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Gresham House

Specialist asset management

GRESHAM HOUSE SOLAR DISTRIBUTION LLP

**REPORT AND FINANCIAL STATEMENTS FOR
THE YEAR ENDED 5 APRIL 2020**



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PARTNERSHIP INFORMATION

Limited Liability Partnership Number	OC402255
Manager and Operator	Gresham House Asset Management Limited Glebe Barn Great Barrington Burford Oxon OX18 4US
Designated Members	Solar Distribution Designated Member 1 Limited and Solar Distribution Designated Member 2 Limited Glebe Barn Great Barrington Burford Oxon OX18 4US
Solicitors	Brodies LLP 15 Atholl Crescent Edinburgh EH3 8HA
Auditors	Magma Audit LLP Chartered Accountants Statutory Auditor Magma House 16 Davy Court Castle Mound Way Rugby CV23 0UZ
Bankers	Clydesdale Bank Plc 5 Northgate Street Gloucester GL1 2AH
Depository Services	IQ-EQ Depository Company Limited 2 London Bridge London SE1 9RA

MANAGER'S REPORT

The Manager presents its Report on the results of Gresham House Solar Distribution LLP (the LLP) for the year ended 5 April 2020.

1. SUMMARY

1.1 Executive Summary

The LLP has had a very productive year again with output from the solar parks ranging from 95% to 114% of budgeted output.

During the year the LLP acquired the 12MW Bumpers Farm solar park in Buckinghamshire. The Manager acquired the subsidised site for £6.9 million and completed the transaction once it became fully operational in March 2020.

Given that commercial operations only started two weeks prior to the year end, the operational results have not been included in this report. The site is operating well, is ahead of budgeted output and further details will be included in the next report.

Five of the seven sites exceeded their generation targets and overall output for the portfolio to 5 April 2020 was 4% ahead of budget at 35,124MWh.

Despite portfolio output being ahead of budget, weaker power prices towards the end of the year resulted in a consolidated turnover for the portfolio marginally below budget at £4.3 million (2019: £3.9 million).

As at 5 April 2020, the LLP owned a diversified portfolio of 48MW of solar parks across eight sites with a Net Asset Value (NAV) of £50.4 million (5 April 2019: NAV of £53.6 million) as per the external valuation conducted by Jones Lang LaSalle (JLL) adjusted for year end balances. The reduction in NAV between 2019 and 2020 is a reflection of current industry forecasts of future power prices based on COVID-19 impacts. Further detail on this subject is provided in section 1.6.

The LLP's gearing is currently 13.6% of Gross Asset Value (GAV). The LLP has a mandate which would allow gearing to increase to 30% of GAV, so the LLP is currently under geared.

On 18 March 2020, the LLP changed its name from FIM Solar Distribution LLP to Gresham House Solar Distribution LLP. This is a name change only to reflect the change of Manager.

1.2 Total Return 2019/20

The total return to "A", "B", "C" and "D" Members in respect of trading for the year to 5 April 2020 was 3.62%, or £41.01 per Partnership Share, comprising distributions paid of £66.00 (+5.82%), and a decrease in NAV of £24.99 (- 2.21%).

	£ per Partnership Share	% of 2019 Adjusted NAV
Total Return		
NAV at 5 April 2019	£1,170.28	
Less final distribution paid post year end in April 2019	(£37.00)	
Adjusted NAV at 5 April 2019 (after distribution)	£1,133.28	
NAV at 5 April 2020 (per audited financial statements)	£1,148.29	
Less final distribution paid post year end in April 2020	(£40.00)	
Adjusted NAV at 5 April 2020 (after distribution)	£1,108.29	
Decrease in Adjusted NAV 2019/20 distributions*	(£24.99)	(2.21%)
	£66.00	5.82%
TOTAL RETURN 2019/20	£41.01	3.62%

*comprising £26.00 per Partnership Share paid in October 2019 and £40.00 per Partnership Share paid in April 2020.

"D" Partnership Shares were issued in December 2018 and received their first distribution in October 2019.

1.3 Net Asset Value

The LLP's assets were valued independently by Jones Lang LaSalle (JLL) as at 5 April 2020. This showed a decrease in Adjusted NAV of 2.21% per Partnership Share from the last NAV in 2019.

Included within the NAV is £5.5 million of cash from the "D" Partnership Share issue for deployment into additional solar assets.

Whilst the addition of Bumpers Farm increased the portfolio, this has been more than offset by a reduction in forward power prices and changes to embedded benefits.

Partnership Share Issue	Issue Date	Issue Price Per Share	Number of Shares Issued	Sum Raised/ Injected * £	First Distribution
"A" Shares	June 2016	£950.00	5,235	4,973,250	October 2017
"B" Shares	January 2018	£1,000.00	15,937	15,937,000	October 2018
"C" Shares	April 2018	£1,104.73	12,017	13,275,100	October 2018
"D" Shares	December 2018	£1,188.00	12,651	15,029,393	October 2019
			45,840	49,214,743	(*before fees and costs)

MANAGER'S REPORT

1.4 "D" Limited Partnership Share Funds

As explained in the Memorandum to Members dated 15 January 2020 and the Memorandum to Members dated 31 March 2020 there remains £5.5 million of "D" Partnership Shares capital to deploy. The Manager has secured exclusivity over one potential acquisition and is in negotiations on exclusivity on a second potential acquisition which commits all of these funds and indeed requires additional funds to be available through a future "E" fund raise or from short or long term loan arrangements, in order to complete. The Manager remains confident of committing "D" funds in the next couple of months and ahead of any future "E" fund raise.

The Manager has submitted non-binding offers on twenty other subsidised assets during the year which could have committed the surplus "D" funds. However, due diligence flagged fundamental concerns on a number of the projects and in other cases, the return expectations of the Seller were substantially higher than the assets were worth, hence the offers were withdrawn.

1.5 Distributions

A distribution of £26 per Partnership Share was paid in October 2019, with a final distribution of £40 per Partnership Share paid post year end in April 2020, bringing the total distribution paid in respect of trading for the year ending 5 April 2020 to £66 per Partnership Share, which was £6 per Partnership Share (10%) above budget.

The table below shows the annual yields for each share class (based on the initial subscription price for the shares):

Share Class	Annual Yield
'A'	6.9%
'B'	6.6%
'C'	6.0%
'D'	5.6%

1.6 Business Strategy

The LLP's core objectives remain:

- To distribute all surplus cash arising from its business of operating large-scale ground mounted solar parks in the UK.
- To pay half-yearly distributions in April and October.
- To maintain a tax efficient structure which provides 100% IHT relief, once Partnership Shares have been held for two years.
- To maximise return on equity by utilising non-recourse gearing to a maximum of 30% of the LLP's GAV.

On or before 15 May 2020, Members voted on the following four summarised Resolutions below, all of which were approved by Investor Special Consent (>75% of those voting):

- Resolution 1: To seek Members' approval for the issue of "E" Partnership Shares.
- Resolution 2: Members' unused Capital Contributions from the "D" Partnership Share issue to be invested in operating assets rather than being returned.
- Resolution 3: To seek Members' approval to defer each of the set Termination Dates.

- Resolution 4: To seek Members' approval to amend the future annual management fees charged to the LLP by the Manager.

An Information Memorandum is in draft form awaiting final numbers from the approved financial statements of the LLP. "E" Partnership Shares were to be issued at a price which included a 5% premium to the latest adjusted NAV in accordance with Resolution 1. At the time of compiling the Information Memorandum and the Members vote, the draft external valuation indicated a NAV which was higher than the 5 April 2019 NAV. However, a new power curve was issued shortly after this date. The Manager was of the opinion that this new power curve was more up to date with the impact of COVID-19. The changes were significant.

Therefore, the Manager asked JLL to refresh the 5 April 2020 external valuation to take into account the latest power curves. The result is that the 5 April 2020 NAV is lower than the previous year's valuation.

As a result, the Manager no longer feels it would be in the best interests of Members to continue with the "E" fund raise at this time. The Manager is therefore putting the fund raise approved by Members on hold whilst the impact of wholesale power price curve volatility is assessed.

In the meantime, the Manager will investigate and if appropriate, implement a debt raise as the LLP is currently under geared and will use the funds to purchase additional assets; both those which the Manager is currently negotiating in anticipation of the fund raise and additional assets the Manager is seeking to secure via a future pipeline.

The Manager's programme of life extensions has to date extended the planning permission on five of the eight sites. Where possible, the Manager will continue to evaluate the potential to extend asset lives at all sites and implement accordingly.

Furthermore, longer asset lives will enhance the potential of repowering sites with more efficient solar panels employing the latest technology. Further improvements in panel operating efficiencies are already being observed in the market which could have a beneficial impact on early repowering of a site. This will remain under review.

1.7 Carbon Dioxide Emissions Off Setting

The LLP produced 35,124MWh during the year to 5 April 2020 which is the equivalent of powering 9,700 homes and saving 15,800 tonnes of carbon dioxide emissions. The LLP is forecast to produce 45,297MWh during the year ending 5 April 2021; powering more than 12,500 homes and resulting in approximately 20,400 tonnes of carbon being offset through emissions prevention.



MANAGER'S REPORT

2. PORTFOLIO

The LLP has eight operational ground mounted solar parks in England and Wales with a combined capacity of 48MW. The newest solar park, Bumpers Farm commenced operations on 17 March 2020.

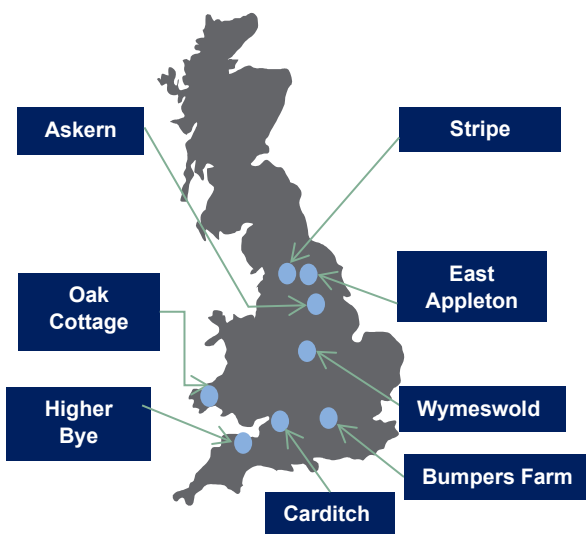
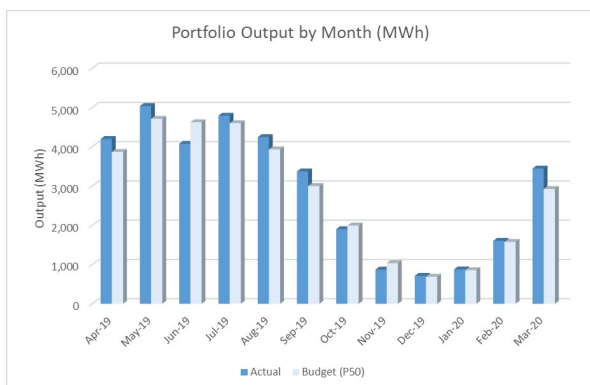
All sites are fitted with top tier manufacturer solar panels and equipment with appropriate warranties and have long-term operation and maintenance agreements in place. Seven of the projects benefit from Renewables Obligation Certificates (ROCs) for 20 years from their accreditation date and most have between four and five years operational history.

Output for the 12 months to 5 April 2020 was 35,124MWh, 4% above budget. This excludes the first two weeks of generation at Bumpers Farm.

The assets within the portfolio have good geographic spread and have performed well over the period.

The chart below illustrates the monthly production for the portfolio against budget.

Solar Park	Size (MW)	P50 Budget 2020/21 (MWh)	ROCs	Accreditation Date
Higher Bye	6.79	6,601	1.4	19/03/2015
Askern	4.97	4,587	1.3	14/08/2015
Oak Cottage	4.87	4,654	1.3	21/08/2015
Wymeswold	4.28	3,821	1.3	16/02/2016
East Appleton	4.98	4,683	1.3	27/03/2016
Stripe	4.98	4,681	1.3	28/03/2016
Carditch	4.95	4,662	1.3	19/12/2015
Bumpers Farm	12.00	11,608	n/a	n/a
	47.82	45,297		



MANAGER'S REPORT

3. OPERATING REVIEW

3.1 Trading Result 2019/20

Audited Financial Statements for the LLP for the year to 5 April 2020 are set out in Appendix I.

Consolidated turnover for the year was £4.3 million, equating to a combined price (power and ROCs) of £122.55 per MWh.

Cost of sales amounted to £430,194 and was slightly above budget due to higher O&M fees at Wymeswold which had some string inverter cable replacements in March 2020.

Administrative expenses were in line with expectations and totalled c.£2.6 million, comprising overheads of c.£0.6 million, and depreciation of c.£2.0 million.

The LLP generated an operating profit for the year of £1,293,881.

Bank interest of £350,590 was paid on the outstanding loan balance in the period. The fair value of the Interest Rate Swap was assessed at the year end which resulted in a loss on revaluation of £346,306. This loss is notional and has no cash impact for the LLP.

Finally, £362,532 has been written off as an impairment on some assets due to the external valuation.

3.2 Consolidated Statement of Financial Position as at 5 April 2020

The Audited Financial Statements confirm an audited NAV at 5 April 2020 of £50.4 million, which incorporates the JLL valuation using a 6% unlevered pre-tax discount rate.

Current assets include debtors and prepayments of £2.9 million, and cash of £8.3 million (including £5.5 million of capital for deployment). A distribution of £1.8 million was paid shortly after the year end in April 2020.

Creditors due within one year amount to £0.7 million including £0.25 million in respect of bank loan repayments.

Borrowings relate to long-term non-recourse project finance loans totalling £7.3 million (13.6% of GAV) on Askern and Higher Bye, held in the LLP's subsidiary undertaking, FIM Solar Generation I LLP.

The amortising loan has bi-annual repayments at blended fixed interest rates of 4.54% until March 2022, increasing to 4.79% until the end of the term in September 2033.

Creditors due after more than one year include a notional contingent liability of £1,147,150 when the interest rate SWAP was marked to market. In practice, the LLP expects to continue with the loan repayments (unless debt is repaid early) and the requisite liability will thus reduce over time to zero.

The Consolidated Statement of Financial Position includes £2,267,486 of 'Amounts due from Members'. This is a notional amount to reflect the distributions paid to Members in excess of the accounting profits recognised. It is an accounting entry only and Members will not be required to repay this.

3.3 Trading Budget 2020/21

Turnover of £4.0 million is budgeted based on output of 45,297MWh at an average price of £88.62 per MWh, of which c.50% is index linked ROC revenue. The budget has been compiled using the latest Poyry Q2 2020 power price forecasts, updated for COVID-19 impact on demand.

Cost of sales are budgeted at £0.4 million.

Administrative expenses (excluding depreciation) are budgeted at £0.7 million, giving an EBITDA of £2.9 million. Interest of £0.3 million and bank loan repayments of £0.25 million give a budgeted net cash surplus of c.£2.3 million.

Depreciation of £2.3 million is budgeted to create a net accounting profit for the year of £0.2 million.

It is envisaged that distributions totalling c.£2.3 million will be made in October 2020 and April 2021, equating to around £22 and £28 per Partnership Share respectively for all shares in issue.

This forecast of £50 per Partnership Share is lower than the last trading year result of £66 per Partnership Share and reflects the significant fall in projected power prices as a result of the COVID-19 lockdown and associated lower demand.

The Manager believes that the latest Poyry forecast is conservative (as other independent forecasters have not lowered their power curves to the same extent) and that demand will return to nearer normal levels more quickly than the Poyry forecast suggests and that prices will therefore rise more quickly. However, there is uncertainty around the impact of COVID-19 and the UK's response to it.

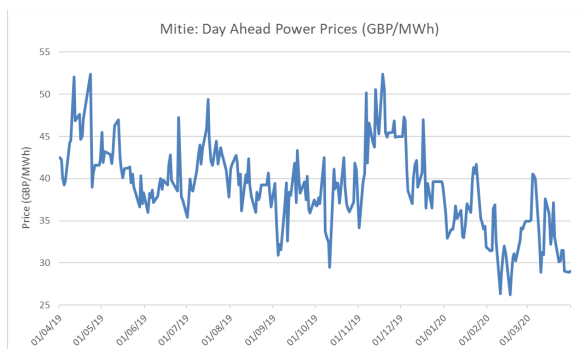


MANAGER'S REPORT

4. MARKET REVIEW

Electricity Prices

Electricity prices have remained volatile over the year as can be seen by the graph below. 2019 was unusual in that prices did not follow the typical annual cycle of increasing upon the approach to winter, so the Winter 2019 season started at unusually low levels. This position worsened as prices drifted down on the approach to Summer 2020. It should be noted that forward prices for Winter 2020 are now trading around the £46/MWh mark, some of the losses due to COVID-19 have recovered as lockdown has been eased and demand has picked up. The key drivers behind these changes are:



Source: Mitie Day Ahead Prices

- COVID-19: The resulting lockdown and closure of many businesses from March 2020 caused by the COVID-19 pandemic has significantly reduced demand and hence reduced prices in the short term.
- Oil prices: Oil prices remain volatile, driven by global oil production, foreign exchange fluctuations, geopolitical concerns and a reduction in global oil demand. On 21 April 2020, the global oil price went negative for the first time ever with its lowest price recorded at -\$40.32. This has largely been due to the lower demand as a result of severe restrictions implemented globally on travel, work and businesses as a result of COVID-19. Consequently, fewer people are using their cars, fewer planes are flying and fewer offices are open and require heating, all of which largely rely on oil. At the same time as we have seen a huge drop in demand, there has been an oversupply of oil to the market and lack of storage, resulting in traders being forced to sell these orders at record lows to avoid significant holding costs. Since then, oil prices have rebounded due to indications that US demand will improve, and non-OPEC producers Russia and Norway may cut output further.
- Gas prices: Gas prices have been lower than anticipated reflecting the milder winter. As we start Summer 2020 gas consumption is low and global supply remains strong pushing prices lower.
- Coal: By mid-June 2020 the UK hit its longest consecutive run (two months) without any coal generation since the industrial revolution. During this time, renewable energy was the largest source of domestically produced electricity contributing 37% with gas at 32% and nuclear at 22%, the remainder was imported from Europe. Coal's contribution to the energy mix has been falling as plants are taken offline, with all coal fired plant closures due to complete by 2025.

- Weather: Power prices in the run up to Winter 2019 did not rise as is typically seen due to the market feeling comfortable that there was ample gas supply and no concerns of a cold winter were anticipated. As the season continued, a mild winter was experienced and February and March 2020 saw unusually high wind speeds (predominantly due to storm Ciara and storm Denis), resulting in oversupply of power to the grid, all putting downward pressure on prices.
- Carbon: During the period to 31 March 2020, carbon prices fell from c.€27 to c.€15 per tonne of carbon dioxide equivalent as can be seen from the graph below. It peaked at c.€30 in July 2019 and its lowest price was €15.30 in March 2020 at a time when much of Europe was already in lockdown and just ahead of the UK starting its lockdown. At the time of writing (July 2020) it is currently trading around €29 per tonne. This sharp increase from the lows of March 2020 can be explained by strong demand for carbon allowances, relating to new European proposals on climate change targets and subsequent changes to the EU ETS market in the next 12-18 months. Although the UK officially left the European Union on 31 January 2020, the UK will remain in the EU ETS until December 2020 when it is expected that it will be able to link to the EU scheme.



Source: ICE

Looking forward, the Manager believes the following will continue to have an impact on power prices:

- COVID-19: this will continue to have an impact on wholesale power prices in the short term as the full force of the lockdown on the economy as a whole impacts demand for oil, gas and electricity. The Manager does envisage a quick reversal of the low demand seen when the lockdown restrictions are fully lifted, and all businesses can return to operations. Forward prices are currently above £46/MWh for Winter 2020, which is in line with levels prior to the pandemic and has been helped by the increase in carbon prices.
- Inflation is expected to fall during 2020 but return to normal levels by mid-2021. Long term electricity forecasts continue to predict real price increases out to 2050.
- Gas supply will drive electricity prices. At the time of writing the UK has an oversupply of gas and this is likely to suppress prices in the short term.
- Unseasonal weather patterns will continue to have a huge influence on power prices.

MANAGER'S REPORT

- European coal plant closures have been brought forward in many European countries (France, Ireland, Germany, the Netherlands, Spain and Italy) which should help increase power prices in the short term.
- Decarbonisation policies should continue to put pressure on carbon prices and increase them, as has happened during June 2020.
- Onshore wind and solar can once again bid for a Contract for Difference and there is a vibrant market for Corporate Power Purchase Agreements emerging in the UK, both of which should support the further deployment of subsidy free wind and solar projects, allowing the UK and Europe to reach its decarbonisation targets.
- Geopolitical tensions across the Middle East, China and trade wars with the US will all add pressure to oil prices.

Over the long term, the Manager believes that an increase in electrification in everything from transport to heating may be underestimated in current power price forecasts, which along with other positive fundamentals, should help lift power prices higher.

The majority of the LLP's underlying assets are underpinned by subsidies (Renewable Obligation Certificates (ROCs)), so whilst projects are impacted by volatile power prices, revenue is supported by inflation backed subsidies which are greater than 50% of the income, providing substantial downside protection in these uncertain times.

MANAGER'S REPORT

5. LLP STRUCTURE

The LLP owns eight operational UK solar parks; six via direct ownership and two in FIM Solar Generation I LLP through its 100% interest in FIM Solar Parks I LLP.

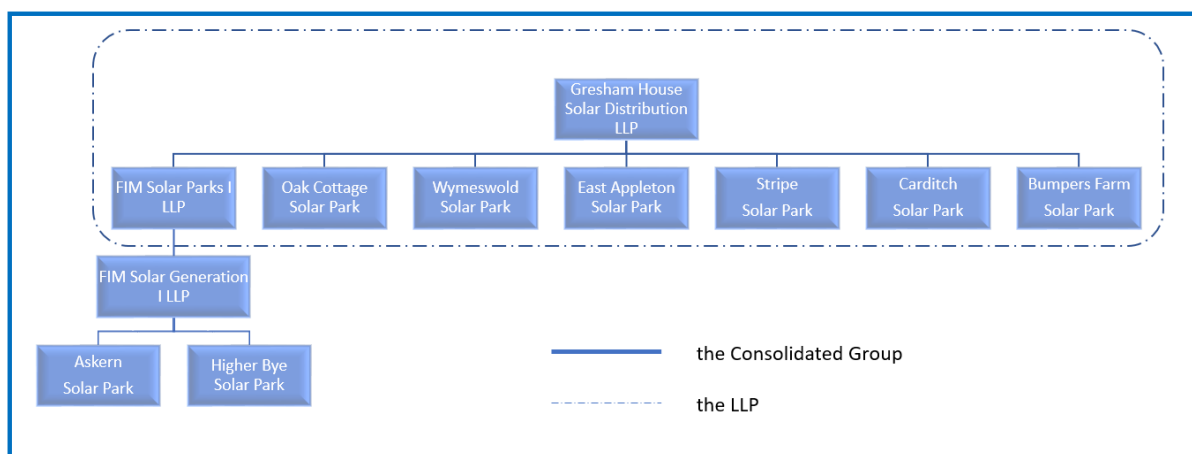
The Fund's audited Financial Statements are in Appendix I.

The Financial Statements are presented on a consolidated basis as a Group, giving a total picture of the LLP's business. These include:

- The six directly held solar parks; Wymeswold, Oak Cottage, East Appleton, Stripe, Carditch and Bumpers Farm.
- The results from Askern and Higher Bye solar parks, which are held through the LLP's ownership of FIM Solar Parks I LLP. This vehicle is in place as there is long term project finance debt held in the operating entity FIM Solar Generation I LLP.

The LLP Financial Statements are required under accounting standards; however, all relevant information is reported at a Group level.

The structure of the LLP and its assets is presented below.



MANAGER'S REPORT

6. ADMINISTRATION

6.1 Ongoing Charges Figure (OCF)

The OCF for the period to 5 April 2020 was 0.45% (2019: 0.45% of the average NAV of the LLP over the year).

The budget OCF for 2020/21 is 0.53% based on the year end audited NAV (excluding any further fundraising).

The OCF for the LLP should reduce as further assets are acquired allowing external fixed costs to be spread over a larger asset base.

The OCF includes all recurring expenditure incurred by the LLP including Gresham House's annual management fees, depositary services fees, legal and professional fees, Designated Members' fees and other recurring overheads (e.g. audit and tax compliance).

The OCF excludes any non-recurring expenditure including fund promotion, transaction and sales fees.

6.2 Advisory Committee

The Advisory Committee is made up of four Members. Three Members or representatives of Members have been appointed. In addition, the Manager has appointed one representative of the Manager to serve as a non-voting Member and as Chairman of the Advisory Committee.

The Manager will consult the Advisory Committee on issues as required under the LLP Agreement. Where there is a potential conflict of interest, the Manager is not able to continue with a course of action unless the Advisory Committee waives the potential conflict of interest.

The Manager did consult the Advisory Committee on the potential conflict of interest in changing the Manager's fees, ahead of the Meeting of Members. The Advisory Committee agreed that the vote by Investors Special Consent removed the potential conflict of interest by allowing Members to vote directly on this point.

6.3 Liquidity

Gresham House have an established procedure for arranging deals between willing vendors and willing purchasers in funds managed by Gresham House. This service is available to Members wishing to realise part or all of their Partnership Shares in the LLP.

It is believed that investment via the secondary market should qualify immediately for 100% IHT relief, provided the Member's existing Partnership Shares have been held for two or more years and the additional Partnership Shares do not materially increase the Member's overall percentage holding in the LLP.

400 Partnership Shares were offered for sale in May 2019. All shares were sold at around NAV or at a premium to the last published NAV.

Further details of current and future sales are available by contacting Gresham House:

Email: admin@greshamhouse.com
Telephone: 01451 844655

6.4 LLP Duration

Following the approval of Resolution 3, the LLP has deferred each of the set Termination dates by four years. The LLP has updated the set Termination Dates to:

First Termination Date	5 April 2030
Second Termination Date	5 April 2035
Third Termination Date	5 April 2040
Final Termination Date	5 April 2046

There is a right for Members to vote to extend the LLP prior to each Termination Date, subject to 75% by value of those voting being in favour of continuing.

A vote to continue the LLP will be held at the AGM following the years ending 5 April 2029, 2034, 2039 and, if required, 2045.

6.5 Valuation

The LLP's portfolio of assets are subject to Independent External Valuations every two years. Jones Lang LaSalle Limited (JLL) carried out an independent valuation as at 5 April 2020.

The LLP's portfolio was valued at £50.4m based on JLL's external valuation adjusted for year end balances.

The next external valuation is due as at 5 April 2022.

6.6 Annual General Meeting (AGM)

This year's AGM will be held on 23 July 2020. Due to the current pandemic, the AGM to review the investment performance of the LLP will be held virtually via Microsoft Teams. Details have been circulated to those Members who have registered in accordance with the AGM Notice.

6.7 Taxation and National Insurance Contributions (NICs)

Capital Allowances

The Manager will claim capital allowances on behalf of the LLP to the extent required to offset taxable profits. This retains the value of these capital allowances in the LLP for the longest timeframe possible.

Obligation to Register Your Interest in the LLP with HMRC

Members should register their interest in the LLP with HMRC. This can be done using form SA401, registering online or by telephone. The LLP's Unique Tax Reference (UTR) number is **31942 30628**.

Taxable Income Statements for the 2019/20 Tax Year

Taxable income statements for the tax year ended 5 April 2020 were issued at the beginning of July 2020.

NICs

If you are over State Retirement Age for the **whole of the 2019/20 tax year** you will have no liability to pay NICs. If you are below the State Retirement Age, due to the minimal level of taxable profits which are subject to NICs, Gresham House does not anticipate any Member will be liable for NICs solely due to their holding in the LLP.

MANAGER'S REPORT

6.8 Alternative Investment Fund Managers Directive (AIFMD)

The LLP is classified as an Alternative Investment Fund (AIF) under AIFMD. The main implication of this classification is that IQ-EQ Depository Company Limited (IQ-EQ) has been appointed to provide Depository Services. IQ-EQ provide independent governance, oversight and cash monitoring services to the LLP as required by AIFMD.

The Manager is authorised and regulated by the Financial Conduct Authority and has appropriate authorisations in place to operate the LLP.

6.9 Website

Members are able to obtain details of their holding in the LLP including an indicative valuation via a secure section of the website. Indicative valuations can be accessed at:

<https://www.fimltd.co.uk/client/login>

Members can log in using their client identification number and password.

Members who have not already registered to use the website will need to complete the registration process at: <https://fimltd.co.uk/client/register>

Members wishing to receive their annual Partnership Shareholding Statement by post should telephone 01451 844655 or email admin@greshamhouse.com

6.10 Client Satisfaction

Please do not hesitate to contact a member of the Gresham House team if you wish to discuss your investment or provide any feedback on this Report. Gresham House are committed to ensuring the needs and expectations of their clients are met at all times and would therefore welcome any suggestions to improve our service delivery.

6.11 The LLP Management Team

Wayne Cranstone, Fund Director
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Stephen Beck, Divisional Finance Director
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Suzy Babbage, Asset Manager
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Cassandra Langley, Fund Administrator
01451 843095 / c.langley@greshamhouse.com

Gemma Richards, Finance Manager
01451 843087 / g.richards@greshamhouse.com



Signed by Wayne Cranstone

On behalf of Gresham House Asset Management Limited, Manager

17 July 2020

REGISTERED NUMBER: OC402255 (England and Wales)

**REPORT OF THE MEMBERS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 5 APRIL 2020
FOR
GRESHAM HOUSE SOLAR DISTRIBUTION LLP
PREVIOUSLY KNOWN AS FIM SOLAR DISTRIBUTION LLP**

Magma Audit LLP
Chartered Accountants
Statutory Auditor
Magma House, 16 Davy Court
Castle Mound Way
Rugby
CV23 0UZ

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for the year ended 5 April 2020

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GRESHAM HOUSE SOLAR DISTRIBUTION LLP

GENERAL INFORMATION
for the year ended 5 April 2020

DESIGNATED MEMBERS: Gresham House Solar Distribution Designated
Member 1 Limited
Gresham House Solar Distribution Designated
Member 2 Limited

REGISTERED OFFICE: Glebe Barn
Great Barrington
Burford
OX18 4US

REGISTERED NUMBER: OC402255 (England and Wales)

AUDITORS: Magma Audit LLP
Chartered Accountants
Statutory Auditor
Magma House, 16 Davy Court
Castle Mound Way
Rugby
CV23 0UZ

**GROUP REPORT OF THE MEMBERS
for the year ended 5 April 2020**

The members present their report with the LLP and Group financial statements of the LLP for the year ended 5 April 2020.

CHANGE OF NAME

The LLP passed a special resolution on 18 March 2020 changing its name from FIM Solar Distribution LLP to Gresham House Solar Distribution LLP.

PRINCIPAL ACTIVITY

The Group's principal activity in the year under review was that of the sale of electricity generated from solar parks.

DESIGNATED MEMBERS

The designated members during the year under review were:

Gresham House Solar Distribution Designated Member 1 Limited
Gresham House Solar Distribution Designated Member 2 Limited

RESULTS FOR THE YEAR AND ALLOCATION TO MEMBERS

The profit for the year before members' remuneration and profit shares was £234,453 (2019 - £907,959 profit).

COVID-19

The designated members have considered the outbreak of COVID-19 that began at the end of the year. Power prices to 5 April 2020 were largely unaffected by the outbreak, but after the year end the energy market has seen prices decrease.

The designated members have assessed the impact on the business and consider that the LLP has adequate resources to continue in operational existence for the foreseeable future.

MEMBERS' INTERESTS

The Designated Members shall be entitled to receive as a first charge on the profits of the LLP in respect of such accounting period, a priority share of the profits. The Designated Members shall be entitled to a fixed annual share of £5,000, subject to annual indexation with reference to RPI from the date of the Limited Liability Partnership Agreement.

All of the LLP's net income, net income losses, capital gains and capital losses remaining after the allocation of the designated members share shall be allocated to the members in proportion to their pro rata shares.

Losses of subsidiary LLP's are borne by those LLPs and are not allocated to members. On consolidation these losses are debited to a retained loss account.

STATEMENT OF MEMBERS' RESPONSIBILITIES

The members are responsible for preparing the Report of the Members and the financial statements in accordance with applicable law and regulations.

Legislation applicable to limited liability partnerships requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under legislation applicable to limited liability partnerships the members 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 LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to:

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

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS


So far as the members are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the LLP's auditors are unaware, and each member has taken all the steps that he ought to have taken as a member in order to make himself aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

REPORT OF THE MEMBERS
for the year ended 5 April 2020

AUDITORS

The auditors, Magma Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE MEMBERS:



.....
Gresham House Solar Distribution Designated Member 1 Limited - Designated member

Date: 17 July 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GRESHAM HOUSE SOLAR DISTRIBUTION LLP

Opinion

We have audited the financial statements of Gresham House Solar Distribution LLP (the 'LLP') for the year ended 5 April 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Reconciliation of Members' Interests, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, 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 financial statements:

- give a true and fair view of the state of the LLP's affairs as at 5 April 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the LLP 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 members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the LLP'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 members are responsible for the other information. The other information comprises the information in the Report of the Members, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to LLPs 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 financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the Statement of Members' Responsibilities set out on page two, the members 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 members determine 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 members are responsible for assessing the LLP'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 members either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
GRESHAM HOUSE SOLAR DISTRIBUTION LLP**

Auditors' 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 a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members as a body, for our audit work, for this report, or for the opinions we have formed.

Victoria Craig (Senior Statutory Auditor)
for and on behalf of Magma Audit LLP
Chartered Accountants
Statutory Auditor
Magma House, 16 Davy Court
Castle Mound Way
Rugby
CV23 0UZ

Date:

LLP STATEMENT OF FINANCIAL POSITION
5 April 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	8	35,641,093	30,984,064
Investments	9	<u>8,420,618</u>	<u>8,608,956</u>
		<u>44,061,711</u>	<u>39,593,020</u>
CURRENT ASSETS			
Debtors	10	2,714,836	820,230
Cash at bank	11	<u>7,289,436</u>	<u>13,926,791</u>
		<u>10,004,272</u>	14,747,021
CREDITORS			
Amounts falling due within one year	12	<u>(952,176)</u>	<u>(352,384)</u>
NET CURRENT ASSETS			
		<u>9,052,096</u>	<u>14,394,637</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		53,113,807	53,987,657
PROVISIONS FOR LIABILITIES			
	18	<u>(476,259)</u>	-
NET ASSETS ATTRIBUTABLE TO MEMBERS			
		<u>52,637,548</u>	<u>53,987,657</u>
LOANS AND OTHER DEBTS DUE TO MEMBERS			
		-	-
MEMBERS' OTHER INTERESTS			
Capital accounts		48,447,261	48,447,261
Revaluation reserve		<u>4,190,287</u>	<u>5,540,396</u>
		<u>52,637,548</u>	<u>53,987,657</u>
TOTAL MEMBERS' INTERESTS			
Members' other interests		52,637,548	53,987,657
Amounts due from members	10	<u>(2,265,820)</u>	<u>(342,088)</u>
		<u>50,371,728</u>	<u>53,645,569</u>

The financial statements were approved by the members of the LLP and authorised for issue on 17 July 2020 and were signed by:

.....
Gresham House Solar Distribution Designated Member 1 Limited - Designated member

CONSOLIDATED INCOME STATEMENT
for the year ended 5 April 2020

	Notes	2020 £	2019 £
TURNOVER	3	4,304,582	3,863,434
Cost of sales		<u>(430,194)</u>	<u>(287,614)</u>
GROSS PROFIT		3,874,388	3,575,820
Administrative expenses		<u>(2,580,507)</u>	<u>(2,401,643)</u>
		1,293,881	1,174,177
Other operating income		-	367,759
Loss on revaluation of fixed assets		<u>(362,532)</u>	<u>(132,651)</u>
OPERATING PROFIT	5	931,349	1,409,285
Interest receivable and similar income		<u>-</u>	<u>193</u>
		931,349	1,409,478
Loss on revaluation of financial instruments		<u>(346,306)</u>	<u>(141,560)</u>
		585,043	1,267,918
Interest payable and similar expenses	6	<u>(350,590)</u>	<u>(359,959)</u>
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		<u>234,453</u>	<u>907,959</u>
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		234,453	907,959
Members' remuneration charged as an expense	7	<u>(496,101)</u>	<u>(999,430)</u>
LOSS FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		<u>(261,648)</u>	<u>(91,471)</u>

CONSOLIDATED OTHER COMPREHENSIVE INCOME
for the year ended 5 April 2020

	2020 £	2019 £
LOSS FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS	(261,648)	(91,471)
OTHER COMPREHENSIVE INCOME (Loss) / gain on fixed asset revaluation	(1,087,398)	2,394,568
OTHER COMPREHENSIVE INCOME FOR THE YEAR	(1,087,398)	2,394,568
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(1,349,046)	2,303,097

GRESHAM HOUSE SOLAR DISTRIBUTION LLP (REGISTERED NUMBER: OC402255)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
5 April 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	8	50,861,769	46,749,895
CURRENT ASSETS			
Debtors	10	2,978,834	1,117,897
Cash at bank	11	<u>8,312,982</u>	<u>14,741,399</u>
		11,291,816	15,859,296
CREDITORS			
Amounts falling due within one year	12	<u>(669,284)</u>	<u>(512,241)</u>
NET CURRENT ASSETS		<u>10,622,532</u>	<u>15,347,055</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		61,484,301	62,096,950
CREDITORS			
Amounts falling due after more than one year	13	(8,205,519)	(8,107,630)
PROVISIONS FOR LIABILITIES	18	<u>(638,508)</u>	<u>-</u>
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>52,640,274</u>	<u>53,989,320</u>
LOANS AND OTHER DEBTS DUE TO MEMBERS		-	-
MEMBERS' OTHER INTERESTS			
Capital accounts		48,447,261	48,447,261
Revaluation reserve		4,546,132	5,633,530
Other reserves		<u>(353,119)</u>	<u>(91,471)</u>
		<u>52,640,274</u>	<u>53,989,320</u>
TOTAL MEMBERS' INTERESTS			
Members' other interests		52,640,274	53,989,320
Amounts due from members	10	<u>(2,267,486)</u>	<u>(343,754)</u>
		<u>50,372,788</u>	<u>53,645,566</u>

The financial statements were approved by the members of the LLP and authorised for issue on 17 July 2020 and were signed by:

.....
Gresham House Solar Distribution Designated Member 1 Limited - Designated member

CONSOLIDATED RECONCILIATION OF MEMBERS' INTERESTS
for the year ended 5 April 2020

	EQUITY			Total £
	Members' capital (classified as equity) £	Members' other interests		
	Revaluation reserve £	Retained loss reserve £		
Balance at 6 April 2019	48,447,261	5,633,530	(91,471)	53,989,320
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	-	-
Loss for the financial year available for discretionary division among members	-	-	(261,648)	(261,648)
Members' interests after loss for the year	48,447,261	5,633,530	(353,119)	53,727,672
(Loss) / gain on revaluation of fixed assets	-	(1,087,398)	-	(1,087,398)
Drawings	-	-	-	-
Balance at 5 April 2020	<u>48,447,261</u>	<u>4,546,132</u>	<u>(353,119)</u>	<u>52,640,274</u>
		DEBT		TOTAL
		Loans and other debts due to members less any amounts due from members in debtors		MEMBERS' INTERESTS
		Other amounts £		Total £
Amount due to members		-		
Amount due from members		(343,754)		
Balance at 6 April 2019		(343,754)		53,645,566
Members' remuneration charged as an expense, including employment and retirement benefit costs		496,101		496,101
Loss for the financial year available for discretionary division among members		-		(261,648)
Members' interests after loss for the year		152,347		53,880,019
(Loss) / gain on revaluation of fixed assets		-		(1,087,398)
Drawings		(2,419,833)		(2,419,833)
Amount due to members		-		
Amount due from members		(2,267,486)		
Balance at 5 April 2020		<u>(2,267,486)</u>		<u>50,372,788</u>

CONSOLIDATED RECONCILIATION OF MEMBERS' INTERESTS
for the year ended 5 April 2020

	EQUITY			Total £
	Members' capital (classified as equity) £	Members' other interests Revaluation reserve £	Retained loss reserve £	
Balance at 6 April 2018	33,773,027	3,238,962	-	37,011,989
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	-	-
Loss for the financial year available for discretionary division among members	-	-	(91,471)	(91,471)
Members' interests after loss for the year	33,773,027	3,238,962	(91,471)	36,920,518
Gain on revaluation of fixed assets	-	2,394,568	-	2,394,568
Introduced by members	14,674,234	-	-	14,674,234
Drawings	-	-	-	-
Balance at 5 April 2019	<u>48,447,261</u>	<u>5,633,530</u>	<u>(91,471)</u>	<u>53,989,320</u>

	DEBT	TOTAL MEMBERS' INTERESTS
	Loans and other debts due to members less any amounts due from members in debtors Other amounts £	Total £
Amount due to members	-	
Amount due from members	<u>(347,514)</u>	
Balance at 6 April 2018	(347,514)	36,664,475
Members' remuneration charged as an expense, including employment and retirement benefit costs	999,430	999,430
Loss for the financial year available for discretionary division among members	-	(91,471)
Members' interests after loss for the year	651,916	37,572,434
Gain on revaluation of fixed assets	-	2,394,568
Introduced by members	-	14,674,234
Drawings	<u>(995,670)</u>	<u>(995,670)</u>
Amount due to members	-	
Amount due from members	<u>(343,754)</u>	
Balance at 5 April 2019	<u>(343,754)</u>	<u>53,645,566</u>

GRESHAM HOUSE SOLAR DISTRIBUTION LLP
LLP RECONCILIATION OF MEMBERS' INTERESTS
for the year ended 5 April 2020

	EQUITY		
	Members' other interests		
	Members' capital (classified as equity) £	Revaluation reserve £	Total £
Balance at 6 April 2019	48,447,261	5,540,396	53,987,657
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	-
Profit for the financial year available for discretionary division among members	-	-	-
	<u>48,447,261</u>	<u>5,540,396</u>	<u>53,987,657</u>
Members' interests after profit for the year	48,447,261	5,540,396	53,987,657
(Loss) / gain on revaluation of fixed assets	-	(1,350,109)	(1,350,109)
Drawings	-	-	-
	<u>48,447,261</u>	<u>4,190,287</u>	<u>52,637,548</u>
Balance at 5 April 2020	<u>48,447,261</u>	<u>4,190,287</u>	<u>52,637,548</u>
	DEBT		TOTAL MEMBERS' INTERESTS
	Loans and other debts due to members less any amounts due from members in debtors		
	Other amounts £		Total £
Amount due to members	-		
Amount due from members	<u>(342,088)</u>		
Balance at 6 April 2019	(342,088)		53,645,569
Members' remuneration charged as an expense, including employment and retirement benefit costs	496,101		496,101
Profit for the financial year available for discretionary division among members	-		-
	<u>154,013</u>		<u>54,141,670</u>
Members' interests after profit for the year	154,013		54,141,670
Gain on revaluation of fixed assets	-		(1,350,109)
Drawings	<u>(2,419,833)</u>		<u>(2,419,833)</u>
Amount due to members	-		
Amount due from members	<u>(2,265,820)</u>		
Balance at 5 April 2020	<u>(2,265,820)</u>		<u>50,371,728</u>

The notes form part of these financial statements

GRESHAM HOUSE SOLAR DISTRIBUTION LLP
LLP RECONCILIATION OF MEMBERS' INTERESTS
for the year ended 5 April 2020

	EQUITY		
	Members' other interests		Total £
	Members' capital (classified as equity) £	Revaluation reserve £	
Balance at 6 April 2018	33,773,027	3,238,962	
Members' remuneration charged as an expense, including employment and retirement benefit costs	-	-	-
Profit for the financial year available for discretionary division among members	-	-	-
Members' interests after profit for the year	33,773,027	3,238,962	37,011,989
Gain on revaluation of fixed assets	-	2,301,434	2,301,434
Introduced by members	14,674,234	-	14,674,234
Drawings	-	-	-
Balance at 5 April 2019	<u>48,447,261</u>	<u>5,540,396</u>	<u>53,987,657</u>
	DEBT		TOTAL
	Loans and other debts due to members less any amounts due from members in debtors		MEMBERS' INTERESTS
	Other amounts £		Total £
Amount due to members	-		
Amount due from members	<u>(345,848)</u>		
Balance at 6 April 2018	(345,848)		36,666,141
Members' remuneration charged as an expense, including employment and retirement benefit costs	999,430		999,430
Profit for the financial year available for discretionary division among members	-		-
Members' interests after profit for the year	653,582		37,665,571
Gain on revaluation of fixed assets	-		2,301,434
Introduced by members	-		14,674,234
Drawings	<u>(995,670)</u>		<u>(995,670)</u>
Amount due to members	-		
Amount due from members	<u>(342,088)</u>		
Balance at 5 April 2019	<u>(342,088)</u>		<u>53,645,569</u>

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 5 April 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	3,570,885	2,996,778
Interest paid		<u>(350,590)</u>	<u>(359,959)</u>
Net cash from operating activities		<u>3,220,295</u>	<u>2,636,819</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(6,958,185)	(5,801,828)
Interest received		<u>-</u>	<u>193</u>
Net cash from investing activities		<u>(6,958,185)</u>	<u>(5,801,635)</u>
Transactions with members and former members			
Payments to members		(2,419,833)	(1,126,545)
Contributions by members		<u>-</u>	<u>14,674,234</u>
		<u>(2,419,833)</u>	13,547,689
Cash flows from other financing activities			
Loan repayments in year		<u>(270,694)</u>	<u>(262,635)</u>
Net cash from financing activities		<u>(2,690,527)</u>	<u>13,285,054</u>
(Decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year	2	14,741,399	4,621,161
Cash and cash equivalents at end of year	2	<u>8,312,982</u>	<u>14,741,399</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 5 April 2020

1. RECONCILIATION OF LOSS FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS TO CASH GENERATED FROM OPERATIONS

	2020 £	2019 £
Loss for the financial year available for discretionary division among members	(261,648)	(91,471)
Members' remuneration charged as an expense	496,101	999,430
Depreciation charges	2,034,889	1,773,858
Loss on revaluation of fixed assets	362,532	132,651
Amortised arrangement fees	10,034	10,035
Finance costs	350,590	359,959
Finance income	-	(193)
	2,992,498	3,184,269
(Increase)/decrease in trade and other debtors	(48,554)	74,548
Increase/(decrease) in trade and other creditors	626,941	(262,039)
Cash generated from operations	<u>3,570,885</u>	<u>2,996,778</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 5 April 2020

	5/4/20 £	6/4/19 £
Cash and cash equivalents	<u>8,312,982</u>	<u>14,741,399</u>

Year ended 5 April 2019

	5/4/19 £	6/4/18 £
Cash and cash equivalents	<u>14,741,399</u>	<u>4,621,161</u>

NOTES TO THE CASH FLOW STATEMENT
for the year ended 5 April 2020

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 6/4/19 £	Cash flow £	At 5/4/20 £
Net cash			
Cash at bank	14,741,399	(6,428,417)	8,312,982
Debt			
Debts falling due within 1 year	(260,660)	12,243	(248,417)
Debts falling due after 1 year	<u>(7,306,786)</u>	<u>248,417</u>	<u>(7,058,369)</u>
	<u>(7,567,446)</u>	<u>260,660</u>	<u>(7,306,786)</u>
Net funds	<u>7,173,953</u>	<u>(6,167,757)</u>	<u>1,006,196</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 5 April 2020

1. **STATUTORY INFORMATION**

Gresham House Solar Distribution LLP (OC402255) is a Limited Liability Partnership registered in England and Wales. Its registered office is Glebe Farm, Great Barrington, Burford, Oxfordshire, OX18 4US.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the requirements of the Statement of Recommended Practice, Accounting by Limited Liability Partnerships. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

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

The financial statements are presented in Sterling (£).

Basis of consolidation

The group consolidated financial statements include the financial statements of the LLP and all of its subsidiary undertakings.

A subsidiary is a controlled entity of the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Related party exemption

The LLP has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the Group.

Turnover

Turnover represents the fair value of the consideration received or receivable for goods rendered during the period, exclusive of Value Added Tax, derived from the generation of electricity.

In the case of 'Brown' energy and revenue on Renewable Obligation Certificates (ROCs), revenue is recognised in the month of generation.

Tangible fixed assets

Tangible assets are initially stated at cost, where cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs. Finance costs are included in the cost of tangible assets when they are directly attributable to the construction of tangible fixed assets.

They are subsequently carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of each reporting period.

Depreciation is provided at the following annual rates in order to write off each asset, net of anticipated disposal proceeds, over its estimated useful economic life. Depreciation is charged at the following rates:

Plant and machinery - Period remaining over the lease following revaluation

Expenditure on construction of tangible fixed assets is included in 'Assets under construction', at cost, until the asset is brought into use at which point it is transferred to the appropriate fixed asset category and depreciated over its expected useful economic life. Such costs include all costs directly attributable to bringing the tangible fixed asset into working condition for the intended use.

No depreciation is charged on assets under construction.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 5 April 2020

2. **ACCOUNTING POLICIES - continued**

Investments in subsidiaries

Fixed asset investments are held at fair value, with any movement being reflected through the statement of other comprehensive income in the year to which it relates.

Financial instruments

The LLP has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

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

Such assets are subsequently carried at amortised cost using the effective interest method.

(ii) Financial liabilities

Basic financial liabilities, including trade creditors and other creditors are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Members loan (being repayable on demand), trade debtors and trade creditors are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Non-basic financial liabilities, including derivatives, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the income statement in finance costs or finance income as appropriate.

Leasing commitments

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Members' participation rights

Members' participation rights are the rights of a member against the LLP that arise under the member's agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits).

Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have such an unconditional right, such amounts are classified as liabilities.

All net income, net losses, capital gain and capital losses of the LLP are divided automatically and allocated in accordance to the members agreement and therefore such profits are classed as an expense through the profit and loss rather than an appropriation of equity.

The losses of the LLP shall, with effect from commencement date, be borne equally by the members.

All amounts due to the members that are classified as liabilities are presented in the balance sheet within 'Loans and other debt due to members' and are charged to profit and loss account within 'Members' remuneration charged as an expense. Amounts due to members that are classified as equity are shown in the balance sheet within 'Members' other interests'.

Provisions

Provision is made for the net present value of the estimated future decommissioning costs at the end of the operating life of the solar parks. The provision is calculated using estimated costs of decommissioning, and these estimates have been arrived at by consideration of the expected costs of contracts to remove the installed plant. A corresponding asset is recognised and included within the solar park assets and is depreciated over the life of the solar park. The estimated future cost of decommissioning obligations are regularly reviewed and adjusted as appropriate for new circumstances or changes in law or technology.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 5 April 2020

2. ACCOUNTING POLICIES - continued**Taxation**

Taxation payable on LLP profits is the liability of individual members.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives and fair value of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Due to the specialised nature of the fixed assets there is no market based evidence of their fair value, and therefore the fair value is estimated using an income approach. The key assumption used in valuing the fixed assets is the associated weighted average cost of capital.

(ii) Fair value of derivatives

The members measure derivatives at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the swaps are the 6 month LIBOR rates.

(iii) Fair value of investments

The members measure fixed asset investments at fair value, which is determined by reference to the capital and reserves held in the investment at the reporting date.

(iv) Provisions

Provision is made for asset decommissioning obligations, dilapidations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements.

3. TURNOVER

The turnover and profit for the financial year before members' remuneration and profit shares are attributable to the one principal activity of the LLP.

An analysis of turnover by class of business for the year ended 5 April 2020 is given below:

	2020	2019
	£	£
Generation of electricity	<u>4,304,582</u>	<u>3,863,434</u>
	<u>4,304,582</u>	<u>3,863,434</u>

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	<u>4,304,582</u>	<u>3,863,434</u>
	<u>4,304,582</u>	<u>3,863,434</u>

4. EMPLOYEE INFORMATION

There were no staff costs for the year ended 5 April 2020 nor for the year ended 5 April 2019.

There was no key management compensation payable in the current or prior year.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 5 April 2020

5. OPERATING PROFIT

The operating profit is stated after charging:

	2020	2019
	£	£
Other operating leases	219,234	224,468
Depreciation - owned assets	2,034,889	1,773,858
Auditors' remuneration	<u>24,100</u>	<u>23,800</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank loan interest	<u>350,590</u>	<u>359,959</u>

7. INFORMATION IN RELATION TO MEMBERS

	2020	2019
	£	£
Members' remuneration charged as an expense	<u>496,101</u>	<u>999,430</u>

	2020	2019
	£	£
Remuneration attributable to the member with the largest entitlement	<u>200,830</u>	<u>404,586</u>

	2020	2019
The average number of Members during the year was	<u>127</u>	<u>127</u>

8. TANGIBLE FIXED ASSETS**Group**

	Plant and machinery £	Assets under construction £	Totals £
COST OR VALUATION			
At 6 April 2019	46,749,895	-	46,749,895
Additions	678,105	6,918,588	7,596,693
Revaluations	(3,484,819)	-	(3,484,819)
Reclassification/transfer	<u>6,896,274</u>	<u>(6,896,274)</u>	-
At 5 April 2020	<u>50,839,455</u>	<u>22,314</u>	<u>50,861,769</u>
DEPRECIATION			
Charge for year	2,034,889	-	2,034,889
Revaluation adjustments	<u>(2,034,889)</u>	-	<u>(2,034,889)</u>
At 5 April 2020	-	-	-
NET BOOK VALUE			
At 5 April 2020	<u>50,839,455</u>	<u>22,314</u>	<u>50,861,769</u>
At 5 April 2019	<u>46,749,895</u>	-	<u>46,749,895</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 5 April 2020

8. TANGIBLE FIXED ASSETS - continued

Cost or valuation at 5 April 2020 is represented by

	Plant and machinery £
Cost	51,025,560
Valuation in 2018	2,352,126
Valuation in 2019	946,588
Valuation in 2020	<u>(3,484,819)</u>
	<u>50,839,455</u>

If plant and machinery had not been revalued, they would have been included at the following historical cost:

	2020 £	2019 £
Cost	<u>51,025,560</u>	<u>43,451,181</u>
Aggregate depreciation	<u>3,505,283</u>	<u>2,066,894</u>

Plant and machinery were valued on an income basis on 5 April 2020 by an independent expert.

LLP

	Plant and machinery £	Assets under construction £	Totals £
COST OR VALUATION			
At 6 April 2019	30,984,064	-	30,984,064
Additions	515,856	6,918,588	7,434,444
Revaluations	(2,777,415)	-	(2,777,415)
Reclassification/transfer	<u>6,896,274</u>	<u>(6,896,274)</u>	<u>-</u>
At 5 April 2020	<u>35,618,779</u>	<u>22,314</u>	<u>35,641,093</u>
DEPRECIATION			
Charge for year	1,253,112	-	1,253,112
Revaluation adjustments	<u>(1,253,112)</u>	<u>-</u>	<u>(1,253,112)</u>
At 5 April 2020	<u>-</u>	<u>-</u>	<u>-</u>
NET BOOK VALUE			
At 5 April 2020	<u>35,618,779</u>	<u>22,314</u>	<u>35,641,093</u>
At 5 April 2019	<u>30,984,064</u>	<u>-</u>	<u>30,984,064</u>

Cost or valuation at 5 April 2020 is represented by:

	Plant and machinery £
Cost	35,746,690
Valuation in 2018	2,810,655
Valuation in 2019	(161,151)
Valuation in 2020	<u>(2,323,470)</u>
	<u>35,618,779</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 5 April 2020

8. TANGIBLE FIXED ASSETS - continued

If plant and machinery had not been revalued they would have been included at the following historical cost:

	2020 £	2019 £
Cost	<u>35,746,690</u>	<u>28,334,560</u>
Aggregate depreciation	<u>2,180,358</u>	<u>1,516,694</u>

Plant and machinery were valued on an income basis on 5 April 2020 by an independent expert.

9. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST OR VALUATION	
At 6 April 2019	8,608,956
Revaluations	<u>(188,338)</u>
At 5 April 2020	<u>8,420,618</u>
NET BOOK VALUE	
At 5 April 2020	<u>8,420,618</u>
At 5 April 2019	<u>8,608,956</u>
Cost or valuation at 5 April 2020 is represented by:	
	Shares in group undertakings £
Cost	7,338,709
Valuation in 2019	1,270,247
Valuation in 2020	<u>(188,338)</u>
	<u>8,420,618</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		LLP	
	2020 £	2019 £	2020 £	2019 £
Trade debtors	115,201	142,366	55,260	54,670
Amounts due from Members	2,267,486	343,754	2,265,820	342,088
Other debtors	202,391	271,789	-	63,484
Prepayments and accrued income	<u>393,756</u>	<u>359,988</u>	<u>393,756</u>	<u>359,988</u>
	<u>2,978,834</u>	<u>1,117,897</u>	<u>2,714,836</u>	<u>820,230</u>

11. CASH AT BANK

	Group		LLP	
	2020 £	2019 £	2020 £	2019 £
Cash at bank and in hand	<u>8,312,982</u>	<u>14,741,399</u>	<u>7,289,436</u>	<u>13,926,791</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 5 April 2020

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		LLP	
	2020 £	2019 £	2020 £	2019 £
Bank loans and overdrafts (see note 14)	248,417	260,660	-	-
Trade creditors	223,681	24,425	210,174	24,425
Amounts owed to Group undertakings	-	-	624,438	198,334
VAT	62,675	111,349	14,495	58,694
Other creditors	10,433	9,172	4,980	3,164
Accruals and deferred income	124,078	106,635	98,089	67,767
	<u>669,284</u>	<u>512,241</u>	<u>952,176</u>	<u>352,384</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		LLP	
	2020 £	2019 £	2020 £	2019 £
Bank loans – 2 – 5 years (see note 14)	1,180,905	1,062,822	-	-
Bank loans due in over 5 years (see note 14)	5,877,464	6,243,964	-	-
Interest rate swap	1,147,150	800,844	-	-
	<u>8,205,519</u>	<u>8,107,630</u>	-	-

14. LOANS

An analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year or on demand:		
Bank loans due in less than 1 year	<u>248,417</u>	<u>260,660</u>
Amounts falling due between two and five years:		
Bank loans due in 2-5 years	<u>1,180,905</u>	<u>1,062,822</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans due in over 5 years – repayable by instalments	<u>5,877,464</u>	<u>6,243,964</u>

The Group has a bank loan with Barclays Bank plc, repayable over the period until 2033. The interest rate is fixed at 4.64% until April 2022, when it increased to 4.89%. The balance on the loan at the year end is £4,516,120 (2019: £4,683,673).

The Group has another bank loan with Barclays Bank plc, repayable over the period until 2033. The interest rate is fixed at 4.39% until April 2022, when it increased to 4.64%. The balance on the loan at the year end is £2,927,567 (2019: £3,030,797).

Arrangement fees capitalised against the loan balance, and amortised over the life of the loan are £136,901 (2019: £147,024)

The loan interest rates are fixed by interest rate swaps. The interest rate swaps are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the interest rate swaps at 5 April 2020 are the 6 month LIBOR rates (2019: 6 month LIBOR rates).

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 5 April 2020

15. LEASING AGREEMENTS**Group**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£	£
Within one year	242,426	237,609
Between one and five years	969,704	950,435
In more than five years	<u>4,605,911</u>	<u>4,785,468</u>
	<u>5,818,041</u>	<u>5,973,512</u>

LLP

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£	£
Within one year	167,296	164,405
Between one and five years	669,185	657,619
In more than five years	<u>3,418,355</u>	<u>3,525,228</u>
	<u>4,254,836</u>	<u>4,347,252</u>

The operating leases are in respect of the land upon which the solar parks are sited and the annual charge is based primarily upon the acres of land used, linked to the RPI.

16. FINANCIAL INSTRUMENTS**Group**

The Group has the following financial instruments:

	2020		2019	
	£	£	£	£
Financial assets that are debt instruments measured at amortised cost				
- Trade debtors	115,201		142,366	
- Amounts due from Members	2,267,486		343,754	
- Other debtors	<u>202,391</u>		<u>271,789</u>	
		<u>2,585,078</u>		<u>757,909</u>
Financial liabilities measured at amortised cost				
- Bank loans and overdrafts	7,306,786		7,567,446	
- Trade creditors	223,681		24,425	
- Other creditors	<u>10,433</u>		<u>9,172</u>	
		<u>7,540,900</u>		<u>7,601,043</u>
Financial liabilities measured at fair value				
- Interest rate swap	<u>1,147,150</u>		<u>800,844</u>	
		<u>1,147,150</u>		<u>800,844</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 5 April 2020

16. FINANCIAL INSTRUMENTS - continued**LLP**

The LLP has the following financial instruments:

	2020		2019	
	£	£	£	£
Financial assets that are debt instruments measured at amortised cost				
- Trade debtors	55,260		54,670	
- Amounts due from Members	2,265,820		342,088	
- Other debtors	-		63,484	
	<u>2,321,080</u>		<u>460,242</u>	
Financial liabilities measured at amortised cost				
- Trade creditors	210,174		24,425	
- Amounts owed to Group undertakings	624,438		198,334	
- Other creditors	4,980		3,163	
	<u>839,592</u>		<u>225,922</u>	

17. SECURED DEBTS

The following secured debts are included within creditors:

	2020	2019
	£	£
Bank loans	<u>7,304,786</u>	<u>7,567,446</u>

The bank loan is secured by a fixed and floating charge over the assets of a subsidiary of the group.

18. PROVISIONS FOR LIABILITIES

	Group		LLP	
	2020	2019	2020	2019
	£	£	£	£
Decommissioning provision	<u>638,508</u>	-	<u>476,259</u>	-
Balance at 5 April 2020	<u>638,508</u>	-	<u>476,259</u>	-

Other provisions represents the net present value of the estimated future decommissioning costs at the end of the operating life of the solar park. The provision is calculated using estimated costs of decommissioning.

19. ULTIMATE CONTROLLING PARTY

During the current and prior year the ultimate controlling party was Gresham House plc by virtue of its ultimate shareholding of the Designated Members.

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