were no outstanding foreign exchange contracts.

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Note 30. Financial instruments

Financial risk management objectives

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the group's operating units. Finance reports to the Board on a monthly basis.

The Group considers that the principal risks to the business include market risk (including currency risk), credit risk, and liquidity risk.

Market risk

Foreign currency risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The risk of adverse exchange rate movements is measured by estimating future purchases of goods in foreign currency netted against estimated future revenues. Any significant differences are covered by forward foreign exchange contracts.

The maturity, settlement amounts and the average contractual exchange rates of the Group's and Company's outstanding forward foreign exchange contracts at the reporting date were as follows:

	Sell Euros	Sell US dollars	Average exchange rates	
	2019	2018	2019	2018
	£'000	£'000		
Buy US Dollars				
Maturity:				
0 - 3 months	-	3,834	-	1.2260
3 - 6 months	-	1,485	-	1.2623
6 - 12 months	-	11,887	-	1.2615

Fair values are obtained by marking to market against identical or (where not practicable) similar instruments. A profit of £nil (2018: £263,000 profit) was recognised during the financial year as part of the overall exchange gains and losses recorded in the income statement. No gain or loss (2018: £18,000 loss) has been recognised in respect of the restatement to fair value at the year end.

The carrying amount of the Group's and Company's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2019	2018	2019	2018
Consolidated	£'000	£'000	£'000	£'000
Euros	17,167	22,742	10,597	5,966
US Dollars	1,792	2,021	223	1,483
South African Rand	32	40	-	-
Kenyan Shillings	56	82	124	84
Chilean Peso	39	53	56	-
Mexican Peso	19	65	20	-
Colombian Pesos	53	-	-	-
	<u>19,158</u>	<u>25,003</u>	<u>11,020</u>	<u>7,533</u>

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Note 30. Financial instruments (continued)

Company	Assets		Liabilities	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Euros	5,457	6,343	144	6,802
US Dollars	745	10,593	213	3,095
	<u>6,202</u>	<u>16,936</u>	<u>357</u>	<u>9,897</u>

The following tables detail the Group's sensitivity to a 10 per cent increase and decrease in Sterling against the Euro & US Dollar being the currencies which, given a 10 per cent fluctuation in the Sterling exchange rate, would have a material impact on the profit and loss and balance sheet for the current and prior years. 10 per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency-denominated monetary items and adjusts their translation at the period end for a 10 per cent change in foreign currency rates.

A negative number below indicates a decrease in profit and other equity where Sterling weakens 10 per cent against the Euro/US Dollar. For a 10 per cent strengthening of Sterling against the Euro/US Dollar, there would be an equal and opposite impact on the profit and other equity, and the balances below would be reversed.

Consolidated - 2019	% change	Effect on profit before tax
Euro currency impact	10%	657
USD currency impact	10%	<u>157</u>
		<u>814</u>
Consolidated - 2018	% change	Effect on profit before tax
Euro currency impact	10%	1,475
USD currency impact	10%	<u>38</u>
		<u>1,513</u>
Company - 2019	% change	Effect on profit before tax
Euro currency impact	10%	531
USD currency impact	10%	<u>53</u>
		<u>584</u>
Company - 2018	% change	Effect on profit before tax
Euro currency impact	10%	(40)
USD currency impact	10%	<u>535</u>
		<u>495</u>

Interest rate risk

The Group is not exposed to direct interest rate risk except in relation to the interest revenue on its cash deposits.

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Note 30. Financial instruments (continued)

Credit risk

The Group has a credit insurance policy with a reputable third-party insurer. The policy covers a part of the Group's receivables except for those due from government-backed customers (such as local authorities and other public bodies). Where the credit insurance Company revises the recommended limit for a customer, the revised limit is immediately applied to the customer account against future transactions, as required by the policy. In certain cases, the Group provides uninsured credit to certain customers based on each customer's trading history with the Group and with reference to credit scoring by an external credit agency or, in the case of large projects, through the use of escrow accounts.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

The Group manages liquidity risk by maintaining adequate cash reserves and banking facilities and by continuously monitoring forecast and actual cash flows, matching the maturity profiles of financial assets, trading receipts and payables.

Remaining contractual maturities

The following tables detail the Group's and Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the balance sheet.

	Within 3 months £'000	3 months to 1 year £'000	2-5 years £'000	Remaining contractual maturities £'000
Consolidated - 2019				
Non-derivatives				
<i>Non-interest bearing</i>				
Trade payables	3,639	-	-	3,639
Income tax	-	3,664	-	3,664
Contingent consideration	-	7,796	719	8,515
Total non-derivatives	3,639	11,460	719	15,818
	Within 3 months £'000	3 months to 1 year £'000	2-5 years £'000	Remaining contractual maturities £'000
Consolidated - 2018				
Non-derivatives				
<i>Non-interest bearing</i>				
Trade payables	6,076	-	-	6,076
Income tax	-	1,481	-	1,481
Contingent consideration	-	-	3,071	3,071
Total non-derivatives	6,076	1,481	3,071	10,628

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Note 30. Financial instruments (continued)

	Within 3 months £'000	3 months to 1 years £'000	2-5 years £'000	Remaining contractual maturities £'000
Company - 2019				
Non-derivatives				
<i>Non-interest bearing</i>				
Trade payables	2,108	-	-	2,108
Income tax	-	2,351	-	2,351
Total non-derivatives	<u>2,108</u>	<u>2,351</u>	<u>-</u>	<u>4,459</u>
	Within 3 months £'000	3 months to 1 years £'000	2-5 years £'000	Remaining contractual maturities £'000
Company - 2018				
Non-derivatives				
<i>Non-interest bearing</i>				
Trade payables	4,493	-	-	4,493
Total non-derivatives	<u>4,493</u>	<u>-</u>	<u>-</u>	<u>4,493</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 31. Auditor remuneration

During the financial year the following fees were paid or payable for services provided by Ernst & Young LLP, the auditor of the Company, and its associates:

	Consolidated	
	2019	2018
	£'000	£'000
<i>Audit services</i>		
Audit of the financial statements	<u>93</u>	<u>87</u>
<i>Other services</i>		
Other services provided to the Company	60	56
Other services provided to the Company's subsidiaries	-	28
	<u>60</u>	<u>84</u>
	<u>153</u>	<u>171</u>

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Note 32. Contingent liabilities

The Group and Company has provided the following guarantees in bonds denominated in Sterling, Euros and US dollars totalling £23,315,000 (2018: £23,393,000) in value at 31 March 2019 in relation to completed and ongoing projects in the United Kingdom, the Netherlands, Kenya, Panama and Chile and also in relation to grid connection capacity secured by the Group in Spain and Mexico. In addition to this, bonds have been issued to secure bid entries in both France and Mexico.

In addition at 31 March 2019, the Group had debentures in place with both Santander and Royal Bank of Scotland to support the Group's banking facilities.

As disclosed in Note 14 Solar Century Holdings Limited, the parent undertaking, has provided a guarantee under section 479C of the Companies Act (2006), guaranteeing all outstanding liabilities for a number of subsidiaries as at 31 March 2019, until they are satisfied in full. The guarantee is enforceable against the parent undertaking by any person to whom those subsidiaries are liable in respect of these liabilities.

Note 33. Commitments

The Group had the following non-cancellable operating lease liabilities as at 31 March 2019:

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<i>Lease commitments - operating</i>				
Committed at the reporting date but not recognised as liabilities, payable:				
Within one year	470	361	470	267
One to five years	792	795	792	680
	<u>1,262</u>	<u>1,156</u>	<u>1,262</u>	<u>947</u>

Note 34. Share-based payments

The Group operates an equity-settled share option scheme for employees. Options to purchase Company shares are exercisable at a predetermined price and in pre-defined numbers over a vesting period normally extending to four years. Options remaining unexercised after the tenth anniversary of their grant date expire. Options are forfeited if an employee leaves the Group, with certain exemptions defined under the scheme or at the Board's discretion. Details of the share options outstanding during the year are as follows:

	2019 Number of share options	2019 Weighted av. exercise price £	2018 Number of share options	2018 Weighted av. exercise price £
Outstanding at beginning of year	745	£15.67	1,049	£35.45
Lapsed during the year	-	£0.00	(4)	£2.00
Exercised during the year	(100)	£2.00	(300)	£2.00
Outstanding at the end of the year	645	£17.79	745	£35.45
Exercisable at the end of the year	645	£17.79	625	£15.67

An amount of £200 (2018: £25,900) has been credited to other reserves in relation to options exercised during the year.

The Group has recognised no expense in relation to share option schemes during the year (2018: £nil).

As disclosed in note 6, a share-based payment of £327,000 has been made to various employees of the Group.

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Note 35. Events after the reporting period

No matter or circumstance has arisen since 31 March 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 36. Development Projects

During the year, two material transactions gave rise to revenue which was identified as being outside of the scope of IFRS 15 'revenue from contracts with customers', by the IFRS Interpretations Committee ('IFRIC'). These transactions are summarised below.

Talayuela

On 11 January 2017, Solar Century Holdings España S.L. acquired 100% of the share capital in Genia Extremadura S.L. At 31 March 2018, the fair value of the contingent consideration for these shares (which is based upon a number of milestones being met) was fair valued at £3,071,000.

On 9 October 2018, an SPA for the sale of 80% of the issued share capital of Genia Extremadura Solar S.L. was signed, along with a development services agreement between Genia Extremadura Solar S.L. and Solar Century Holdings España S.L., a wholly owned subsidiary of the Group. The full consideration receivable of £9,825,000 under the SPA was recognised as non-IFRS 15 revenue.

During the year, the discount applied to the contingent consideration liability was unwound and recognised as a development asset. At the date of sale, the contingent consideration payable to the initial owners was fair valued to £8,515,000 on the basis of an increased probability of the milestones being met, with an equal fair value uplift to development assets.

At the date of sale, the fair value uplifts applied to development assets, as well as the net asset position of the entity, were recognised within cost of sales.

Due to the loss of control exercised by the Group over the entity, and in line with IFRS 10, the remaining 20% holding in the Company was fair valued using available information at the date of sale. This revaluation gain has been recognised within non-IFRS 15 revenue.

The 20% investment has been designated as 'fair value through other comprehensive income' in line with IFRS 9 and will be revalued at each balance sheet date going forward.

La Cabrera

On 27 March 2019, an SPA for the sale of 80% of the issued share capital in 4 special purpose vehicles (Navid Enterprise S.L.U., Narges Develops S.L.U., Neftis Business S.L.U. and Desarrollos Empresariales Luanda S.L.U.) was signed, as well as a development services agreement for the development of the La Cabrera project.

In this case, the 80% share of the development services agreement attributable to the Group, being £21,871,000 was recognised as non-IFRS 15 revenue, on the basis that the obligations arising under the development services agreement had already been discharged by the Group and the development work had already been completed.

The net asset position of the subsidiaries, being £1,942,000, was transferred to cost of sales, as it represented the development costs incurred and capitalised within the special purpose vehicles.

Due to the loss of control exercised by the Group over the entity, and in line with IFRS 10, the remaining 20% holding in the Companies was fair valued using available information at the date of sale. This revaluation gain has been recognised within non-IFRS 15 revenue.

The 20% retained investment has been designated as 'fair value through other comprehensive income' in line with IFRS 9 and will be revalued at each balance sheet date going forward.

	£'000
Talayuela SPA consideration receivable	9,825
Talayuela 20% investment revaluation	2,450
La Cabrera development services agreement revenue	21,871
La Cabrera 20% investment revaluation	<u>5,466</u>
Total non-IFRS 15 revenue	<u><u>39,612</u></u>

The entirety of the non-IFRS 15 revenue recognised in the prior year related to the Zonnepark Budel B.V. SPA and subsequent DSA.

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Note 37. Related party transactions

Parent entity

Solar Century Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 14.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Sale of goods and services:				
Divisa Solar 10 MW S.A	-	103	-	-
SPW Solarpark Werneuchen	-	450	-	-
Solarcentury East Africa Limited	-	-	717	-
Solarcentury Benelux B.V	-	-	1,228	-
Solarcentury Microgen (Deutschland) GmbH	-	-	13	-
Payment for goods and services:				
VantagePoint Management Inc.	78	89	78	-
Carbon War Limited	48	48	48	-
Grupo Ecos Participations S.A.	16	8	8	8
Solarcentury Benelux B.V.	-	-	-	193
Solarcentury East Africa Limited	-	-	-	10

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Current receivables:				
Divisa Solar 10 MW S.A	-	35	-	-
Current payables:				
VantagePoint Management Inc.	25	-	-	-
Carbon War Limited	4	4	-	4
Solarcentury Benelux B.V.	-	-	-	1,368

J.K. Leggett is the Chairman of SolarAid. The Group makes donations to SolarAid from the net profit declared for the financial year. As at 31 March 2019 the Group has provided for a donation of £675,000 (2018: £nil).

Grupo ECOS Participations SA (formerly Ecos Sustainable Equity Fund Inc ("ESEF")) holds 21% of the Company's share capital and is entitled to appoint a director of the Company. In addition, Grupo ECOS Participations SA was the 100% owner of Divisa Solar 10 MW S.A.

VPCP holds 21% of the share capital of the Company and is entitled to appoint a director of the Company. VantagePoint Management Inc. invoice the Group for costs incurred arising from VPCP's appointed director attending board meetings.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.