

KS SPV 21 Limited

Report and Financial Statements

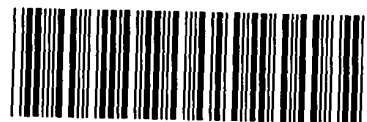
30 June 2017

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COMPANIES HOUSE

Directors

A D K Brierley

T Rosser

K A Shenton

Secretary

S Ludlow

Auditors

Ernst & Young LLP

Bedford House

16 Bedford Street

Belfast, BT2 7DT

Bankers

Royal Bank of Scotland

280 Bishopsgate

London EC2M 4RB

Solicitors

Burges Salmon

6 New Street Square

London

EC4A 3BF

Registered Office

6th Floor

33 Holborn

London EC1N 2HT

Registered No. 08151441

Directors' report

The directors present their report and financial statements for the 6 months ended 30 June 2017.

Principal activities

The Company is a wholly owned subsidiary of a group of companies of which the principal activities are that of construction and operation of solar plants and the generation of solar power.

Going concern

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

Directors

The directors who served the company during the period and appointed subsequently were as follows:

A D K Brierley	(appointed 5 May 2017)
K A Shenton	(appointed 5 May 2017)
T Rosser	
P S Latham	(resigned 5 May 2017)
S Goss	(resigned 5 May 2017)

Disclosure of information to the auditors

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

Auditors

PricewaterhouseCoopers LLP resigned as auditors on 19 October 2017 and Ernst & Young LLP was appointed in their place.

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

Small companies' exemptions

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

On behalf of the Board



T Rosser
Director

Date: 29 March 2018

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditors' report

to the members of KS SPV 21 Limited

Opinion

We have audited the financial statements of KS SPV 21 Limited (the 'company') for the period ended 30 June 2017 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2017 and of its loss for the period 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditors' report

to the members of KS SPV 21 Limited

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Independent auditors' report

to the members of KS SPV 21 Limited

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



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

Date: 29 March 2018

Statement of income and retained earnings

for the 6 months ended 30 June 2017

	6 months ended 30 June 2017 £	Year ended 31 December 2016 £
Turnover	528,218	826,188
Cost of sales	(334,065)	(568,049)
Gross profit	194,153	258,139
Administrative expenses	(2,438)	(194,660)
Operating profit	191,715	63,479
Interest payable and similar charges	(375,337)	(727,446)
Loss before taxation	(183,622)	(663,967)
Tax on loss	25,762	(12,594)
Loss for the financial period	(157,860)	(676,561)
Retained earnings at the beginning of the period	(1,677,138)	(1,000,577)
Loss for the financial period	(157,860)	(676,561)
Retained earnings at the end of the period	(1,834,998)	(1,677,138)

All amounts relate to continuing activities.

Statement of financial position

at 30 June 2017

		30 June 2017	31 December 2016
	Notes	£	£
Fixed assets			
Tangible assets	4	<u>7,676,064</u>	<u>7,849,831</u>
		7,676,064	7,849,831
Current assets			
Debtors: amounts falling due within one year	5	346,927	1,080,710
Cash at bank and in hand		<u>123,950</u>	<u>—</u>
		470,877	1,080,710
Creditors: amounts falling due within one year	6	<u>(204,479)</u>	<u>(849,699)</u>
Net current assets		<u>266,398</u>	<u>231,011</u>
Total assets less current liabilities		7,942,462	8,080,842
Creditors: amounts falling due after more than one year	7	(9,777,450)	(9,732,208)
Provisions for liabilities			
Deferred taxation	8	<u>—</u>	<u>(25,762)</u>
		—	(25,762)
Net liabilities		<u>(1,834,988)</u>	<u>(1,677,128)</u>
Capital and reserves			
Called up share capital	9	10	10
Retained earnings		<u>(1,834,998)</u>	<u>(1,677,138)</u>
Total shareholders' funds		<u>(1,834,988)</u>	<u>(1,677,128)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

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



T Rosser
Director

29 March 2018

Notes to the financial statements

at 30 June 2017

1. General information

KS SPV 21 Limited is a private company, limited by shares, incorporated in and domiciled in the United Kingdom registration number 08151441. The registered office is 6th Floor, 33 Holborn London, EC1N 2HT.

The Company is a wholly owned subsidiary of a group of companies of which the principal activities are that of construction and operation of solar plants and the generation of solar power.

2. Accounting policies

Basis of preparation of financial statements

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

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company accounting policies.

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

ROC Recycle Estimate

The company establishes accrued income in respect of the ROC recycle based on production for the period and apply externally available best estimates for the expected ROC recycle price for the period which is outstanding. Any difference between the estimate and the actual ROC recycle price is taken as revenue in the period in which the ROC recycle price is confirmed.

The following principal accounting policies have been applied:

Exemption of qualifying entities under FRS 102

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

The Company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, required under Section 7 of FRS 102 and para 3.17(d), on the basis that it is a small company;
- from disclosing the Company's key management personnel compensation as required by FRS 102 para 33.7; and
- from disclosing related party transactions that are wholly owned within the same group.

Going concern

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

Notes to the financial statements

at 30 June 2017

2. Accounting policies (continued)

Tangible fixed assets

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

The company adds to the carrying amount of an item of tangible assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

Depreciation is provided on the following basis:

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

Revenue

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

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

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Debtors

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

Notes to the financial statements

at 30 June 2017

2. Accounting policies (continued)

Cash and cash equivalents

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

Related party transactions

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

Share capital

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

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and trade creditors.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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

Creditors

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

Notes to the financial statements

at 30 June 2017

2. Accounting policies (continued)

Finance costs

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

Borrowing costs

All borrowing costs are recognised in the Statement of income and retained earnings in the year in which they are incurred.

Contingent liabilities

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

3. Employees and directors' remuneration

The Company has no employees other than the directors, who did not receive any remuneration (year ended 31 December 2016 – £nil).

Notes to the financial statements

at 30 June 2017

4. Tangible fixed assets

	<i>Long-term leasehold property</i>	<i>Plant and machinery</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 January 2017	29,672	8,794,186	8,823,858
Additions	–	3,180	3,180
Disposals	(430)	–	(430)
At 30 June 2017	<u>29,242</u>	<u>8,797,366</u>	<u>8,826,608</u>
Accumulated depreciation:			
At 1 January 2017	3,217	970,810	974,027
Charge for the period	584	175,933	176,517
At 30 June 2017	<u>3,801</u>	<u>1,146,743</u>	<u>1,150,544</u>
Net book value:			
At 30 June 2017	<u>25,441</u>	<u>7,650,623</u>	<u>7,676,064</u>
At 1 January 2017	<u>26,455</u>	<u>7,823,376</u>	<u>7,849,831</u>

5. Debtors

	<i>30 June 2017</i>	<i>31 December 2016</i>
	£	£
Trade debtors	–	23,085
Amounts owed by group undertakings	–	823,759
VAT recoverable	–	11,333
Prepayments and accrued income	343,434	222,524
Other debtors	3,493	9
	<u>346,927</u>	<u>1,080,710</u>

6. Creditors: amounts falling due within one year

	<i>30 June 2017</i>	<i>31 December 2016</i>
	£	£
Bank overdraft	–	25
Trade creditors	21,588	144,208
Other creditors	65,210	2,000
Accruals and deferred income	117,681	703,466
	<u>204,479</u>	<u>849,699</u>

Notes to the financial statements

at 30 June 2017

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

	30 June 2017	31 December 2016
	£	£
Amounts owed to group undertakings	9,777,450	9,732,208

The prior period balances were with the previous parent and were all repaid on 5 May 2017. Up to the date of repayment the loans were bearing interest at 8% (31 December 2016 – 8%).

The current period balances are with the current parent, bear interest at 6.7% and are repayable after more than five years.

8. Deferred taxation

	30 June 2017	31 December 2016
	£	£
At beginning of period	25,762	13,168
(Credited)/Charged to the statement of income and retained earnings	(25,762)	12,594
At end of period	–	25,762

	30 June 2017	31 December 2016
	£	£
Tax losses carried forward	–	25,762

9. Issued share capital

	30 June 2017	31 December 2016
	£	£
<i>Allotted, called up and fully paid</i>		
Nil (31 December 2016 – 1,000) Ordinary share of £0.01 each	–	10
1,000,020 (31 December 2016 – nil) Ordinary shares of £0.00001 each	10	–
Nil (31 December 2016 – 10) Deferred shares of £0.0001 each	–	–
	10	10

On 16 June 2017 each ordinary share of £0.01 was sub divided into 1,000 ordinary shares with a par value of £0.00001.

10. Contingent liabilities

The Company has a constructive obligation to return the land on which solar sites are built to its original condition, at the end of the lease. The directors believe that given the nature of the assets, the lessor may wish to either take title of the assets for either continued use or to realise value through selling the assets and as such the directors do not believe that an outflow is probable to settle this restoration obligation. The directors will continue to monitor this situation at each balance sheet date.

Notes to the financial statements

at 30 June 2017

11. Related party transactions

The Company has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102, on the grounds that at 30 June 2017 it was a wholly owned subsidiary.

The Company has identified the following transactions which fall to be disclosed under the terms of FRS 102 "Related party transactions".

During the period, monitoring fees of £49,148 (31 December 2016 – £142,050) were charged by Octopus Investments Limited, a related party due to its significant influence over the entity. At the period end no amount was outstanding (31 December 2016 – £nil).

During the period, the company's parent undertaking, Kunowsky Energy Limited met expenditure of £233,998 (31 December 2016 – £433,567) and received revenue of £221,692 (31 December 2016 – £1,082,105) on behalf of the company. The company was also charged interest of £273,035 (31 December 2016 – £727,383) by its parent undertaking. At the period end, a total of £nil (31 December 2016 – £9,525,832) was outstanding of which £nil (31 December 2016 – £823,759) is included in debtors and £nil (31 December 2016 – £10,349,591) is included in creditors.

12. Commitments under operating leases

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

	30 June 2017	31 December 2016
	£	£
Future minimum lease payments	<u>1,862,862</u>	<u>1,890,305</u>

13. Ultimate parent undertaking and controlling party

The company's parent undertaking was Kunowsky Energy Limited until the company was sold on 5 May 2017.

The company's immediate parent undertaking is Renewable Energy Income Partnership Holdings Limited, a company incorporated in the United Kingdom. The Registered office is 6th Floor, 33 Holborn, and London, EC1N 2HT.

The parent undertaking of the smallest and largest group of which this company is a member, and for which consolidated financial statements are prepared is Renewable Energy Income Partnership Holdings I Limited, a company incorporated in the United Kingdom. Copies of the group financial statements of Renewable Energy Income Partnership Holdings I Limited can be obtained from 6th Floor, 33 Holborn, and London, EC1N 2HT.

The ultimate controlling party is Renewable Energy Income Partnership Limited Partnership, a limited partnership in the United Kingdom.