2020

Solar Income and Growth Limited Annual Report and consolidated financial statements for the year ended December 2020

Solar
INCOME & GROWTH

Contents

Directors
Steve Mahon
Barry Green (appointed Sept 2020)
Paul Beynon (appointed Sept 2020)
Richard Sloper (resigned Sept 2020)
Robin Chamberlayne (resigned Sept 2020)
Clarke Simmons (resigned July 2020)

Directors appointed after Balance Sheet date
Malcolm Moss (appointed May 2021)

Registered office
141-145 Curtain Road
Floor 3
London
EC2A 3BX

Registered number
08430843

Solar Income and Growth Limited - Strategic Report

Business Review

We are pleased to present the Annual Report for the year ended 31st December 2020 (FY2020) for Solar Income and Growth Limited ("the Group" or "the Company").

The Group operates and manages rooftop-mounted solar PV generation located across the UK (see map on page 5) and has a successful track record accumulated over 8 years of generation. Building on the success of prior years the Group delivered revenues of £5.1m (2019: £4.9m) and underlying operating profits of £3.9m* (2019: £3.4m*), whilst generating over 11,280MWh of electricity, enough to provide renewable energy to more than 3,600 homes**.

In line with the Directors goal to continuously improve the corporate governance of the group, Lubbock Fine were appointed to audit these consolidated financial statements, a copy of their opinion is on page 9-11.

Clean electricity

Solar-powered energy generation represents a resilient asset class: long-term demand for electricity in the UK is relatively stable, and growing. Solar PV technology provides a reliable and predictable supply of electricity, backed by well-understood and low-risk technology. Driven by Government policy to de-carbonise the power generation sector as part of its "Net 2010" emissions policy by 2050, we expect to see demand increase for 'clean' electricity. The growth in demand for such energy is expected to result in further growth opportunities for solar PV asset owners, such as Solar Income and Growth.

Electricity markets tend to be national rather than international in nature: each country sets its own legal framework for governing the markets and incentivising different fuel sources. Our strategy focuses solely on the UK. This complements our strong knowledge of UK markets, our UK track record, and also removes any currency risks between our income, costs and investor distributions.

It is imperative to the Company that trading activities are fully aligned to both Government policy on reaching net zero emissions by 2050, and to intergovernmental actions to mitigate climate change, such as the UN's Sustainable Development Goals. Not only do we believe it is critical for businesses to have a social mandate, but that this is the right thing to do for society. Our strategy to solely focus on the generation of clean electricity is clearly aligned with the mitigation of man-made climate change.

2050
Net zero emissions target

£3.9m
Group operating profit

* Operating profit before depreciation, amortisation and exceptionals.
** Based on a medium-sized house using 3,100 kWh p.a.

Solar Income and Growth Limited - Strategic Report

This year's highlights

In April 2020 at a shareholder general meeting the Company undertook to dispose of its non-core operations and demerge the B shares to facilitate further equity raises to both reduce the level of borrowing, and grow the asset base.

Following the demerger, the Company now offers investors a choice of investing into either income paying shares or non income Growth Shares. To reflect the dual share proposition the Company was renamed Solar Income and Growth at this time.

The demerger of the B shares which were held at a nominal value in the accounts was funded through the disposal of the non core lending activities and disposal of 2 trading SPVs (630KW) and generated an accounting loss of £0.7m. This has been recorded in the income statement for the year as an exceptional reorganisation cost.

Immediately after the restructuring of the Company the Directors were delighted to announce the Company's first corporate acquisition since its creation in 2015, acquiring BHP Solar which holds 239KW of rooftop systems registered under the Feed-in Tariff scheme. In January 2021, the Company completed the acquisition of a further 68 new rooftop (519KW) systems registered under the Feed-in Tariff scheme.

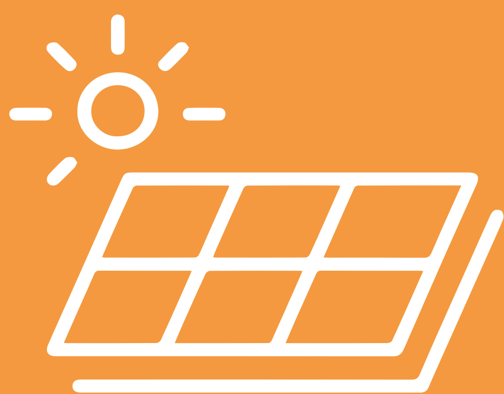
The Company manages a diversified portfolio benefiting from government backed subsidies and has been relatively unaffected from the economic impacts of COVID 19 as evidenced by the consistency of returns delivered over the last few years.

Since March 2020 the board have taken steps to further insulate the business by building the capacity to mitigate supply chain disruptions and access restrictions.

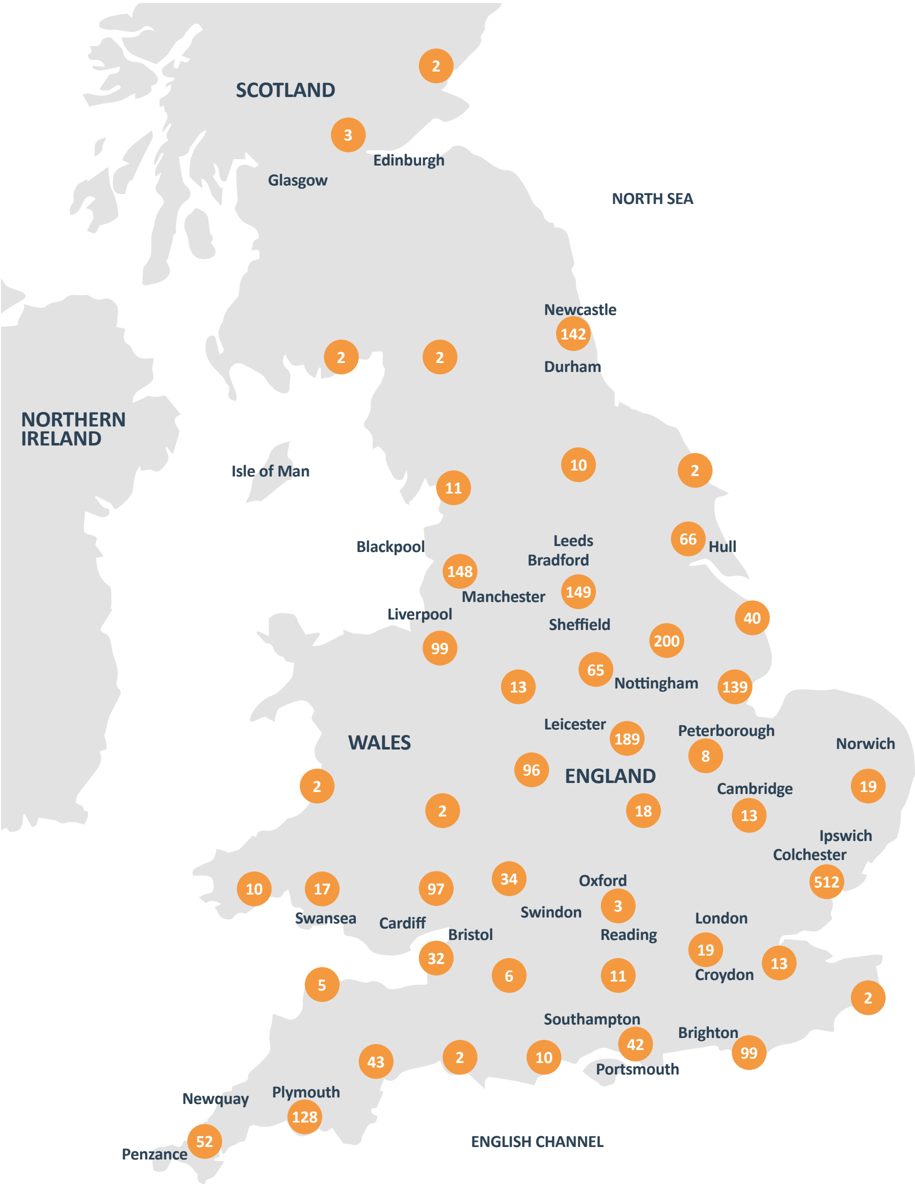
On 11th March 2020, the World Health Organisation declared a global pandemic of the novel strain of coronavirus (COVID 19) and recommended containment and mitigation measures worldwide.

Outlook

In January 2021, the Company completed the acquisition of 68 new rooftop systems registered under the Feed-in Tariff scheme. The Company will continue to seek new solar opportunities to build and/or acquire.



Solar Income and Growth Limited
Our Portfolio Locations



As at December 2020, the portfolio comprised of more than 2,500 solar installations spread across UK.

Installation Type	Number of installations	Capacity (kW)	Annual Generation (kWh)*	kg CO^{2}eq**	Homes Powered***
Commercial	43	4,851	4,247,962	3,823,166	1,370
Social Housing	704	2,250	1,970,298	1,773,269	636
Domestic	1,830	5,785	5,065,854	4,559,268	1,634
	2,577	**12,886**	**11,284,114**	**10,155,703**	**3,640**

* For the year 1st January 2020 to 31st December 2020.
** CO^2 emissions avoided.
*** Based on a medium-sized house using 3,100 kWh p.a.

Why invest in solar assets?

Low-risk technology

Solar PV is well established with over 100GW installed globally. Based on solid-state semiconductors and with no moving parts, solar PV systems are not only less susceptible to faults than other, more complex technologies, but also have consistently higher availability.

Greater forecast accuracy

Good availability of solar irradiance data allows for more reliable power generation predictions from solar PV systems when compared to power generation predictions from other technologies, such as wind power. As a result, any discrepancy between predicted power production and actual power production is reduced, which ultimately results in solar generation providing investors with more consistent returns.

Tackling climate change

Generating electricity from solar assets is not only one of the most cost-effective approaches in doing so, but also enables investors to actively contribute to tackling climate change.

Growth opportunity

Given broader Net Zero commitments made by the Government in 2019, the roll out of renewable generation capacity is expected to increase significantly over the coming decades. Over the next 10 years, the market for solar generation in the UK is set to double.

Climate change

Enabling investors to contribute towards tackling this global issue

10 years

Within this time the market for solar generation is set to double

Risk and Uncertainties

The following table outlines some of the risks facing the Company and a number of mitigants to them:

Type	Risk	Mitigation
Energy Price	As a result of volatility in market power prices, actual revenues may not be aligned with forecast projections.	More than 90% of the revenues of the portfolio are based on Feed-In Tariff based Government subsidies linked to RPI, which shields the Company from power price risk.
Weather	Generation may be lower than expected due to weather volatility.	Solar generation can be more accurately forecast relative to other renewable technologies, aided by a long history of weather data. Furthermore, our assets benefit from geographical diversification, reducing the exposure to any unusual localised weather patterns.
Political	The revenues could be impacted by retrospective changes to Government-backed subsidies received on renewable energy assets.	There is no history of retrospective changes to incentives from the UK Government. The forecasts are, however, still exposed to tax policies, which cannot be completely mitigated.
Operational	Assets underperform due to technical issues or poor maintenance.	Our assets are managed on a day-to-day basis by our experienced operation and maintenance (“O&M”) contractors. The O&M contractors are overseen by Armstrong Capital Management, an experienced renewables asset manager with a specialist focus on solar assets, and the performance is reported quarterly to the Company’s Board of Directors. Operational risk is also partly mitigated by the fact that the portfolio is diversified across over 2,500 sites.
Interest rate	Debt service may be exposed to changes in interest rates.	Substantial proportion of debt is linked to the Retail Price Index (“RPI”) which matches the annual increase in subsidy payments received by our assets. By linking debt repayments to income inflation, the Group exposure is partly hedged.
Valuation	There may be volatility in market valuation of assets.	Highly predictable revenue streams backed by Government subsidies reduces volatility in the valuation of the Company.

Directors’ Report
for the year ended 31st December 2020

The Directors present their report and the non-statutory financial statements for the year ended 31st December 2020.

Principal activity
The principal activity of the Group is the acquisition and operation of established power projects, principally roof-mounted solar assets as well as other renewable energy assets located around the United Kingdom providing a stable yield for our investors from the sale of generated power.

Results
The Profit and Loss Account for the year is set out on page 12.

Directors
The Directors who served during the year were:

- Steve Mahon
- Barry Green (appointed September 2020)
- Paul Beynon (appointed September 2020)
- Robin Chamberlayne (resigned September 2020)
- Richard Sloper (resigned September 2020)
- Clarke Simmons (resigned July 2020)

Post balance sheet events
In January 2021, the Company completed the acquisition of 68 new rooftop systems registered under the Feed-in Tariff scheme.

S. Mahon

S Mahon
Director

12 November 2021

Independent Auditors’ Report
to the members of Solar Income and Growth Limited

Opinion
We have audited the consolidated financial statements of Solar Income and Growth Limited (the ‘Group’) for the year ended 31 December 2020, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the consolidated financial statements give a true and fair view of the assets, liabilities and financial position of the Group’s affairs as at 31 December 2020 and of its loss for the year then ended;

- the consolidated financial statements have been prepared in accordance with the applicable law; and

- the information given in the Directors’ Report is consistent with the consolidated financial statements.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) issued by the Financial Reporting Council. Our responsibilities under those standards are further described in the Auditors’ responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements, including the Financial Reporting Council’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.

Material uncertainty related to going concern
We draw attention to note 2.3 in the consolidated financial statements, which indicates that the validity of the going concern basis depends on the Group securing additional funding from present and future investors to enable the Group to meet its liabilities as they fall due. As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern.

Our opinion is not modified in respect of this matter.
In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 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 this other information, we are required to report that fact.

continued

Independent Auditors’ Report *(continued)*
to the members of Solar Income and Growth Limited

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the applicable law requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated 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
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 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 to cease operations, or have no realistic alternative but to do so.

Auditors’ responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors’ 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 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 consolidated financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, we considered the following:

- Enquires of management, including obtaining and reviewing supporting documentation, concerning the Group’s policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance of laws and regulations; and
- Discussions among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included FRS 102.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group’s ability to operate or to avoid a material penalty. These included health and safety regulations and environmental regulations.

As a result of these procedures, we considered the particular areas that were susceptible to misstatement due to fraud were in respect of revenue recognition and management override.

continued

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- reviewing revenue recognition on a sample basis, agreeing amounts recognised to self-billed invoices from energy suppliers and comparing this to expectations formed based on underlying meter readings and tariff rates;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the rationale of any significant transactions that are unusual or outside the normal course of the Group's operations;
- review of submissions made to external funders to ensure compliance with covenants.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Other matters

We draw attention to the fact that the comparative information in respect of the year ended 31 December 2019 has not been audited. We also draw attention to the fact that these financial statements have not been prepared under section 394 of the Companies Act 2006 and are not the Company's statutory Group financial statements.

Use of our report

This report is made solely to the Group's members, as a body, in accordance with the applicable law. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an Auditors' 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 Group and the Group's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Lubbock Fine LLP

Lubbock Fine LLP
Chartered Accountants
& Statutory Auditors
Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

12 November 2021

Consolidated Statement of Comprehensive Income

for the year ended 31st December 2020

	Note	2020 audited £000	2019 unaudited £000
Turnover	2	5,063	4,858
Cost of sales		(890)	(1,070)
Gross profit		4,173	3,788
Administrative expenses		(304)	(407)
Operating profit before Depreciation and amortisation		3,869	3,381
Depreciation and amortisation		(1,774)	(1,940)
Operating profit		2,095	1,441
Interest payable and expenses		(1,324)	(1,900)
Profit / (loss) before taxation and non-recurring costs		771	(459)
Non-recurring expense	4	(1,036)	(99)
Loss before taxation		(265)	(558)
Tax on loss		(199)	147
Loss for the financial year		(464)	(411)

There were no recognised gains and losses for 2019 or 2020 other than those included in the consolidated statement of comprehensive income. There was no other comprehensive income for 2020 (2019:£NIL). The notes on pages 16 to 24 form part of these financial statements.

Consolidated Balance Sheet
as at 31st December 2020

	Note		2020 audited £000		2019 unaudited £000
Fixed assets					
Intangible assets	5		11,066		12,038
Tangible assets	6		19,450		21,088
Investments	7		-		1,941
			30,516		35,067
Current assets					
Inventory		35		63	
Debtors: amounts falling due within one year	8	1,227		865	
Cash at bank and in hand	9	3,817		4,359	
		5,079		5,287	
Creditors: amounts falling due within one year	10	(7,143)		(10,198)	
Net current liabilities			(2,064)		(4,911)
Total assets less current liabilities			28,452		30,156
Creditors: amounts falling due after more than one year	11		(27,234)		(28,437)
Provisions for liabilities					
Deferred tax	12		(2,752)		(2,725)
Net liabilities			(1,534)		(1,006)
Capital and reserves					
Called up share capital	13		73		70
Share premium account			7,196		6,901
Profit and loss account			(8,803)		(7,977)
Equity attributable to owners of the parent Group			(1,534)		(1,006)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A small entities. The financial statements were approved and authorised for issue by the Board and were signed on its behalf by S Mahon, Director, on 12 November 2021. The notes on pages 16 to 24 form part of these financial statements.

S. Mahon

S Mahon
Director

Consolidated Cashflow Statement
for the year ended 31st December 2020

	2020 audited £000	2019 unaudited £000
Comprehensive income for the year		
Loss before taxation	(265)	(558)
Adjustments to reconcile profit/(loss) for the period to net cash flows from operating activities		
Depreciation of plant property and equipment	1,197	1,221
Amortisation	577	734
Interest paid	1,425	1,900
Profit on disposal of investments	686	-
Investment impairment	-	(17)
Cash flows from operating activities	3,620	3,280
(Increase) / decrease in trade and other receivables	(362)	346
(Decrease) / increase in trade and other payables	(189)	81
Decrease / (increase) in stock	28	(63)
Decrease in provisions	(27)	(100)
Cash generated from operations	3,070	3,544
Income tax paid	(45)	-
Net cash inflow from operating activities	3,025	3,544
Cash flows from investing activities		
Purchase of tangible assets	(357)	-
Purchase of intangible assets	(22)	-
Proceeds from redemption of investment	-	66
Proceeds from issue of new shares	303	-
Net cash inflow from investing activities	(76)	66
Cash flows from financing activities		
Proceeds from new borrowings	1,500	674
Interest paid	(1,373)	(1,236)
Repayment of borrowings	(3,256)	(1,900)
Dividend paid	(362)	(458)
Net cash outflow from financing activities	(3,491)	(2,920)
(Decrease) / increase in cash and cash equivalents	(542)	690
Cash and cash equivalents at beginning of period	4,359	3,667
Cash and cash equivalents at end of period	3,817	4,357

Consolidated Statement of Changes in Equity
for the year ended 31st December 2020

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1st January 2019	70	6,901	(7,108)	(137)
Comprehensive income for the year				
Loss for the year	-	-	(411)	(411)
Dividends: Equity capital*	-	-	(488)	(458)
At 1st January 2020	70	6,901	(7,977)	(1,006)
Comprehensive income for the year				
Loss for the year	-	-	(464)	(464)
Share capital issued	3	295	-	298
Dividends: Equity capital*	-	-	(362)	(362)
At 31st December 2020	73	7,196	(8,803)	(1,534)

The notes on pages 16 to 24 form part of these financial statements.

* Dividends are paid from the Company's distributable reserves. As at 31 December 2020 the Company had net assets of £1.4m

Notes to the Consolidated Financial Statements
for the year ended 31st December 2020

1. General information

Solar Income and Growth Limited is a private company limited by shares incorporated in England and Wales, registered number 08430843. Its registered office and principal place of business is 141 145 Curtain Road, Floor 3, London, EC2A 3BX.

These financial statements represent the non statutory consolidated financial statements of the Group headed by Solar Income and Growth Limited. The statutory unaudited financial statements of the Company are published at Companies House.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the applicable law.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Inter-company transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The Group meets its day-to-day working capital requirements through cash, and has credit facilities and loan notes.

In performing their review, management have focussed their forecasting around the bi-annual bank debt repayments in March and September and the short term debt held by the parent company Solar Income and Growth Limited.

Management are satisfied that the historic cash flow trends and performance demonstrate that the Group and Company will meet its banking requirements and debt repayment due in September 2021 and March 2022.

Solar Income and Growth Limited is part funded by short term debt totalling £4.2m (2019 - £9.3m) that falls for renewal in March 2022. Management expect to maintain this level of funding through renewal of the debt position or by issuing equity replacements. Management are satisfied that given historic renewal trends the offering remains attractive ensuring the funding requirement will continue to be renewed as per previous years. However there remains uncertainty over this and should renewal or refinancing not occur, would cast significant doubt over the Group's ability to continue as a going concern.

However the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in respect of power exported to the grid and associated tariffs, provided in the normal course of business, net of discounts and VAT.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Finance costs

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

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Group operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.9 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.10 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Other intangible fixed assets - The period until the end of the leases which varies between 2032 and 2037.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Plant and machinery - The period until the end of the lease which varies between 2032 and 2037.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

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

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.16 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an outright short term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Auditor's remuneration

	Note	2020 audited £000	2019 unaudited £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements		40	35
Non audit fees payable to the group auditor and its associates		-	5
		40	40

4. Non recurring administrative expenses

	Note	2020 audited £000	2019 unaudited £000
Impairment of non core investments		-	99
Termination and transaction costs		350	-
Loss on disposal	15	686	-
		1,036	99

Non recurring expenses relate to the reorganisation costs and loss on disposal of the Group's investing vehicle (AEI Lending) and two of the group's operating companies (2019 impairment to the carrying value of investments held in the AEI Lending).

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31st December 2020

5. Intangible assets

	Other intangibles audited £000	Total audited £000
Cost		
At 1st January 2020	14,997	14,997
Additions	22	22
Disposals	(529)	(529)
At 31st December 2020	14,490	14,490
Amortisation		
At 1st January 2020	2,959	2,959
Charge for the year on owned assets	577	577
Disposals	(112)	(112)
At 31st December 2020	3,424	3,424
Net book value		
At 31st December 2020	11,066	11,066
At 31st December 2019	12,038	12,038

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31st December 2020

6. Tangible fixed assets

	Plant and machinery audited £000	Total audited £000
Cost or valuation		
At 1st January 2020	26,210	26,210
Acquisition	356	356
Disposals	(1,026)	(1,026)
At 31st December 2020	25,540	25,540
Depreciation		
At 1st January 2020	5,122	5,122
Charge for the year on owned assets	(229)	(229)
Acquisition	1,197	1,197
At 31st December 2020	6,090	6,090
Net book value		
At 31st December 2020	19,450	19,450
At 31st December 2019	21,088	21,088

7. Fixed asset investments

	Other fixed asset investments audited £000	Total unaudited £000
At 1st January 2020	1,940	1,940
On disposal of subsidiaries	(1,940)	(1,940)
At 31st December 2020	-	-

8. Debtors

	2020 audited £000	2019 unaudited £000
Trade debtors	1,004	797
Other debtors	168	23
Prepayments and accrued income	55	45
	1,227	865

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31st December 2020

9. Cash and cash equivalents

	2020 audited £000	2019 unaudited £000
Cash at bank and in hand	1,821	2,394
Restricted cash	1,996	1,965
	3,817	4,359

10. Creditors: Amounts falling due within one year

	2020 audited £000	2019 unaudited £000
Trade creditors	239	92
Other creditors	45	331
Accruals and deferred income	371	491
Tax due to HMRC	105	14
Loans and overdrafts	6,383	9,270
	7,143	10,198

The following liabilities were secured:

	2020 audited £000	2019 unaudited £000
Bank loans	1,950	1,899
Other loans	4,433	7,371
	6,383	9,270

Notes to the Consolidated Financial Statements *(continued)*
for the year ended 31st December 2020

11. Creditors: Amounts falling due after more than one year

	2020 audited £000	2019 audited £000
Bank loans	21,941	25,474
Other Loans	5,293	2,963
	27,234	28,437

The following liabilities were secured:

	2020 audited £000	2019 audited £000
Bank loans	21,941	25,474
Other Loans	5,293	2,963
	27,234	28,437

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	2020 audited £000	2019 unaudited £000
Repayable by instalments	13,953	15,852

12. Deferred taxation

	2020 audited £000
At beginning of year	(2,725)
Charged to profit or loss	45
Disposal	(72)
At end of year	(2,752)

The provision for deferred taxation is made up as follows:

	2020 audited £000	2019 unaudited £000
Intangible assets acquired	2,151	2,062
Capital allowances in excess of depreciation	601	663
	2,752	2,725

13. Share capital

	2020 audited £000	2019 unaudited £000
Allotted, called up and fully paid		
7,277,853 (2019 - 7,009,746) Ordinary A Shares shares of £0.01 each	73	70

The holders of the ordinary shares have the rights and restrictions as set out in the Articles of Association of the Company and are entitled to one vote per share, which are non-redeemable.

During the year the Company issued 268,107 A ordinary shares of £0.01 each for a consideration of £1.15 each, generating £294,543 of share premium after issue costs.

During the year the Company cancelled 420 B ordinary shares of £0.01 each.

14. Post balance sheet events

In January 2021 the Company completed the aquisition of 68 new roof top systems registered under the Feed in Tariff Scheme.

15. Disposal of operations

In April 2020 at a shareholder general meeting the Company undertook to dispose of its non-core operations and demerge the B shares to facilitate further equity raises to both reduce the level of borrowing, and grow the asset base.

Following the demerger, the Company now offers investors a choice of investing into either income paying shares or non income Growth Shares. To reflect the dual share proposition the Company was renamed Solar Income and Growth at this time.

The demerger of the B shares which were held at a nominal value in the accounts was funded through the disposal of the non core lending activities and disposal of 2 trading SPVs (630KW) and generated an accounting loss of £0.7m. This has been recorded in the income statement for the year as an exceptional reorganisation cost.

16. Controlling party

The Company is owned by a number of individual shareholders. There is no overall controlling party.