

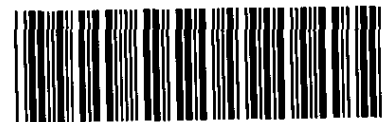
**REGISTERED NUMBER: 08000080 (England and Wales)**

**Callington Solar Park Limited**

***Directors' Report and***

**Financial Statements for the Year Ended 31 December 2016**

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**Callington Solar Park Limited (Registered number: 08000080)**

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for the Year Ended 31 December 2016**

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# **Callington Solar Park Limited**

## **Company Information for the Year Ended 31 December 2016**

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**Directors:**

J M Alfonso  
J M Thesiger

**Registered office:**

2nd Floor  
13 Berkeley Street  
London  
W1J 8DU

**Registered number:**

08000080 (England and Wales)

**Directors' Report  
for the Year Ended 31 December 2016**

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The directors present their report with the financial statements of the Company for the year ended 31 December 2016.

The comparative period is for the year ended 31 December 2015.

**Principal activity**

Callington Solar Park Limited's principal activity is the development of solutions to mitigate climate change.

**Events since the end of the year**

Information relating to events since the end of the year is given in the notes to the financial statements.

**Directors**

J M Alfonso has held office during the whole of the period from 1 January 2016 to the date of this report.

Other changes in directors holding office are as follows:

L Ward - resigned 29 June 2016

J M Thesiger - appointed 29 June 2016


**Going concern**

The directors believe that the Company is well placed to manage its business risks successfully. Having reviewed the Company's current position and cash flow projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**Small companies exemption**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**On behalf of the board:**

  
.....  
J M Alfonso - Director

Date: 05/09/2017

**Statement of Directors' Responsibilities  
for the Year Ended 31 December 2016**

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare financial statements under International Financial Reporting Standards as adopted by the European Union.

Under Company Law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements the directors are required to:

- prepare fairly the financial position, financial performance and cashflows of the company;  
select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting
- Estimates and Errors and then apply them consistently;  
present information, including accounting policies, in a manner that provides relevant, reliable, comparable and
- understandable information;  
provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events
- and conditions on the company's financial position and financial performance;  
state that the company has complied with IFRSs as adopted by the European Union, subject to any material
- departures disclosed and explained in the financial statements; and
- make judgements that are reasonable.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Callington Solar Park Limited (Registered number: 08000080)**

**Statement of Profit or Loss  
for the Year Ended 31 December 2016**

	Notes	2016 £	2015 £
<b>Continuing operations</b>			
Revenue	3	727,327	760,914
Other operating income	4	(19,208)	46,112
Administrative expenses	6	(198,912)	(204,968)
Depreciation	6	<u>(315,682)</u>	<u>(315,453)</u>
<b>Operating profit</b>		193,525	286,605
Finance costs	5	(488,370)	(486,156)
Finance income	5	<u>517</u>	<u>745</u>
<b>Loss before income tax</b>	6	(294,328)	(198,806)
Income tax	7	<u>(48,680)</u>	<u>53,647</u>
<b>Loss for the year</b>		<u><u>(343,008)</u></u>	<u><u>(145,159)</u></u>

The notes form part of these financial statements

**Statement of Other Comprehensive Income  
for the Year Ended 31 December 2016**

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	2016 £	2015 £
Loss for the year	(343,008)	(145,159)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive loss for the year	<u>(343,008)</u>	<u>(145,159)</u>

**Callington Solar Park Limited (Registered number: 08000080)**

**Statement of Financial Position  
31 December 2016**

	Notes	2016 £	2015 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	6,653,343	6,870,913
Deferred tax	17	<u>4,967</u>	<u>53,647</u>
		<u>6,658,310</u>	<u>6,924,560</u>
<b>Current assets</b>			
Trade and other receivables	9	115,029	134,910
Cash and cash equivalents	10	<u>116,229</u>	<u>157,287</u>
		<u>231,258</u>	<u>292,197</u>
<b>Total assets</b>		<u><u>6,889,568</u></u>	<u><u>7,216,757</u></u>
<b>Equity</b>			
<b>Shareholders' equity</b>			
Called up share capital	11	100	100
Retained earnings	12	<u>(653,822)</u>	<u>(310,814)</u>
<b>Total equity</b>		<u>(653,722)</u>	<u>(310,714)</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions	16	<u>617,744</u>	<u>506,457</u>
<b>Current liabilities</b>			
Trade and other payables	13	74,241	122,599
Financial liabilities			
Interest bearing loans	14	<u>6,851,305</u>	<u>6,898,415</u>
		<u>6,925,546</u>	<u>7,021,014</u>
<b>Total liabilities</b>		<u>7,543,290</u>	<u>7,527,471</u>
<b>Total equity and liabilities</b>		<u><u>6,889,568</u></u>	<u><u>7,216,757</u></u>

The Company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2016.

The members have not required the Company to obtain an audit of its financial statements for the year ended 31 December 2016 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the Company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the Company.

The notes form part of these financial statements



**Callington Solar Park Limited (Registered number: 08000080)**

**Statement of Financial Position - continued**  
**31 December 2016**

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The financial statements were approved by the Board of Directors on 05/09/21017 and were signed on its behalf by:

.....  
J M Alfonso - Director

The notes form part of these financial statements

**Callington Solar Park Limited (Registered number: 08000080)**

**Statement of Changes in Equity  
for the Year Ended 31 December 2016**

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	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2015</b>	100	(165,655)	(165,555)
<b>Changes in equity</b>			
Total comprehensive loss	<u>-</u>	<u>(145,159)</u>	<u>(145,159)</u>
<b>Balance at 31 December 2015</b>	<u>100</u>	<u>(310,814)</u>	<u>(310,714)</u>
<b>Changes in equity</b>			
Total comprehensive loss	<u>-</u>	<u>(343,008)</u>	<u>(343,008)</u>
<b>Balance at 31 December 2016</b>	<u><u>100</u></u>	<u><u>(653,822)</u></u>	<u><u>(653,722)</u></u>

The notes form part of these financial statements

**Statement of Cash Flows**  
**for the Year Ended 31 December 2016**

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Loss before income tax	(294,328)	(198,806)
Depreciation	315,682	315,453
Finance costs	488,370	485,411
Movement in trade and other receivables	19,881	54,721
Movement in trade and other payables	<u>(48,358)</u>	<u>(6,797)</u>
<b>Net cash from operating activities</b>	<u>481,247</u>	<u>649,982</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment	<u>(195)</u>	<u>(167,804)</u>
<b>Net cash from investing activities</b>	<u>(195)</u>	<u>(167,804)</u>
<b>Cash flows from financing activities</b>		
Increase in loans from group undertaking	(46,810)	(201,835)
Interest income	517	745
Interest paid	<u>(475,817)</u>	<u>(371,300)</u>
<b>Net cash from financing activities</b>	<u>(522,110)</u>	<u>(572,390)</u>
<b>Increase in cash and cash equivalents</b>	(41,058)	(90,212)
<b>Cash and cash equivalents at beginning of year</b> 10	<u>157,287</u>	<u>301,146</u>
<b>Cash and cash equivalents at end of year</b> 10	<u><u>116,229</u></u>	<u><u>157,287</u></u>

The notes form part of these financial statements

**Notes to the Financial Statements  
for the Year Ended 31 December 2016**

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**1. General information**

Callington Solar Park Limited is a private limited company incorporated and domiciled in England and Wales. The address of the company's registered office is 2nd Floor, 13 Berkeley Street, London, W1J 8DU.

The principal activities of the company are focused on finding solutions to mitigate climate change. The principal accounting policies adopted by the company are set out in note 2.

**2. Accounting policies**

**Statement of compliance**

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations issued by the International Financial Reporting Interpretation Committee (IFRICs) as adopted by the European Union and applied in accordance with the provisions of the Companies Act 2006 as they apply to the financial statements of the Company for the year ended 31 December 2016.

**Basis of preparation**

The financial statements are prepared on the historical cost basis. The financial statements are presented in Sterling, and are rounded to the nearest pound except where otherwise indicated.

**Going concern**

The directors believe that the Company is well placed to manage its business risks successfully. Having reviewed the Company's current position and cash flow projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**Segmental reporting**

For management purposes, the Company is organised into one operating segment which provides only one service, being finding solutions to mitigate climate change through the construction and operation of solar parks. Accordingly, all operating disclosures are based upon analysis of the company as one segment. Geographically, the company operates solely in the United Kingdom.

**Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016**

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**2. Accounting policies - continued**

**Fair value measurement**

The Company measures financial instruments and non-financial assets at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities,
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, or
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as shown above.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016

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2. Accounting policies - continued

**New and amended standards and interpretations**

The accounting policies adopted are consistent with those of the previous financial period, except for the following amendments to IFRS effective as of 1 January 2016. Their adoption has not had any significant impact on the amounts reported in the financial statements but may impact the accounting for future transactions and arrangements:

**Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The company intends to adopt these standards, if applicable, when they become effective.

		Effective for periods Commencing
IFRS 16	Leases	1 January 2019
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from contracts	1 January 2018
IFRIC 22	Foreign currency transactions and advanced consideration	1 January 2018
Clarifications to IFRS 15	'Revenue from contracts with customers'	1 January 2018
Amendment to IFRS 2	'Classification and measurement of share based payment transactions'	1 January 2018
Amendment to IAS 7	'Disclosure Initiative'	1 January 2017
	Annual Improvements to IFRS 2014 - 2016 cycle	1 January 2017
Amendment to IAS 12	'Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017

For new standards with effective date of 1 January 2018, the Group has performed a preliminary assessment of the impact of these standards as outlined below.

**IFRS 9 'Financial instruments'**

IFRS 9 introduces new requirements for classifying, measuring and impairing financial instruments and hedge accounting. Under IFRS 9, loans and trade receivables may be measured at fair value through other comprehensive income or amortised cost depending on the characteristics of the contractual cash flows.

Under IFRS 9, the Group also should record expected credit losses on all of its debt securities, loans and trade receivables, on a 12 month or lifetime basis.

The directors do not anticipate that adoption of these standards and interpretations will have a material impact on the financial statements in the period of initial application.

**IFRS 15 'Revenue from Contracts'**

The directors do not anticipate that adoption of these standards and interpretations will have a material impact on the financial statements in the period of initial application.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016

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2. Accounting policies - continued

**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Items of property, plant and equipment are depreciated to their estimated residual values on a straight line basis over their expected useful lives as follows:

Solar PV assets	- over 25 years
Inverters	- over 15 years
Other assets	- over 4 years

The depreciation methods, estimated remaining useful lives and residual values are reviewed at each reporting date, taking account of technological innovations and asset maintenance programmes. A change resulting from the review is treated as a change in accounting estimate. The depreciation expense is recognised in the income statement. Depreciation commences when an asset is available for use.

**Taxation**

**Current tax**

Current taxes are based on the results shown in the financial statements and are calculated using tax rates enacted or substantially enacted by the year end date.

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes.

**Deferred tax**

Deferred taxation is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date. Full provision is made without discounting for all deferred tax liabilities. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered against taxable profits.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016

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2. Accounting policies - continued

**Decommissioning provision**

Liabilities for decommissioning costs are recognised when the Company has an obligation to dismantle and remove the Solar PV equipment and to restore the land on which it is located. Liabilities may arise upon construction of such facilities, upon acquisition or through a subsequent change in legislation or regulations. The amount recognised is the estimated present value of expenditure determined in accordance with local conditions and requirements. A corresponding tangible item of property, plant and equipment equivalent to the provision is also created.

Any changes in the present value of the estimated expenditure is added to or deducted from the cost of the assets to which it relates. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. The unwinding of the discount on the decommissioning provision is included as a finance cost.

**Impairment of non-financial assets**

Impairment of non-financial assets is reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated.

If the recoverable amount of the asset is estimated to be less than the carrying amount, the carrying amount of the asset or cash-generating unit is reduced to the recoverable amount. The impairment is recognised in the statement of profit or loss as an expense. Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash flows independently, the recoverable amount is determined for the larger cash-generating unit to which the asset belongs.

A previously recognised impairment will be reversed insofar as estimates change as a result of an event occurring after the impairment was recognised. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the statement of profit and loss.

After recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted in the future periods to allocate the asset's revised carrying amount, less its residual value, on a systematic basis over its useful life.



**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016**

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**2. Accounting policies - continued**

**Leases**

Leases in which the group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

Rentals payable under operating leases are based on the level of income received during the period and are charged to the statement of profit and loss on an accruals basis.

**Financial instruments**

Financial instruments recognised on the balance sheet include trade and other receivables, cash and cash equivalents, accounts payable and other financial liabilities.

Initial recognition and measurement:

Financial assets and financial liabilities are recognised on the balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial instruments are initially recorded at fair value plus, in the case of a financial asset or financial liability not at fair value through profit and loss, directly attributable transaction costs. Subsequent measurement and impairment for each classification is specified in the sections below.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase or sell the financial asset.

De-recognition of financial assets and liabilities:

A financial asset, or a portion of a financial asset, is derecognised where:

- The rights to receive cash flows from the asset have expired;  
The company retains the right to receive cash flows from the asset, but has assumed an obligation to
- pay them in full without material delay to a third party under a "pass-through" arrangement, or
- The company has transferred the rights to receive cash flows from the asset and either:
  - (i) has transferred substantially all the risks and rewards of the assets or
  - (ii) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or has expired.

Trade and other receivables:

Subsequent to initial measurement, trade and other receivables are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in income when the receivables are derecognised or impaired, as well as through the amortisation process.

Trade and other receivables reflected on the balance sheet are net of an allowance for uncollectible amounts.

Financial liabilities:

Loans and accounts payables are classified as financial liabilities and are subsequently measured at amortised cost. Gains and losses are recognised in income when the financial liabilities are derecognised or impaired as well as through the amortisation process.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Any instrument that includes a repayment obligation is classified as a liability.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016**

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**2. Accounting policies - continued**

Where the contractual liabilities of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities, and are presented as such in the statement of financial position. Finance costs and gains or losses relating to financial liabilities are included in the statement of profit or loss. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any features meeting the definition of a financial liability then such capital is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

**Impairment of financial assets**

The Company's financial assets are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether or not there is any indication of impairment.

Assets carried at amortised cost:

If there is objective evidence that an impairment loss has been incurred, it is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of profit and loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

**Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand.

**Equity**

Equity comprises the following

- "Share capital" represents the nominal value of ordinary equity shares.
- "Retained earnings" include all current results as disclosed in the statement of profit and loss.

**Revenue recognition**

Revenue represents income from the generation of energy from operational solar parks during the period. Any uninvoiced income is accrued in the period in which it has been generated.

Revenue is stated net of value added tax and is generated entirely within the United Kingdom.

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016**

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**2. Accounting policies - continued**

**Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency at exchange rates prevailing at the date of the transaction. Monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction, whilst assets carried at fair value are translated at the exchange rates when the fair value was determined.

**Significant accounting estimates and assumptions**

The preparation of financial statements in conformity with IFRSs requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values that are not readily apparent from other sources. Actual results may differ from these estimates.

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

The most critical accounting policies and estimates in determining the financial condition and results of the company are those requiring a greater degree of subjective or complete judgement. These relate to:

- Decommissioning provision

As part of the measurement and recognition of assets and liabilities in 2016, the Company has recognised a provision for decommissioning obligations associated with its solar park. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs.

- Revenue relating to the accrued income for ROCS

The number of Renewable Obligation Certificates ("ROC's") are calculated each month based on the net number of mega-watts of power exported. The ROC price is fixed for each Compliance Period ("CP") which runs from 1 April to 31 March and is published in advance by Ofgem. The ROC recycle price is subject to market forces and is not published by Ofgem until September following the accounting year end. Management have adopted the policy of recognising ROC Recycle revenue once on an annual basis, at a time when the price can be reliably estimated (typically when there is public information on the key drivers of the price, including ROCs supplied and energy demand). For the year ended 31 December 2016, no ROC recycle revenue has been accrued in respect of ROC's generated for CP15 (1 April 2016 to 31 December 2016) as management has determined that this cannot be reliably measured given that the ROC recycle price is published post September the year after. This revenue (if any) will be recognised in the following accounting year when the price is confirmed.

- Deferred taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

2. Accounting policies - continued

**Financial risk management objectives and policies**

The Company's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The board of directors reviews and agrees policies for managing each of these risks, which are summarised below.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

**Interest rate risk:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At 31 December 2016, all of the Company's borrowings are at a fixed rate of interest and therefore the Company is not exposed to interest rate risk.

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

**Trade receivables:**

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

Refer to note 9 for a summary of trade receivables.

**Financial instruments and cash deposits:**

Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy following the requirement under the project finance agreement.

The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2016 and 2015 is the carrying amounts.

**Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's policy to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of intergroup facilities and by ensuring adequate internally generated funds.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016

2. **Accounting policies - continued**

Refer to note 14 for a table summarising the maturity of the Company's financial liabilities.

Trade and other payables in most circumstances are due within 3 months from the date of invoice.

3. **Revenue**

Revenue recognised in the statement of profit or loss is analysed as follows:

	2016 £	2015 £
Energy generation	<u>727,327</u>	<u>760,914</u>

All turnover arose in the United Kingdom and is stated net of trade discounts, VAT and other similar taxes.

ROCs is defined in note 2 significant accounting estimates and assumptions.

4. **Other operating income**

	2016 £	2015 £
Liquidated damages	<u>(19,208)</u>	<u>46,112</u>

Liquidated damages relate to compensation received from the engineering, procurement and construction ("EPC") contractor, where the level of performance of the solar park falls below the level guaranteed under the EPC contract. The amount presented in the Statement of Profit or Loss represents the compensation that covers for lost revenue that would have been achieved if the solar park performed at the guaranteed level. Current year liquidated damages represent a reversal of accrued income at prior year, this accrual was based on best available information at that time.

5. **Net finance costs**

	2016 £	2015 £
Finance income:		
Interest income	<u>517</u>	<u>745</u>
Finance costs:		
Loan interest to parent	475,000	473,557
Unwinding of discount on provision	<u>13,370</u>	<u>12,599</u>
	<u>488,370</u>	<u>486,156</u>
Net finance costs	<u>487,853</u>	<u>485,411</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016

6. **Loss before income tax**

The loss before income tax is stated after charging:

	2016 £	2015 £
Depreciation	315,682	315,453
Management costs	95,003	69,390
Rent and land costs	<u>61,619</u>	<u>88,327</u>

**Remuneration**

For the year, the directors were employed by, and received all emoluments from other Oxygen House Partners Group (formerly known as Andromeda Capital Partners Group) undertakings. The directors perform directors' duties for multiple entities in the Oxygen House Partners Group, as well as their employment duties within Oxygen House Partners Group businesses. Consequently, allocating their employment compensation across all these duties would mean any amounts allocated to their duties for the group would be an immaterial nominal amount. Accordingly, no separate remuneration has been disclosed.

7. **Income tax**

**(a) Income tax on loss on ordinary activities**

Income tax charged in the statement of profit or loss:

	2016 £	2015 £
<b>Current tax:</b>		
UK Corporation tax on the loss for the period	<u>-</u>	<u>-</u>
<b>Deferred tax:</b>		
Current year	(51,308)	(60,343)
Adjustment in respect of previous periods	94,565	-
Effect of changes in tax rates	<u>5,423</u>	<u>6,696</u>
<b>Total deferred tax</b>	<u>48,680</u>	<u>(53,647)</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016

7. Income tax - continued

**(b) Reconciliation of the total income tax charge**

The income tax expense in the statement of profit or loss for the period differs from the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%). The differences are reconciled below:

	2016 £	2015 £
Accounting loss before taxation	<u>(294,328)</u>	<u>(198,806)</u>
At standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	(58,865)	(40,251)
Adjustments in respect of prior years	94,565	-
Tax effect of non-deductible items	7,557	2,393
Rate change adjustment on current year	5,423	6,696
Movement on unprovided deferred tax	<u>-</u>	<u>(22,485)</u>
Income tax (benefit)/expense in statement of profit or loss	<u><u>48,680</u></u>	<u><u>(53,647)</u></u>

**(c) Factors that may affect future tax charges**

The UK corporation tax rate reduced to 20% from April 2015. The rate will further reduce to 19% from April 2017 and to 17% from 1 April 2020, and as at the balance sheet date, both these future tax rate reductions had been substantively enacted. The deferred tax asset at 31 December 2016 has been calculated based upon the substantively enacted rate of 17%.

**(d) Deferred tax**

**Deferred tax in the statement of profit or loss**

	2016 £	2015 £
Accelerated capital allowances	<u>48,680</u>	<u>(53,647)</u>
	<u><u>48,680</u></u>	<u><u>(53,647)</u></u>

**Deferred tax (assets)/liabilities:**

Provision at start of period	(53,647)	-
Adjustment in respect of prior years	94,565	-
Deferred tax charge to I/S for the period	<u>(45,885)</u>	<u>(53,647)</u>
	<u><u>(4,967)</u></u>	<u><u>(53,647)</u></u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016

8. Property, plant and equipment

	Solar PV assets £	Inverters £	Other assets £	Totals £
<b>Cost</b>				
At 1 January 2016	6,984,234	485,020	11,848	7,481,102
Additions	195	-	-	195
Decommissioning estimate	<u>97,916</u>	<u>-</u>	<u>-</u>	<u>97,916</u>
At 31 December 2016	<u>7,082,345</u>	<u>485,020</u>	<u>11,848</u>	<u>7,579,213</u>
<b>Depreciation</b>				
At 1 January 2016	544,340	63,252	2,597	610,189
Charge for year	<u>280,288</u>	<u>32,423</u>	<u>2,970</u>	<u>315,681</u>
At 31 December 2016	<u>824,628</u>	<u>95,675</u>	<u>5,567</u>	<u>925,870</u>
<b>Net book value</b>				
At 31 December 2016	<u>6,257,717</u>	<u>389,345</u>	<u>6,281</u>	<u>6,653,343</u>
At 31 December 2015	<u>6,439,894</u>	<u>421,768</u>	<u>9,251</u>	<u>6,870,913</u>

9. Trade and other receivables

	2016 £	2015 £
Current:		
Trade receivables	36,658	58,473
Other debtors	465	90
Accrued income	69,893	67,686
Prepayments	<u>8,013</u>	<u>8,661</u>
	<u>115,029</u>	<u>134,910</u>

Due to the nature of these receivables, the carrying value approximates their fair value.

Trade receivables are non-interest bearing and are generally receivable on 30 days' terms. As at 31 December 2016, the trade receivables balance was all due within 30 days.

10. Cash and cash equivalents

	2016 £	2015 £
Cash on hand and at bank	<u>116,229</u>	<u>157,287</u>



Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016

11. Called up share capital

	No.	2016 £	No.	2015 £
Allocated, called up and fully paid				
Ordinary shares of £0.01 each	10,000	<u>100</u>	10,000	<u>100</u>

13. Trade and other payables

	2016 £	2015 £
Current:		
Trade payables	2,647	7,266
Accrued expenses	43,783	76,207
Other taxes	<u>27,811</u>	<u>39,126</u>
	<u>74,241</u>	<u>122,599</u>

The above payables are all unsecured. Due to the nature of trade and other payables, their carrying value is assumed to approximate their fair value.

14. Financial liabilities

	2016 £	2015 £
Current:		
Loans due to parent company	<u>6,851,305</u>	<u>6,898,415</u>
Terms and debt repayment schedule		
		1 year or less £
Loans due to parent company		<u>6,851,305</u>

The fair value measurement of interest bearing loans and borrowings has been determined based on significant observable inputs (level 2).

Details of the terms of these loans are given in note 18.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2016

15. **Leasing agreements**

Obligations under operating leases

The future minimum rentals payable under non-cancellable operating leases are as follows:

	2016 £	2015 £
Land and buildings		
Not later than one year	17,384	17,036
After one year but not more than five years	-	-
After five years	-	-
	<u>17,384</u>	<u>17,036</u>

16. **Provisions**

	2016 £	2015 £
<b>Decommissioning movement:</b>		
At beginning of period	506,457	239,585
Arising during the year	97,917	(24,190)
Unwinding of discount and changes in discount rate	13,370	12,599
At 31 December	<u>617,744</u>	<u>506,457</u>

A provision has been recognised for decommissioning costs associated with the solar park. The company is committed to decommissioning the site at the end of the 25 year lease.

17. **Contingent liabilities**

There were no contingent liabilities at the balance sheet date.

18. **Related party disclosures**

Included in note 15 is £6,851,305 (2015: £6,898,415) owed to Low Carbon Solar Finance Limited, the company's immediate parent undertaking. This loan is repayable on demand.

Included in Administration Expense is amount of £33,552

19. **Events after the reporting period**

There are no events to report after the period end.

**21. Ultimate controlling party**

The company's immediate parent undertaking is Low Carbon Solar Finance Limited. In the directors' opinion the ultimate parent undertaking and controlling party at 31 December 2016 is Oxygen House Partners LLP (previously known as Andromeda Capital Partners LLP), a Limited Liability Partnership incorporated in England and Wales. The smallest group in which the company is consolidated and which publishes consolidated accounts is Low Carbon Solar Finance Limited, whose accounts can be obtained from Low Carbon Ventures Limited, 2nd Floor, 13 Berkeley Street, London, W1J 8DU. The largest group in which the company is consolidated and which publishes consolidated accounts is Oxygen House Partners LLP, whose accounts can be obtained from Oxygen House Partners LLP, Oxygen House, Grenadier Road, Exeter Business Park, Exeter, EX1 3LH.