

**Renewable Energy Systems Holdings Limited**

**Annual Report and Financial Statements**

**31 October 2018**



**Registered in England and Wales  
No. 04913497**

**Renewable Energy Systems Holdings Limited**  
**Annual Report and Financial Statements for the year ended 31 October 2018**  
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## **Renewable Energy Systems Holdings Limited**

### **Company information**

#### **Directors**

G M McAlpine BA (Hons) MSc  
I D Catto BEng (Hons) CEng FIMechE FICE FREng  
D C Joyce BAcc (Hons) CA  
D J McAlpine BSc (Hons)  
G M Reid BSc (Hons) FICE  
C M Marsh BA (Hons) CIPD  
M Perona BSc (Hons) Econ  
R Ruffle BEng (Hons) CEng

#### **Company secretary**

D J Hearth BA (Hons) Solicitor

#### **Independent auditor**

Deloitte LLP  
London, United Kingdom

#### **Registered office**

Beaufort Court  
Egg Farm Lane  
Kings Langley  
Hertfordshire  
WD4 8LR

#### **Registered number**

04913497

**Renewable Energy Systems Holdings Limited**  
**Strategic report**  
**For the year ended 31 October 2018**

The Directors present their Strategic Report on Renewable Energy Systems Holdings Limited Group (the "Group") for the year ended 31 October 2018.

**Objectives, strategy and business model**

The Group's vision is to create a future where everyone has access to affordable zero carbon energy. One of the principal ways in which the Group plans to achieve this is through the Group's mission to continuously innovate in order to keep lowering the cost of renewable energy.

Delivery of our vision and mission is underpinned by our values of Passion, Accountability, Collaboration and Excellence.

The Group continues to focus resource on markets and business streams where it can lead and where substantial renewable energy growth opportunities are expected. The Group continues to invest in development activities in a range of geographies.

The Group is engaged in renewable energy project development, construction and support services in the markets in which it operates around the world. This is generally achieved by establishing local operations, overseen by local management and three regional executive teams which report to the main Board. The Group aims to continue to grow the number and scale of its renewable energy projects, by funding its own portfolio of development projects through to either financial close or the completion of construction. This is achieved via a combination of recycling cash generated from selling development projects reaching financial close (with or without follow-on construction contracts), third party construction activity, support services activity, sale of energy generated from operational assets, non-recourse bank financing and Group level bank facilities. The Group also partners with other investors, where appropriate, to mitigate risk or gain strategic advantage.

The Group's operations are diversified across 10 countries, 4 business streams (development, construction, support services and electricity generation) and 4 technologies (wind, solar, storage and transmission and distribution construction). This diversification enables increased stability in cash flows and profitability.

**Financial overview**

The Group achieved turnover of £597.8 million (2017: £885.7 million). Profit before income tax and exceptionals totalled £38.5 million (2017: £45.2 million). Operating profit totalled £34.7million (2017: £51.7m). The decrease in turnover and operating profit of the Group compared to prior year was principally due to reduced levels of construction activities in the Americas, largely due to market conditions, a key driver being the uncertainty around US tax reform which has subsequently been resolved. In addition, UK construction activity peaked in 2017 as a result of the cessation of the Renewables Obligation Certificates, hence 2018 revenue generated in the UK is lower by comparison.

The Group has entered into a number of joint arrangements with partners in the development of renewables projects, in particular in the Americas and Australia. As joint arrangements, gains realised on the disposal of development projects are not recognised in gross profit. Such gains are recognised in "Share of after tax profit / (loss) of joint ventures and associates accounted for using the equity method and gain on disposal of joint ventures and associates" within operating profit in the income statement. See note 16 for further details.

Net assets at 31 October 2018 totalled £292.6 million (2017: £309.7 million). Cash and cash equivalents at 31 October 2018 totalled £169.0 million (2017: £171.3 million). The Group had cash and cash equivalents in excess of total borrowings at 31 October 2018 of £87.2 million compared to £90.5 million in 2017.

**Tax strategy**

The Group's tax strategy is published on its website and outlines the policy and approach taken by the Group in conducting its tax affairs and managing its tax risk.

**Renewable Energy Systems Holdings Limited**  
**Strategic report**  
**For the year ended 31 October 2018**

**Strategic review**

In addition to turnover and profit before tax before exceptional items (noted above), the Group monitors a number of non-financial Key Performance Indicators (KPIs). Further detail is provided in the following paragraphs.

The Group (including joint ventures and associates) completed the development of projects totalling 768 MW in the year ended 31 October 2018 (2017: 652 MW) and constructed projects totalling 980 MW in the year (2017: 1.4 GW). These construction MW are calculated on a percentage completion basis.

The Group provides support services to 3.3 GW of operational assets, which has increased from 3.0 GW in 2017.

At regional levels, management boards monitor additional non-financial KPIs including Health and Safety performance, staff retention, client relationships and project break even prices.

The following commentary summarises the performance in the year, for the Group's core markets.

**The Americas**

Six development projects were closed in the period, totalling 367 MW, of which 56 MW were constructed by the Group in the current financial year. In total, construction during the year totalled 898 MW.

**Europe and Australia**

In the UK, one developed wind project was sold totalling 30 MW and 42 MW of wind and storage assets were constructed in the year.

In France, the Group sold three developed wind projects and three developed solar projects totalling 49 MW and constructed approximately 39 MW in the year. The Group, as a member of a consortium, continues to develop a 500 MW offshore wind project in the area of Saint-Brieuc, off the coast of Brittany.

In Turkey, the Group completed the construction of one solar project which is now generating revenue for the Group.

During the year in Australia, the Group sold its 50% investment in a 260 MW developed wind project for which the Group will provide construction services in the following financial year.

**Generation**

The Group has interests in 13 operational sites across its geographies, with total capacity of 189 MW, including 42 MW of storage capacity.

**Future developments**

The current year has seen increased opportunities for renewable energy companies as technology costs continue to fall, enabling renewables to gain increased market share from more traditional forms of generation, such as coal. Subsidies are expiring, being reduced or replaced with competitive auctions in most of the markets in which the Group operates. This is putting pressure on margins across the whole supply chain but is also leading to increased levels of innovation and cost reduction, thus enabling further growth.

As renewables deployment continues to grow, the support required for assets during generation is expected to grow and the Group is also focusing efforts on increasing its current share of the Asset Management and support services market.

**Principal trading risks**

***Electricity route to market***

One of the principal risks and uncertainties facing the Group relates to securing a route to market for the electricity generated by projects. Value is generated by the electricity from the Group's projects through Power Purchase Agreements (PPAs), hedging instruments, selling on the spot market or sale of projects to infrastructure investment and utility companies. The availability of PPAs is a key risk to the business, along with the volatility of future electricity prices. This risk is mitigated through the Group's cost reduction initiatives in order to keep lowering the cost of renewable energy to ensure that the electricity produced by projects is competitive and continues to gain market share against other forms of electricity generation.

**Renewable Energy Systems Holdings Limited**  
**Strategic report**  
**For the year ended 31 October 2018**

**Principal trading risks (continued)**

***Political risk***

There is a risk regarding political will to support low carbon initiatives in the future. This risk is mitigated by intergovernmental commitments on carbon reduction necessitating an accelerated transition towards renewable technologies, together with corporate commitments to secure clean energy with the objective of reducing their environmental impact through carbon emission reductions. The Group's focus on cost reduction initiatives will enable renewable energy produced by the Group's projects to be a competitive form of generation in a subsidy free environment.

In June 2018, the United States announced its withdrawal from the Paris Agreement. The Directors do not believe this event will significantly impact operations in that region with renewables subsidiaries already in a period of tapering down before cessation in 2020. The Group is well placed to continue to deliver competitive form of generation to the market as a result of continued cost reduction initiatives.

While the Group continuously monitors the situation regarding 'Brexit', with the expected UK exit of the European Union on 29 March 2019, the risks and impact remain unknown. However, the Directors do not believe this risk will significantly alter in the UK, following exit. UK carbon reduction commitments are enshrined in UK law and are not currently expected to change as a result of leaving the EU. In addition, the UK Government remains committed to the Paris Agreement under the United Nations Framework Convention on Climate Change.

***Local planning processes***

The unpredictable duration of local permitting processes necessary to build-out development sites is a risk to the Group. This risk is mitigated by the geographical diversification of the Group and also through having a sufficient pipeline of development projects and close engagement with local stakeholders to ensure any concerns are appropriately addressed.

***Change in long-term weather patterns***

The Group's revenues are impacted by inherent variability in local wind and solar conditions from year-to-year. In the medium and longer term, wind and solar conditions are expected to more closely match statistical trends based on historic data utilised in the project feasibility studies in the early development phase. This risk is controlled and mitigated using appropriate project and risk reporting at a project and a Board level, with appropriate actions taken to minimise risks and by diversifying those activities by both geographical location and technology.

**Financial risk management objectives and policies**

This has been considered within note 33 to the consolidated financial statements.

Approved by the Board and signed on its behalf by:



I D Catto  
Chief Executive Officer  
7 February 2019

**Renewable Energy Systems Holdings Limited**  
**Directors' report**  
**For the year ended 31 October 2018**

The Directors present their report and audited financial statements for the year ended 31 October 2018 for the Renewable Energy Systems Holdings Limited Group (the "Group") and Renewable Energy Systems Holdings Limited Company (the "Company"). The consolidated financial statements for the Group have been prepared under International Financial Reporting Standards (IFRS) for the year ended 31 October 2018. The Company financial statements have been prepared under FRS 101 for the year ended 31 October 2018.

The Company has chosen, in accordance with section 414C (11) of Companies Act 2006, to include such matters of strategic importance to the Company in the Strategic Report which otherwise would be required to be disclosed in the Directors' Report. These include principal trading risks and financial risk management.

**Principal activities**

The principal activities of the Group are the development, construction and support services of renewable energy projects and infrastructure. The Group has operations in Europe, the Americas and Australasia.

**Dividends**

In the year the directors declared a dividend of £29,525,000 (2017: £nil). Details of dividends declared after the reporting period are included in note 38 of the financial statements.

**Directors**

The directors who have held office throughout the year are as follows:

G M McAlpine BA (Hons) MSc  
I D Catto BEng (Hons) CEng FIMechE FICE FREng  
D C Joyce BAcc (Hons) CA  
D J McAlpine BSc (Hons)  
G M Reid BSc (Hons) FICE  
J G H Armitano MSc (resigned 1 November 2018)  
C M Marsh BA (Hons) CIPD

The following directors were appointed after the year end:

M Perona BSc (Hons) Econ (appointed 1 November 2018)  
R Ruffle BEng (Hons) CEng (appointed 1 November 2018)

**Qualifying third-party and pension scheme indemnity provisions**

The Company has made no qualifying third party indemnity provisions for the benefit of its directors.

**Research and development**

The Group continues to invest in developing wind, solar and storage sites across its core markets, expensing development costs until there is sufficient certainty that the project is economically viable and construction is able to commence. The Group has a leading position in the energy storage market and has invested resources in creating a platform ("RESolve") which controls the operational performance of the battery, optimising the service provided to clients. The Group will continue to invest in this platform as the storage market is expected to grow due to its role as an enabling technology to facilitate greater deployment of intermittent wind and solar energy generation.

**Renewable Energy Systems Holdings Limited**  
**Directors' report**  
**For the year ended 31 October 2018**

**Events after the reporting period**

The Directors are not aware of any material events after the reporting period other than those disclosed in note 38 of the financial statements.

**Employee consultation**

Information affecting Group employees is communicated using a combination of methods including self-service intranet, email, team meetings and individual consultation. A Group-wide bonus scheme is in operation to enable employees to share in the success of the Group and to recognise their efforts in contributing to that success.

**Diversity and inclusion**

RES believes that diverse, talented and creative teams adds value to the Company by enabling it to respond positively and flexibly to changes in competitive domestic and international markets. We will therefore continue to promote diversity and inclusion within RES, valuing the talent of all our staff and ensuring that we can compete in attracting, retaining and developing high calibre employees with wide-ranging experience and abilities.

During 2018, RES has developed a Diversity and Inclusion Strategy that seeks better representation of all diversity groups at all levels of the company, with the intention of eroding the pay gap between male and female employees. In 2019 we plan to broaden our focus beyond gender.

**Disabled employees**

In dealing with disabled persons, the Group acts in accordance with its Equal Opportunity and Diversity policy, which specifies that employees with disabilities will receive fair treatment and be considered according to their ability to do the job, following reasonable adjustments where appropriate. Decisions on recruitment, selection, training, promotion and career management are based on objective and job-related criteria.

**Corporate social responsibility**

The Group's sustainability mission is to power positive change by ensuring that our operations, procurement, products and services make a net positive contribution to society and the environment. This includes the impact of the Group on the lives of employees, stakeholders, local communities where we work and those further afield. The Group have led or participated in many initiatives during the year including:

- Conservation projects;
- IT infrastructure investment to improve communication and help reduce travel;
- Community outreach programmes;
- Engaging with local subcontractors in support of local communities in which we develop and construct projects; and
- Educational outreach programmes.

**Going concern**

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors' Report. The financial position of the Group is set out in the consolidated statement of financial position and the accompanying notes to the financial statements. The Group's cash and borrowings positions are set out in the Strategic Report and notes 23, 25 and 33 to the financial statements. A description of the Group's financial risks is also set out in note 33 to the consolidated financial statements.

At the year end the Group had cash of £169.0 million (2017: £171.3 million) and borrowings of £81.8 million (2017: £80.8 million). A total of 83.5% (2017: 90.7%) of the Group's borrowings are non-recourse long-term project finance debt secured on the Group's operating wind and battery projects. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of the long-term non-recourse borrowings and has access to a medium-term revolving credit facility of £80m (2017: £80m), under which £nil was drawn at 31 October 2018 (2017: £nil). As a consequence, the Directors believe that the Group will be able to continue to manage its business risks successfully. In the forthcoming year, the Group intends to fund its growth by project sales.

Cash forecasts identifying the liquidity requirements of the Group are produced regularly. These are reviewed by the Board to ensure that sufficient financial facilities are available for at least twelve months from the date of signing the financial statements. After making enquiries, the Directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.



**Renewable Energy Systems Holdings Limited**  
**Directors' report**  
**For the year ended 31 October 2018**

**Auditor**

Each of the persons who is a Director at the date of approval of this report confirms that:

- 1) so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware;
- 2) the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as the company's auditor.

Approved by the Board and signed on its behalf by:



I D Catto  
Chief Executive Officer  
7 February 2019

**Renewable Energy Systems Holdings Limited**  
**Statement of Directors' responsibilities**  
**For the year ended 31 October 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 year. Under that law the Directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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.

In preparing the group financial statements, International Accounting Standard 1 requires that Directors:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

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

**Renewable Energy Systems Holdings Limited**  
**Independent auditor's report**  
**For the year ended 31 October 2018**

**Independent auditor's report to the members of Renewable Energy Systems Holdings Limited**

**Report on the audit of the financial statements**

**Opinion**

In our opinion:

- the financial statements of Renewable Energy Systems Holdings Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 October 2018 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated statement of financial position and parent company balance sheet;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 38 to the consolidated financial statements; and
- the related notes 1 to 11 to the parent company financial statements.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

**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.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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**

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

We have nothing to report in respect of these matters.

**Renewable Energy Systems Holdings Limited**  
**Independent auditor's report**  
**For the year ended 31 October 2018**

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 respect of these matters.

**Responsibilities of Directors**

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Report on other legal and regulatory requirements**

**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 strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

**Renewable Energy Systems Holdings Limited**  
**Independent auditor's report**  
**For the year ended 31 October 2018**

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

**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.

A handwritten signature in black ink, consisting of a large loop followed by a long, slightly wavy horizontal line.

**Darren Longley FCA (Senior Statutory Auditor)**

**For and on behalf of Deloitte LLP**

Statutory Auditor

London, United Kingdom

7 February 2019

**Renewable Energy Systems Holdings Limited**  
**Consolidated income statement**  
**For the year ended 31 October 2018**

	Notes	2018 £'000	2017 £'000
<b>Revenue</b>	4	597,819	885,674
Cost of sales	5	(542,628)	(751,894)
<b>Gross profit</b>		<b>55,191</b>	<b>133,780</b>
Administrative expenses	5	(68,532)	(63,438)
Exceptional items	9	(1,446)	(5,132)
Profit on disposal of subsidiaries	7	-	357
Other net gains/(losses)	8	3,982	(1,068)
Share of after tax profit / (loss) of joint ventures and associates accounted for using the equity method and gain on disposal of joint ventures and associates	16	45,511	(12,768)
<b>Operating profit</b>		<b>34,706</b>	<b>51,731</b>
Other income	10	750	3,041
Net finance cost excluding foreign exchange		(2,205)	(6,295)
Foreign exchange gains/(losses) on financing activities	12	3,757	(8,379)
Net finance income/(costs)	11	<b>1,552</b>	<b>(14,674)</b>
<b>Profit before income tax</b>		<b>37,008</b>	<b>40,098</b>
<b>Analysed as:</b>			
<b>Profit before income tax and exceptional items</b>		<b>38,454</b>	<b>45,230</b>
Exceptional items	9	(1,446)	(5,132)
		<b>37,008</b>	<b>40,098</b>
Income tax charge	13	(16,143)	(23,084)
<b>Profit for the financial year</b>		<b>20,865</b>	<b>17,014</b>
<b>Profit attributable to:</b>			
– Owners of the parent		21,597	17,836
– Non-controlling interests		(732)	(822)
		<b>20,865</b>	<b>17,014</b>

The notes on pages 18 to 69 are an integral part of these consolidated financial statements.

**Renewable Energy Systems Holdings Limited**  
**Consolidated statement of comprehensive income**  
**For the year ended 31 October 2018**

	Notes	2018 £'000	2017 £'000
<b>Profit for the financial year</b>		<b>20,865</b>	<b>17,014</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Defined benefit pension remeasurements	28	(221)	4,082
<b>Items that may be subsequently reclassified to profit or loss:</b>			
Change in fair value of available-for-sale financial assets	17	184	(5)
Currency translation differences		(4,596)	(3,487)
		<u>(4,412)</u>	<u>(3,492)</u>
<b>Other comprehensive income for the year, net of tax</b>		<u>(4,633)</u>	<u>590</u>
<b>Total comprehensive income for the year</b>		<u><u>16,232</u></u>	<u><u>17,604</u></u>
<b>Attributable to:</b>			
- Owners of the parent		16,964	18,627
- Non-controlling interest		(732)	(1,023)
<b>Total comprehensive income for the year</b>		<u><u>16,232</u></u>	<u><u>17,604</u></u>

The income tax relating to each component of other comprehensive income is disclosed in note 13.

The notes on pages 18 to 69 are an integral part of these consolidated financial statements.

**Renewable Energy Systems Holdings Limited**  
**Consolidated statement of financial position**  
**As at 31 October 2018**

	Notes	2018 £'000	2017 £'000
<b>Non-current assets</b>			
Property, plant and equipment	14	115,972	103,680
Intangible assets	15	5,486	5,380
Investments in associates and joint ventures	16	41,733	33,243
Available-for-sale financial assets	17	2,607	1,765
Deferred tax assets	19	47,999	57,301
Trade and other receivables	20	3,394	10,042
		<b>217,191</b>	<b>211,411</b>
<b>Current assets</b>			
Trade and other receivables	20	220,414	257,221
Inventory	21	9,722	10,067
Derivative financial instruments	18	-	2,331
Cash and cash equivalents	23	169,004	171,265
		<b>399,140</b>	<b>440,884</b>
<b>Current liabilities</b>			
Trade and other payables	24	(172,520)	(203,842)
Current income tax liabilities		(2,799)	(6,098)
Borrowings	25	(19,560)	(13,102)
Derivative financial instruments	18	(2,694)	(1,010)
Provision for other liabilities and charges	27	(10,452)	(4,812)
		<b>(208,025)</b>	<b>(228,864)</b>
<b>Net current assets</b>		<b>191,115</b>	<b>212,020</b>
<b>Total assets less current liabilities</b>		<b>408,306</b>	<b>423,431</b>
<b>Non-current liabilities</b>			
Borrowings	25	(62,258)	(67,699)
Accruals and deferred income		(1,568)	(3,735)
Provision for other liabilities and charges	27	(24,715)	(15,051)
Post-employment benefit liabilities	28	(12,543)	(11,428)
Derivative financial instruments	18	(1,064)	(4,361)
Deferred tax liabilities	19	(13,525)	(11,437)
		<b>(115,673)</b>	<b>(113,711)</b>
<b>Net assets</b>		<b>292,633</b>	<b>309,720</b>
<b>Equity attributable to owner of the parent</b>			
Ordinary shares	29	58,843	58,843
Merger reserve		9,584	9,584
Revaluation reserve		362	178
Cumulative translation differences		8,885	13,481
Capital redemption reserve		1,158	1,158
Retained earnings		218,062	229,873
		<b>296,894</b>	<b>313,117</b>
Non-controlling interest		(4,261)	(3,397)
<b>Total equity</b>		<b>292,633</b>	<b>309,720</b>

The notes on pages 18 to 69 are an integral part of these consolidated financial statements.

The financial statements were approved by the board of directors and authorised for issue on 7 February 2019. They were signed on its behalf by:



I D Catto

Director

7 February 2019



Renewable Energy Systems Holdings Limited  
Consolidated statement of changes in equity  
Year ended 31 October 2018

Note	Attributable to owners of the parent							Non-controlling interest	Total equity
	Share capital	Merger reserve	Revaluation reserve	Cumulative translation reserve	Capital redemption reserve	Retained earnings	Total		
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 1 November 2016	58,843	9,584	183	20,368	1,158	204,041	294,177	(2,380)	291,797
Profit for the year	-	-	-	-	-	17,836	17,836	(822)	17,014
Other comprehensive income for the year	-	-	(5)	(3,286)	-	4,082	791	(201)	590
Total comprehensive income for the year	-	-	(5)	(3,286)	-	21,918	18,627	(1,023)	17,604
Other movement	-	-	-	(3,601)	-	3,914	313	6	319
Total transactions recognised directly in equity	-	-	-	(3,601)	-	3,914	313	6	319
Balance as at 31 October 2017	58,843	9,584	178	13,481	1,158	229,873	313,117	(3,397)	309,720
Profit for the year	-	-	-	-	-	21,597	21,597	(732)	20,865
Other comprehensive income for the year	-	-	184	(4,596)	-	(221)	(4,633)	-	(4,633)
Total comprehensive income for the year	-	-	184	(4,596)	-	21,376	16,964	(732)	16,232
Dividends	-	-	-	-	-	(29,525)	(29,525)	-	(29,525)
Other movement	-	-	-	-	-	(3,662)	(3,662)	(132)	(3,794)
Total transactions recognised directly in equity	-	-	-	-	-	(33,187)	(33,187)	(132)	(33,319)
Balance as at 31 October 2018	58,843	9,584	362	8,885	1,158	218,062	296,894	(4,261)	292,633

**Renewable Energy Systems Holdings Limited**  
**Consolidated cash flow statement**  
**For the year ended 31 October 2018**

	Notes	2018 £'000	2017 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	32	(18,199)	200,346
Distributions from joint ventures and associates related to project disposals	16	11,591	-
Proceeds from disposal of the Group's equity interests in joint ventures and associates	16	100,616	-
Investment in associates and joint ventures	16	(74,093)	(21,596)
Interest paid		(7,085)	(6,719)
Interest received		812	1,367
Income tax paid		(6,530)	(18,003)
<b>Net cash generated from operating activities</b>		<b>7,112</b>	<b>155,395</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(16,002)	(6,292)
Proceeds from sale of property, plant and equipment		912	5,984
Purchases of available-for-sale financial assets	17	-	(519)
Proceeds from disposal of available-for-sale financial assets	17	-	13,997
Proceeds from disposal of subsidiaries, net of cash		1,005	126
Loans advanced to associates and joint ventures		-	(1,723)
Dividends received from available-for-sale equity investments		115	75
<b>Net cash used in investing activities</b>		<b>(13,970)</b>	<b>11,648</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		17,500	-
Repayments and other reductions of borrowings		(29,533)	(71,772)
Repayments from / (investment in) short-term deposit accounts		45,010	(45,010)
Dividends paid to owners of the parent	30	(29,525)	-
<b>Net cash generated from financing activities</b>		<b>3,452</b>	<b>(116,782)</b>
Net (decrease)/increase in cash and cash equivalents		(3,406)	50,261
Cash and cash equivalents at beginning of year	23	171,265	123,819
Exchange (losses)/gains		1,145	(2,815)
<b>Cash and cash equivalents at end of year</b>	23	<b>169,004</b>	<b>171,265</b>

The notes on pages 18 to 69 are an integral part of these consolidated financial statements.

**Renewable Energy Systems Holdings Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 October 2018**

**1 General Information**

Renewable Energy Systems Holdings Limited ('the Company') and its subsidiaries (together, the "Group") develop, construct and operationally manage renewable energy projects and infrastructure. This includes the sale of fully or partially developed projects and also the production and sale of electricity from projects where ownership has been retained. The Group has operations in Europe, the Americas and Australasia.

The company is a private company limited by shares, incorporated and domiciled in the UK. The address of its registered office is Beaufort Court, Egg Farm Lane, Kings Langley, Hertfordshire, WD4 8LR.

**2 Summary of significant accounting policies**

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

**2.1 Basis of preparation**

The consolidated financial statements of Renewable Energy Systems Holdings Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation to fair value of certain available-for-sale financial assets and of derivative financial instruments. The financial statements are presented in pounds sterling.

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

**2.2 New Standards**

*2.2.1 New Standards, amendments and interpretations adopted by the Group*

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on 1 November 2017 have had a material impact on the Group.

*2.2.2 New Standards, amendments and interpretations not yet adopted by the Group*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 November 2018, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Group or parent company, except the following, set out below:

IFRS 9, Financial Instruments, includes requirements for recognition and measurement, derecognition and hedge accounting. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted, subject to EU endorsement. The full impact of IFRS 9 has been fully assessed. IFRS 9 will not materially affect the Group.

IFRS 15, "Revenue from Contracts with Customers", establishes the principles that an entity shall use to report information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted, subject to EU endorsement.

**Renewable Energy Systems Holdings Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 October 2018**

**2.2 New Standards (continued)**

The Group has concluding its project to assess the impact of IFRS 15 'Revenue from Contracts with Customers' which the Group will adopt in the year ending 31 October 2019.

The Group has conducted a review by revenue and contract type for each of its business activities. This has highlighted that the key areas impacted are construction contracts, with immaterial impact elsewhere.

It is important to note that whilst the replacement of IAS 11 and IAS 18 by IFRS 15 can impact on the timing of revenue and profit recognition of a long-term construction contract within an accounting period, it does not change the overall revenue, profit or cash generated by the contract. There will however, be a timing impact in terms of recognition of the cost and equal revenue (nil margin) of uninstalled materials in construction projects. Profit on the construction contract will continue to be recognised by reference to the stage of completion at the reporting date on a costs incurred basis (excluding the costs of uninstalled materials). Uninstalled materials have been identified as turbines for wind projects, PV panels and inverters for solar projects, and battery cells and inverters for storage projects. The cost and equal revenue of uninstalled materials will be recognised at the point a site is commissioned. This impact will only occur in construction contracts which include the procurement of uninstalled materials and not 'balance of plant' contracts for which the Group is not responsible for the provision of the uninstalled materials.

The impact on Group profit before tax for the year ended 31 October 2018 would not have been materially different under IFRS 15.

The Group expects to adopt the cumulative catch-up method of transition, wherein the results of the prior year are not restated but the initial impact of adopting the standard is taken to opening reserves.

IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting information about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on the statement of financial position for lessees. The standard replaces IAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted, subject to EU endorsement and the entity adopting IFRS 15 'Revenue from contracts with customers' at the same time. The full impact of IFRS 16 has not yet been assessed, however will result in the Group reporting additional right to use assets (e.g. leased land on which renewable energy projects are located) and a related increase in lease liabilities.

**2.3 Going concern**

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors' Report. The financial position of the Group is set out in the consolidated statement of financial position and the accompanying notes to the financial statements. The Group's cash and borrowings positions are set out in the Strategic Report and notes 23, 25 and 33 to the financial statements. A description of the Group's financial risks is also set out in note 33 to the consolidated financial statements.

**Renewable Energy Systems Holdings Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 October 2018**

**2.3 Going concern (continued)**

At the year end the Group had cash of £169.0 million (2017: £171.3 million) and borrowings of £81.8 million (2017: £80.8 million). A total of 83.5% (2017: 90.7%) of the Group's borrowings are non-recourse long-term project finance debt secured on the Group's operating wind and battery projects. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of the long-term non-recourse borrowings and has access to a medium-term revolving credit facility of £80m (2017: £80m), under which £nil was drawn at 31 October 2018 (2017: £nil). As a consequence, the Directors believe that the Group will be able to continue to manage its business risks successfully. In the forthcoming year, the Group intends to fund its growth by project sales.

Cash forecasts identifying the liquidity requirements of the Group are produced regularly. These are reviewed by the Board to ensure that sufficient financial facilities are available for at least twelve months from the date of signing the financial statements. After making enquiries, the Directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**2.4 Consolidation**

*2.4.1 Subsidiaries and business combinations*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Details of the subsidiary entities which have been included in the consolidated financial statements are set out in note 11 of the separate parent company financial statements that accompanies these financial statements. The interests of non-controlling interests in the Group's activities and cash flows are not considered to be material.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in the income statement.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that are deemed to be an asset or liability are recognised in accordance with IAS 39 either in the income statement or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

## **2.4 Consolidation (continued)**

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

### *2.4.2 Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### *2.4.3 Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to retained earnings.

### *2.4.4 Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the change in net assets of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of any amounts previously recognised in other comprehensive income is reclassified to retained earnings where appropriate. Dilution gains and losses arising on partial disposals of investments in associates are recognised in the income statement.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Distributions received from an associate reduce the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "Share of after tax profit / (loss) of joint ventures and associates accounted for using the equity method and gain on disposal of joint ventures and associates" in the income statement.

Gains and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Additional investments in loss making associates are expensed to the extent that they represent share of losses not previously recognised. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

**Renewable Energy Systems Holdings Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 October 2018**

**2.4 Consolidation (continued)**

*2.4.5 Joint arrangements*

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Renewable Energy Systems Holdings Limited has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method (see 2.4.4 above).

**2.5 Foreign currency translation**

*2.5.1 Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling, which is the Group's presentation currency.

*2.5.2 Transactions and balances*

Foreign currency transactions are initially translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Related foreign currency denominated monetary assets and liabilities remaining at the reporting date are translated into the functional currency using spot rates at that date. Foreign exchange gains and losses resulting from the retranslation or settlement of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, or in either other comprehensive income or directly in equity to follow where the recognition of the underlying item is classified. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within cost of sales or administrative expenses as appropriate.

Translation differences on non-monetary financial assets measured at fair value, such as equities classified as available-for-sale, are included in other comprehensive income.

*2.5.3 Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised via other comprehensive income in "cumulative translation differences" reserves.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Where loans to and borrowings from other Group companies are denominated in foreign currencies and settlement of these items is neither planned nor likely to occur in the foreseeable future, and these items form part of the net investment in a foreign operation, the exchange difference arising on these items is recognised via other comprehensive income in "cumulative translation differences" reserves.

## **2.6 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, and represents the value of work carried out to date for the development, construction and operation of wind and solar farms, battery storage facilities and related activities. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

### *2.6.1 Revenue from the sale of electricity*

Generation revenue is recognised on the sale of electricity generated in wind and solar farms at the time that the electricity is generated and enters grid networks.

The generation of electricity from renewable sources results in the earning of various green energy certificates under various government incentive schemes promoting the generation of clean energy, for example in the UK Renewable Obligations Certificates (ROCs) and in the USA Renewable Energy Credits (RECs). The Group sells all such green energy credits to off-takers under contracted terms at either contracted or market regulated prices, and recognises revenue from such sales at the same time as the related generation revenue is recognised.

### *2.6.2 Revenue from service agreements*

Revenue is earned on support services contracts, where wind and solar sites are operated and managed by the Group on behalf of third parties, and operations and maintenance service contracts where on-site plant and equipment are inspected and maintained by the Group on behalf of third parties. Revenue is recognised on a straight-line basis over the life of the contract, unless an alternative pattern of recognition is more commensurate with the transfer of risk and reward for the services provided.

### *2.6.3 Revenue from development and construction contracts*

Revenue earned on Development Service Agreements (DSAs) for advice and facilitation of project preparation up to the point of construction is recognised on a milestone basis at substantial completion of the services.

When the outcome of individual contracts can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively. For Engineering, Procurement and Construction (EPC) contracts, revenue and costs are recognised by reference to the stage of completion at the reporting date. Costs are recognised as incurred on an accruals basis and revenue is recognised on the basis of the proportion of total costs incurred at the reporting date to the estimated total costs of the contract. No revenue is recognised until the outcome of the contract can be estimated with reasonable certainty.

Provision is made for all known or expected losses on individual contracts once such losses are foreseen.

Revenue in respect of variations to contracts is recognised when it is probable it will be agreed by the customer. Revenue in respect of claims against customers is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and the probable amount can be measured reliably.



## **2.6 Revenue recognition (continued)**

Where the Group bears the risks relating to installation of turbines within an EPC contract, turbine revenues and related costs are recognised straight-line over the shorter of a period of 15 months or the actual turbine contractual period, which is deemed appropriate as turbines are constructed specifically for, and are bespoke to, each windfarm constructed. Turbine cost represents the most significant portion of the overall construction cost. Where a third party carries the turbine risk and the Group is only contracted to perform the balance of the construction work, the revenues and costs associated with construction are recognised on a percentage of completion basis as set out above.

When a development project is sold to a customer in the Group's ordinary course of business, the ownership of the project is typically transferred to the customer through sale of shares in a Special Purpose Vehicle (SPV). The SPV is a separate legal entity which owns the development assets of the project. Such transactions represent the ordinary trading activities of the Group and therefore the consideration receivable from the customer under the Share Purchase Agreement are recognised within revenue and the cash flows within cash generated from operations.

## **2.7 Employee benefits**

### *2.7.1 Short-term employee benefits*

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received. An accrual is recognised at the statement of financial position date for any material remaining obligations to employees.

### *2.7.2 Annual bonus plans*

The Group operates an annual bonus plan for employees. An expense is recognised in the income statement when the Group has a legal or constructive obligation to make payments under the plans as a result of past employee services provided over the plan period and a reliable estimate of the obligation can be made.

### *2.7.3 Long-term incentive plan*

The Group operates a long-term incentive plan for senior employees. Cash payments are made over the vesting period based on performance against a targeted return on net assets for the Group. The charges under the scheme are allocated to the relevant accounting periods in which the Group benefits from the services of the employees concerned. This varies depending on the award dates, the vesting dates and the conditions imposed on continuing employment with the Group. The plan does not result in the issue of, or amounts payable depend upon, any equity instruments of Group companies and the plan is therefore not within the scope of IFRS 2, 'Share-based payments'.

### *2.7.4 Retirement benefits*

The company's subsidiary, Renewable Energy Systems Limited participates in the defined benefits section of the Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme ("the Scheme").

#### *2.7.4 (a) Defined contribution obligations*

For defined contribution schemes the amount charged to the income statement in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

## **2.7 Employee benefits (continued)**

### *2.7.4 (b) Defined benefit obligations*

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the Group's agreed share of the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The Groups' agreed share of the defined benefit obligation is 10%. This is based on the agreed proportion of annual contributions to fund the scheme obligation. In the event that a contributing member to the scheme is unable to fulfil its annual contributions to the scheme, the contributions would fall due to the other contributing member. The risk of this contingent liability becoming realised is considered to be remote.

The current service cost of the defined benefit plan is recognised in the income statement in employee benefit expense, except where included in the cost of an asset, and reflects the increase in the defined benefit obligation resulting from service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in "Finance costs" in the income statement. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions ("remeasurements") are charged or credited in other comprehensive income in the period in which they arise.

## **2.8 Dividend income**

Dividend income is recognised when the right to receive payment is established, and is classified within "Other income" in the income statement.

## **2.9 Finance income**

Interest income arising on loans and receivables, and on cash and cash equivalents, is recognised when earned by the Group. Any foreign exchange gains arising on underlying assets that generate interest income are also classified as finance income.

## **2.10 Finance and borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance and borrowing costs are recognised in the income statement in the period in which they are incurred, and are measured using the effective interest rate method. Any foreign exchange differences arising on underlying liabilities that generate finance and borrowing costs are also classified as finance costs.

**Renewable Energy Systems Holdings Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 October 2018**

**2.11 Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for any deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference is the deferred income tax liability not recognised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## **2.12 Exceptional items**

Exceptional items are one off items that arise from activities that are not in the ordinary course of business. Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount, and to assist users of the financial statements with their understanding and interpretation of the performance of the Group.

## **2.13 Leases**

### *2.13.1 The Group as lessee*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals payable are charged to the income statement on a straight-line basis over the period of the lease.

For some operating lease rentals for land on which the Group's wind farms are situated, a portion of lease rentals are based on a contractual percentage of revenue generated by the wind farm. These contingent lease rentals are charged to the income statement as the related revenue is generated and the lease rental obligation is incurred.

### *2.13.2 The Group as lessor*

Some contracts to which the Group is a party, including some power purchasing agreements for the sale of the Group's electricity output to third parties, have been assessed for arrangements that contain a lease under IFRIC 4. An arrangement conveys a right to use an asset if the purchaser/off-taker (i.e. lessee) has the right to control the asset's use. A right to control is conveyed if any of the following conditions are met:

- The purchaser/off-taker has the ability or right to operate the asset or direct others to operate the asset whilst obtaining or controlling more than an insignificant amount of the asset's output; or
- The purchaser has the ability or right to control physical access to the asset whilst obtaining or controlling more than an insignificant amount of the asset's output; or
- There is only a remote possibility that parties other than the purchaser will take more than an insignificant amount of the asset's output and the price the purchaser will pay is neither fixed per unit of output nor equal to the current market price at the time of delivery.

All contracts which include a lease arrangement to which the Group is a party have been assessed as being operating leases.

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**2.14 Property, plant and equipment (PP&E)**

PP&E is stated at historical cost net of depreciation and any provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Wind, solar PV and energy storage assets which are to be retained by the Group are capitalised incrementally throughout the construction phase and depreciated from the point when the assets are first energised. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

**2.14.1 Depreciation**

Land is assumed to have an infinite useful life and therefore is not depreciated. PP&E other than freehold land is depreciated over the useful economic lives on a straight-line basis at the following rates per annum:

Wind and solar PV farms	4% to 5%
Energy storage plants	10%
Freehold buildings	2%
Short leasehold land and buildings	20%
Fixtures and fittings	20%
Other plant and equipment	20% to 33%

Assets in the course of construction are not depreciated. Depreciation begins once the asset is energised and available for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.16).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised on a separate line item in the income statement.

**2.15 Intangible assets**

**2.15.1 Goodwill**

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred (which includes cash paid and payable, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree) over the fair value of the identifiable net assets acquired. If the total of consideration transferred is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase (also known as "negative goodwill"), the difference is recognised directly in the income statement. Goodwill arising on the acquisition of associates or joint ventures is included in the carrying amount of those investments.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units that are expected to benefit from the synergies of the combination. Each unit or Group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

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**2.15 Intangible assets (continued)**

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the cash generating unit containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

*2.15.2 Other intangible assets*

Other separately acquired intangible assets are shown at historical cost. Other intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Other intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of other intangibles over their estimated useful lives of 5 to 10 years.

**2.16 Impairment of non-current assets**

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Non-current assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

**2.17 Financial assets**

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

*2.17.1 Financial assets at fair value through profit or loss*

A financial asset is classified at fair value through profit or loss if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Gains or losses arising from changes in the fair value are presented in the income statement in the period in which they arise and are included within 'Other net gains/(losses)', or 'Finance costs' in the case of interest rate swaps used as an economic hedge of interest arising on borrowings.

*2.17.2 Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (notes 2.21 and 2.22) and subsequent to initial recognition are carried at amortised cost using the effective interest method.

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**2.17 Financial assets (continued)**

*2.17.3 Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Other than as stated below, available-for-sale equity investments are initially recognised at fair value plus transaction costs, and are subsequently carried at fair value with changes in the fair value recognised in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement within "Other income".

Available-for-sale equity instruments that do not have a quoted price in an active market and whose fair value cannot be reliably measured are measured at cost. The fair value of such an instrument is deemed to be reliably measurable if (i) the variability in the range of reasonable fair value measurements is not significant for that instrument, or (ii) the probabilities of the various estimates within the range can be reasonably assessed and used when measuring fair value.

Dividends on available-for-sale equity investments are recognised in the income statement as part of "Other income" when the Group's right to receive payment of the dividend is established.

*2.17.4 Derecognition of financial assets*

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

**2.18 Impairment of financial assets**

*2.18.1 Financial assets carried at amortised cost - loans and receivables, cash and cash equivalents*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that a debtor, group of debtors, or other counterparty to the financial asset is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

## **2.18 Impairment of financial assets (continued)**

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

### *2.18.2 Financial assets classified as available for sale*

The Group assesses at the end of each reporting period whether there is objective evidence that an available-for-sale financial asset is impaired. For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the income statement on equity instruments are not reversed through the consolidated income statement.

## **2.19 Derivative financial instruments and hedging activities**

The Group uses derivative financial instruments to reduce exposure to interest rate and foreign currency movements, and market risk for certain energy revenue from battery storage assets ("power derivatives"). The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives, including embedded derivatives that are not closely related to the host contract, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The Group does not apply hedge accounting on derivative financial instruments. Therefore, the gain or loss on the instruments is recognised directly in the income statement within "Other net gains / (losses)".

## **2.20 Inventories including construction and service contracts**

Work-in-progress is measured at the lower of cost and fair value less costs to sell and arises principally on those contracts for services provided by the Group which feature revenue and related cost recognition on substantial completion of the contract.

Development costs are capitalised into work-in-progress to the extent that they are site-specific costs attributable to bringing that site into a completed state, and where it is probable (i.e. more likely than not) that the development costs will be recovered. However, the majority of development costs are expensed as incurred, and not reinstated in subsequent periods, as referred to in note 3.1.2.

"Long-term contract balances" are classified within inventory and represent cumulative costs incurred on specific contracts, net of amounts recognised in cost of sales by applying the percentage of completion method, and less provision for anticipated future losses on contracts.

"Amounts recoverable on contracts" are classified within receivables when the net sales value of work done but not invoiced, less amounts received as progress payments on account, is a positive amount. Where progress payments exceed the net sales value of work done the net negative amount is included in payables as "payments received on account".

The carrying amount of inventory is assessed for impairment at each reporting date and provision is made to reduce the carrying amount to recoverable amount for all known or expected losses on stocks, work in progress, and long-term contract balances.



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**2.21 Trade receivables**

Trade receivables are amounts due from customers for energy sold or services performed and invoiced in the ordinary course of business. If collection is expected in one year or less they are classified as current assets, or if not they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**2.22 Cash and cash equivalents**

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. The Company classifies cash held in term deposit accounts and notice accounts, where the term or notice period is longer than three months, as other receivables.

For the purposes of the cash flow statement, the Group classifies cash flows relating to finance income and costs as operating cash flows.

**2.23 Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2.24 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of loan issue and other directly attributable transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Included in the finance charge resulting from application of the effective interest rate method are amounts arising from the expensing of deferred loan issue and other directly attributable transaction costs, which the Group chooses to disclose separately as "amortisation of loan issue costs" to aid the understanding of readers of the financial statements.

**2.25 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

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**2.26 Provisions**

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions with a maturity greater than one year are determined by discounting to present value the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

*2.26.1 Decommissioning costs*

Provisions for decommissioning are recognised in full when the related facilities are constructed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its net present value at the risk free rate, and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to plant and equipment. The unwinding of the discount on the decommissioning provision is included as a finance cost.

**2.27 Share capital**

Ordinary shares are classified as equity.

Material incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any material directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

**2.28 Dividend distribution**

Dividend distribution to the company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved.

**2.29 Segmental disclosures**

The Group is not required to apply IFRS 8 and has elected not to voluntarily prepare segmental disclosures.

### **3 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **3.1 Critical judgements in applying the Group's accounting policies**

##### *3.1.1 Sale of wind and solar farm and battery storage subsidiaries - assets held for sale and discontinued operations*

The Group's strategic business operating model includes the development of wind and solar farm and battery storage installations. Each separate wind and solar farm and battery storage installation development is established through separate legal entities, which are controlled by the Group. Through the life cycle of such developments, the intentions of the Group to either retain the completed development, or sell it to a third party, can change depending upon the prevailing economic and commercial environment. Management is required to exercise judgement regarding the status of any offers and negotiations for sale of a particular project at the reporting date, the likelihood of completing such sales and the impact on the Group's ongoing business from the disposal of one or more subsidiary entities. Where in management's judgement the criteria in IFRS 5 relating to the classification of non-current assets and disposal Groups as held for sale is satisfied, the assets and liabilities of such subsidiaries are classified as held for sale. In management's judgement, the Group's strategic business operating model will mean that developments will arise from time to time, some of which may subsequently be sold by the Group, but it is not likely that (i) any one subsidiary will represent a major separate line of business to the Group, or that (ii) a Group of subsidiaries will be disposed of under a single coordinated plan, and accordingly disposals of subsidiaries are not considered to be discontinued operations of the Group.

##### *3.1.2 Development and pre-contract costs*

The Group incurs a variety of costs in the investigative and preliminary phases of wind and solar farm projects, including land options costs, geological and ecological studies, grid studies, energy yield assessments and engineering costs. Judgement is required in determining whether or not the recoverability of these development phase costs is probable, either from future operation by the Group of resulting infrastructure assets that it will own or through recovery from revenues earned under DSA and EPC contracts with third parties. In exercising those judgements, management takes into account the regulatory approval and consent regimes that apply in the various territories in which the Group operates, along with experience of actual recoveries, if any, from other similar previous circumstances in those territories. In the Group's judgement it is appropriate to expense the majority of development and pre-contract costs incurred in the early stages of a development, as recovery cannot be considered probable until a relatively late stage in the development phase following approval by authorities and execution of contracts with third parties.

### **3.2 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.

#### **3.2.1 Recoverability of deferred tax assets (DTAs)**

The Group recognises deferred tax assets arising from deductible temporary differences and from past losses. In assessing the recoverability of these DTAs the Group is required to estimate the likely future taxable profits of subsidiaries within the Group, the extent to which losses in one subsidiary can be offset against profits in other subsidiaries and the impact of any changes in tax legislation or rates impacting the carrying value of DTAs. At 31 October 2018, the Group has estimated that DTAs of £48.0m will be recoverable and has recognised this amount as an asset, but has estimated that a further £23.3m of DTAs are not probable of being recognised in the foreseeable future with this amount not recognised as an asset.

In particular, the Group has considered the recoverability of DTAs in relation to operations in the USA. The Group has utilised its base case 3 year profit forecast in its assessment to determine the DTA that is likely to be recovered in the short and medium term. The assessment performed is based on various scenarios around future profitability. The USA operation is expected to be profit making beyond the 3 year time horizon which provides additional confidence to the recoverability of the DTA.

If the USA profits over the 3 year time horizon were 10% lower than forecasted, then the impact on the DTA recognised by the Group would be a reduction in DTA of £1.7m.

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**4 Revenue**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Sale of electricity	23,686	31,023
Revenue from service agreements	39,526	22,384
Revenue from construction and development contracts	534,607	832,267
	<b>597,819</b>	<b>885,674</b>
UK	101,071	183,364
Rest of Europe	99,065	144,763
The Americas	392,411	536,461
Australia	5,272	21,086
	<b>597,819</b>	<b>885,674</b>

**5 Expenses**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating profit is stated after charging the following:</b>		
Inventory expensed in cost of sales	4,916	9,595
Inventory impairment charge	-	2,160
Employee benefit expense (note 6)	150,013	135,045
Depreciation and impairment charges on PPE (note 14)	12,818	31,376
Amortisation on intangibles (note 15)	117	105
Loss/(profit) on disposal of PPE	1,412	(1,984)
Impairment of trade receivables	956	601
Foreign exchange on principal trading activities	(2,483)	(535)
Operating lease payments:		
- Minimum lease payments	2,492	2,268
- Contingent rentals paid	126	142
Restructuring costs (note 9)	-	4,471

**Auditor's remuneration**

**Services provided by the company's auditor and its associates**

During the year the group (including its overseas subsidiaries) obtained the following services from the company's auditor and its associates:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Fees payable to company's auditor and its associates for the audit of parent company and consolidated financial statements	197	265
Fees payable to company's auditor and its associates for other services:		
- The audit of company's subsidiaries	255	251
- Audit-related assurance services	3	-
- Other services	170	67
- Tax advisory services	-	-
- Tax compliance service	271	398
	<b>896</b>	<b>981</b>
Audit fees	452	516
Non-audit fees	444	465
	<b>896</b>	<b>981</b>

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**6 Employees**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Employee cost expense</b>		
Wages and salaries	128,337	115,864
Social security costs	14,067	12,088
Long-term incentive plan	1,605	1,426
Pension costs accounted for as defined contribution plans (note 28.2)	4,073	3,576
Pension costs accounted for as defined benefit plans (note 28.1)	1,931	2,091
	<u><b>150,013</b></u>	<u><b>135,045</b></u>

**Average monthly number of people employed**

The average number of employees, including the Directors, during the year was:

Engineering, technical and project management	1,463	1,327
Management and administration	220	198
	<u><b>1,683</b></u>	<u><b>1,525</b></u>

**7 Profit on disposal of subsidiaries**

During the year, the Group disposed of 50% of its investment in its subsidiary Battery Utility of Ohio, LLC. The Group has retained a 50% investment in this operating battery storage asset. The gain on disposal is recognised within 'Other gains' in the income statement (note 8).

During the prior year, the Group sold its 100% per cent interest in the ordinary share capital of the following subsidiary:

- RES Japan K.K (sold 04/05/2017)

	<b>2017</b>
	<b>Asia Pacific</b>
	<b>£'000</b>
Net assets disposed of	<u>454</u>
Cash flows in respect of the sale comprised:	
Cash consideration	360
Net cash inflow at sale date	360
Net present value of deferred consideration	451
Net consideration	<u>811</u>
Profit on disposal of subsidiaries	<u><b>357</b></u>

Deferred consideration for 2017 disposals was part received within the year ended 31 October 2018 with the remainder due to be received within the year ended 31 October 2019 in line with contractual payment terms.

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**8 Other net gains/(losses)**

	2018	2017
	£'000	£'000
Derivative financial instruments at fair value through profit or loss (note 18):		
- Fair value losses	-	(4,272)
- Fair value gains	1,664	1,155
Other gains	2,318	2,049
	<u>3,982</u>	<u>(1,068)</u>

**9 Exceptional items**

Items that are material either because of their size or their nature, or that are non recurring are considered as exceptional items and are presented within the line items to which they best relate. During the year, the exceptional items as detailed below have been included in exceptional items on the face of the income statement.

An analysis of the amount presented as exceptional items in these financial statements is given below.

	2018	2017
	£'000	£'000
<b>Operating items:</b>		
Costs of organisational restructure	-	(4,471)
Changes to defined benefit pension scheme	(1,446)	-
Other	-	(661)
	<u>(1,446)</u>	<u>(5,132)</u>

During the year, a change in the defined benefit pension scheme liability occurred as a result of closure of the scheme as well as the expected impact of the ruling in the guaranteed minimum pension equalisation legal case in the UK courts on the liabilities of the scheme.

**10 Other income**

	2018	2017
	£'000	£'000
Dividend receivable from available-for-sale equity investments	115	75
Gain on disposal from available-for-sale equity investments	-	2,154
Other income	635	812
	<u>750</u>	<u>3,041</u>

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**11 Net finance income/(costs)**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Finance costs:</b>		
- Borrowings	(4,545)	(5,805)
- Provisions: unwinding of discount (note 27)	(83)	(78)
- Net foreign exchange losses on financing activities (note 12)	(5,885)	(12,315)
- Loans from related parties	(937)	(137)
- Other interest payable	(2,977)	(2,243)
- Amortisation of debt issue costs	(330)	(509)
- Interest on obligations under finance leases	(100)	(62)
<b>Finance costs</b>	<b>(14,857)</b>	<b>(21,149)</b>
<b>Finance income:</b>		
- Interest income on bank and other short-term deposits	612	244
- Interest income on loans to associates	2	164
- Other interest receivable	6,153	2,131
- Net foreign exchange gains on financing activities (note 12)	9,642	3,936
<b>Finance income</b>	<b>16,409</b>	<b>6,475</b>
<b>Net finance income/(costs)</b>	<b>1,552</b>	<b>(14,674)</b>

**12 Net foreign exchange gains/(losses)**

The exchange differences (charged) / credited to the income statement are included as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Administrative expenses (note 5)	2,483	535
Finance income and costs (note 11)	3,757	(8,379)
	<b>6,240</b>	<b>(7,844)</b>

**13 Income tax charge**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax:</b>		
Current tax on profits for the year	6,780	17,204
Adjustments in respect of prior years	(2,027)	(710)
<b>Total current tax</b>	<b>4,753</b>	<b>16,494</b>
<b>Deferred tax (note 19):</b>		
Origination and reversal of temporary differences	2,235	5,925
Impact of changes in tax rates	12,093	279
Adjustments in respect of prior years	(2,938)	386
<b>Total deferred tax</b>	<b>11,390</b>	<b>6,590</b>
<b>Income tax charge</b>	<b>16,143</b>	<b>23,084</b>



## 13 Income tax charge (continued)

	2018 £'000	2017 £'000
Profit before tax	37,008	40,098
Tax calculated at UK domestic tax rate (19%, 2017: 19%):	7,032	7,783
Tax effects of:		
– Effect of overseas tax rates	(2,192)	1,160
– Income not subject to tax	(9,540)	(6,732)
– Expenses not deductible for tax purposes	3,134	5,719
– Recognition of previously unrecognised tax losses	(1,999)	(1,658)
– Current year items for which no deferred income tax asset was recognised	5,321	12,915
– Renewable energy production tax credits	(621)	(637)
– De-recognition of deferred tax asset	4,464	-
Remeasurement of deferred tax – change in tax rates	12,093	2,476
Adjustments in respect of prior years	(1,549)	2,058
<b>Tax charge</b>	<b>16,143</b>	<b>23,084</b>

	<b>2018</b>		
	<b>Tax</b>		
	<b>Before tax £'000</b>	<b>(charge) /credit £'000</b>	<b>After tax £'000</b>
Fair value gains / (losses) on available-for-sale financial assets	184	-	184
Re-measurements of post-employment benefit liabilities (note 28.1)	(221)	-	(221)
Currency translation differences	(4,596)	-	(4,596)
<b>Other comprehensive income</b>	<b>(4,633)</b>	<b>-</b>	<b>(4,633)</b>
Current tax	-	-	-
Deferred tax (note 19)	-	-	-

  

	<b>2017</b>		
	<b>Tax</b>		
	<b>Before tax £'000</b>	<b>(charge) /credit £'000</b>	<b>After tax £'000</b>
Fair value gains / (losses) on available-for-sale financial assets	(5)	-	(5)
Re-measurements of post-employment benefit liabilities (note 28.1)	4,940	(858)	4,082
Currency translation differences	(3,487)	-	(3,487)
<b>Other comprehensive income</b>	<b>1,448</b>	<b>(858)</b>	<b>590</b>
Current tax	-	-	-
Deferred tax (note 19)	-	(858)	(858)

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**14 Property, plant and equipment**

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Fixtures and fittings £'000	Plant and equipment £'000	Assets in course of construction £'000	Total £'000
<b>Cost:</b>						
At 1 November 2016	18,095	4,115	8,651	240,258	85,501	356,620
Exchange rate adjustments	(542)	(123)	(496)	(8,387)	(317)	(9,865)
Additions	-	354	941	6,328	1,057	8,680
Disposals	(3,492)	(2,051)	(1,650)	(4,591)	(84,101)	(95,885)
At 31 October 2017	14,061	2,295	7,446	233,608	2,140	259,550
Exchange rate adjustments	106	49	222	3,770	19	4,166
Additions	453	59	901	23,360	1,460	26,233
Disposals	(374)	-	(11)	(6,069)	(513)	(6,967)
At 31 October 2018	14,246	2,403	8,558	254,669	3,106	282,982
<b>Depreciation:</b>						
At 1 November 2016	6,641	3,007	6,803	118,451	-	134,902
Exchange rate adjustments	-	(52)	(371)	(3,078)	-	(3,501)
Charge for the year	123	248	992	14,901	-	16,264
Disposals	-	(1,905)	(1,625)	(3,377)	-	(6,907)
Impairment	-	-	-	15,112	-	15,112
At 31 October 2017	6,764	1,298	5,799	142,009	-	155,870
Exchange rate adjustments	-	26	177	2,249	-	2,452
Charge for the year	123	252	949	11,494	-	12,818
Disposals	-	-	(4)	(4,126)	-	(4,130)
At 31 October 2018	6,887	1,576	6,921	151,626	-	167,010
<b>Net book value:</b>						
At 31 October 2018	7,359	827	1,637	103,043	3,106	115,972
At 31 October 2017	7,297	997	1,647	91,599	2,140	103,680
At 31 October 2016	11,454	1,108	1,848	121,807	85,501	221,718

Assets in the course of construction are reclassified as plant and equipment when energisation is achieved and the assets commence exporting electricity to the grid network.

Assets in the course of construction as at 31 October 2018 mainly comprises wind assets which are capitalised incrementally throughout the construction phase.

Bank borrowings are secured on land and buildings for the value of £42,198,000 (2017: £50,021,000) (note 25).

Included within plant and equipment are operating wind, solar and battery storage assets owned and operated by the Group with a net book value of £80,958,000 (2017: £81,338,000).

During the prior year, the Group recognised impairment losses of £15,112,000 in relation to specific battery storage assets in the USA and Canada. This impairment arose as a result of market changes which impacted performance of the assets. No impairments have been recognised in the current year.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets, which have a carrying amount of £6,562,000 (2017: £1,108,000).

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15 Intangible assets

	Other intangibles £'000	Goodwill £'000	Total £'000
<b>Deemed cost / cost:</b>			
At 1 November 2016	973	5,706	6,679
Exchange rate adjustments	(78)	-	(78)
Additions	4	-	4
At 31 October 2017	899	5,706	6,605
Exchange rate adjustments	35	-	35
Additions	182	-	182
<b>At 31 October 2018</b>	<b>1,116</b>	<b>5,706</b>	<b>6,822</b>
<b>Accumulated amortisation:</b>			
At 1 November 2016	52	1,073	1,125
Exchange rate adjustments	(5)	-	(5)
Charge for the year	105	-	105
At 31 October 2017	152	1,073	1,225
Exchange rate adjustments	(6)	-	(6)
Charge for the year	117	-	117
<b>At 31 October 2018</b>	<b>263</b>	<b>1,073</b>	<b>1,336</b>
<b>Net book value:</b>			
At 31 October 2018	853	4,633	5,486
At 31 October 2017	747	4,633	5,380
At 31 October 2016	921	4,633	5,554

**Impairment tests for goodwill**

Management reviews the business performance based on geography and type of business. For goodwill the main cash generating unit is France, being RES France SAS. The following is a summary of goodwill allocation to the cash generating unit:

<b>2018</b>	£'000
RES France SAS	4,633
<b>2017</b>	£'000
RES France SAS	4,633

As part of management's impairment assessment, the recoverable amount of RES France SAS has been determined on the approved three-year forecast based on past performance and management's expectations of market development.

**16 Investments in associates and joint ventures**

	2018 £'000	2017 £'000
The amounts recognised in the statement of financial position are as follows:		
Joint ventures	31,101	26,021
Associates	10,632	7,222
<b>As at 31 October</b>	<b>41,733</b>	<b>33,243</b>
The amounts recognised in the income statement are as follows:		
Joint ventures	37,759	(1,282)
Associates	7,752	(11,486)
<b>For the year ended 31 October</b>	<b>45,511</b>	<b>(12,768)</b>

Amounts recognised in the income statement includes: (i) share of gains and losses of associates and joint ventures related to project development activities within the entity; (ii) gains from project disposals within the associate or joint venture; and (iii) gains on disposal of the Group's equity interests in joint ventures or associates.

During the year, the Group has recognised gains totalling £36.1m on disposal of its investment in Murra Warra I Project (note 3 below). This gain excludes historical development spend which has been expensed as incurred in line with the Group's accounting policy. The Group did not dispose of any investments in joint ventures or associates in the prior year.

**Investment in joint ventures and associates**

The identities and other information on all joint ventures and associates of the group as at 31 October 2018 are included within the separate Company financial statements of the parent in note 11 "Subsidiaries and other related undertakings". Set out below is information on those joint ventures and associates of the group which, in the opinion of the directors, are material to the group.

Name of entity	Place of business/ country of incorporation	% of ownership interest	Nature of relation- ship	Measure- ment method
<b>Joint Ventures:</b>				
Evrencik Rüzgar Enerjisinden Elektrik Üretimi Limited Sirketi	Turkey	50%	Note 1	Equity
Roaring Fork Wind LLC	USA	50%	Note 2	Equity
Murra Warra I Project	Australia	50%	Note 3	Equity
Murra Warra II Project	Australia	50%	Note 4	Equity
<b>Associates:</b>				
SPR Development Holdings LLC	USA	49%	Note 5	Equity
Hackberry Wind LLC	USA		Note 6	Equity - HLBV
Whirlwind Energy LLC	USA		Note 6	Equity - HLBV

**Description of the nature of activities of material joint ventures and associates:**

Note 1: Evrencik Rüzgar Enerjisinden Elektrik Üretimi Limited Sirketi ("Evrencik") is a Special Purpose Vehicle located in Turkey. It is a 50-50 joint venture between RES Anatolia and STFA. RES Anatolia does not control Evrencik, as all key voting rights, rights attaching to shares, rights to appoint (or remove) directors / managers / key personnel, decision-making, dividend rights, funding obligations, right to approve budget etc. are all shared equally between the shareholders.

Note 2: Roaring Fork Wind LLC ("Roaring Fork") is a USA registered entity and a 50-50 joint venture between RES Americas and Vestas Wind Systems. RES Americas does not control Roaring Fork, as all major decisions, including key voting rights, rights attaching to shares, rights to appoint (or remove) directors / managers / key personnel, decision-making, dividend rights, funding obligations, right to approve budget etc. are all shared equally between the shareholders.

**16 Investments in associates and joint ventures (continued)**

Note 3: Mura Warra I Project was an Australian wind project and a joint venture between Renewable Energy Systems Limited and Macquarie Capital Partners. The Group disposed of its entire equity interest in the joint venture during 2018 with gains recognised in the consolidated income statement as part of 'Share of after tax profit / (loss) of joint ventures and associates accounted for using the equity method and gain on disposal of joint ventures and associates'.

Note 4: Mura Warra II Project is an Australian wind project and a joint venture between Renewable Energy Systems Limited and Macquarie Capital Partners. The Group does not control the venture with all key decision making and rights shared equally between the two equity partners. The value of the Groups' investment in the joint venture at the reporting date is immaterial and therefore this joint venture is excluded from the material joint venture disclosures below and included within 'Summarised financial information for all other immaterial joint ventures and associates in aggregate'.

Note 5: SPR Development Holdings LLC ("SPR") is a USA registered entity and a venture between RES Americas and Southern Renewable Partnerships. RES Americas does not control SPR but retains significant influence over a number of major decisions including accepting a project, disposal of a project, abandoning a project or entering into or modifying any offtake agreement, interconnection agreement, transmission agreement, or PPA.

Note 6: Hackberry Wind LLC and Whirlwind Energy LLC are Delaware, USA, registered entities which were tax-equity financed. Both companies own and operate wind farms in Texas, USA. The Group disposed of its entire equity interest in the entities during 2018 with gains recognised in the consolidated income statement as part of 'Share of after tax profit / (loss) of joint ventures and associates accounted for using the equity method and gain on disposal of joint ventures and associates'.

None of the joint ventures and associates in which the group has interests have equity instruments that have a quoted market price.

During the year, the Group disposed of its investments in Hackberry Wind LLC and Whirlwind Energy LLC which are Delaware, USA, registered entities subject to tax-equity financing. Both companies own and operate wind farms in Texas, USA.

**Summarised financial information of material joint ventures and associates**

The information below reflects the amounts presented in the financial statements of the associates and joint ventures (and not Renewable Energy Systems Holdings Limited's share of those amounts) adjusted for differences in accounting policies between the group and the associates and joint ventures.

16 Investments in associates and joint ventures (continued)

**Summarised financial information of material joint ventures**

Set out below is summarised financial information of the joint ventures of the Group accounted for using the equity method and which, in the opinion of the Directors, are material to the Group.

	2018	
	Evrencik	Roaring Fork
	£'000	£'000
Cash and cash equivalents	49	1,180
Current assets, other than cash	18,255	202
<b>Current assets</b>	<b>18,304</b>	<b>1,382</b>
Non-current assets	6,932	87,655
<b>Total Assets</b>	<b>25,236</b>	<b>89,037</b>
Current financial liabilities (excluding trade payables)	9	2
Other current liabilities (including trade payables)	1,646	1,221
<b>Current Liabilities</b>	<b>1,655</b>	<b>1,223</b>
Non-current financial liabilities	-	-
Other non-current liabilities	-	-
<b>Non-current liabilities</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>23,581</b>	<b>87,814</b>
<b>Selected income statement information</b>		
Revenue	-	14,613
Operating profit/(loss)	4,477	1,247
Depreciation and amortisation	-	(164)
Interest income	279	1
Interest expense	(16)	-
Profit/(loss) before tax	4,740	1,084
Income tax expense or income	(948)	-
<b>Net profit/(loss)</b>	<b>3,792</b>	<b>1,084</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>3,792</b>	<b>1,084</b>
Dividends or other distribution received from the joint venture	-	6,161

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**16 Investments in associates and joint ventures (continued)**

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in material joint ventures:

	<b>2018</b>	
	<b>Evrencik</b>	<b>Roaring Fork</b>
	<b>£'000</b>	<b>£'000</b>
Net assets 1 November	19,566	74,104
Capital contributions/(distributions)	-	9,709
Profit / (loss) for the year	3,792	1,084
Other comprehensive income	-	-
Foreign exchange differences	223	2,917
<b>Net assets 31 October</b>	<b>23,581</b>	<b>87,814</b>
Share of net assets 31 October	11,791	18,331
Goodwill on acquisition	-	-
<b>Carrying value by the Group 31 October</b>	<b>11,791</b>	<b>18,331</b>

There are no commitments or contingent liabilities relating to the Group's interest in the associates or joint ventures.

**Summarised financial information of material joint ventures**

Set out below is summarised financial information of the joint ventures of the Group in the prior year accounted for using the equity method and which, in the opinion of the Directors, were material to the Group.

	<b>2017</b>	
	<b>Evrencik</b>	<b>Roaring Fork</b>
	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	106	1,583
Current assets, other than cash	15,253	1,527
<b>Current assets</b>	<b>15,359</b>	<b>3,110</b>
Non-current assets	5,480	72,020
<b>Total Assets</b>	<b>20,839</b>	<b>75,130</b>
Current financial liabilities (excluding trade payables)	2	19
Other current liabilities (including trade payables)	1,271	1,007
<b>Current Liabilities</b>	<b>1,273</b>	<b>1,026</b>
Non-current financial liabilities	-	-
Other non-current liabilities	-	-
<b>Non-current liabilities</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>19,566</b>	<b>74,104</b>
<b>Selected income statement information</b>		
Revenue	-	-
Operating profit/(loss)	3,136	(294)
Depreciation and amortisation	-	-
Interest income	280	-
Interest expense	(7)	-
Profit/(loss) before tax	3,409	(294)
Income tax expense or income	(682)	-
<b>Net profit/(loss)</b>	<b>2,727</b>	<b>(294)</b>
Other comprehensive income	-	-
<b>Total comprehensive income/(expense)</b>	<b>2,727</b>	<b>(294)</b>
Dividends or other distribution received from the joint venture	-	-

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**16 Investments in associates and joint ventures (continued)**

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in material joint ventures:

	<b>2017</b>	
	<b>Evrencik</b>	<b>Roaring Fork</b>
	<b>£'000</b>	<b>£'000</b>
Net assets 1 November	17,214	-
Capital contributions	-	74,398
Profit / (loss) for the year	2,727	(294)
Other comprehensive income	-	-
Foreign exchange differences	(375)	-
<b>Net assets 31 October</b>	<b>19,566</b>	<b>74,104</b>
Share of net assets 31 October	9,783	16,238
Goodwill on acquisition	-	-
<b>Carrying value by the Group 31 October</b>	<b>9,783</b>	<b>16,238</b>

There were no commitments or contingent liabilities relating to the Group's interest in the associates or joint ventures.

**Summarised financial information of material associates**

Set out below is summarised financial information of the associates of the Group, which, in the opinion of the Directors, are material to the Group.

	<b>2018</b>
	<b>SPR</b>
	<b>£'000</b>
Current assets	10,042
Non-current assets	199,621
Current liabilities	(5,234)
Non-current liabilities	-
Revenue	33,858
Pre-tax profit/(loss) from continuing operations	14,059
Income tax (expense) / income	-
<b>Post-tax profit/(loss) from continuing operations</b>	<b>14,059</b>
Post-tax profit or loss from discontinued operations	-
Other comprehensive income	-
<b>Total comprehensive income</b>	<b>14,059</b>
Dividends receivable from associate	11,013



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16 Investments in associates and joint ventures (continued)

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in material associates:

	2018
	SPR
	£'000
Net assets 1 November	221,193
Capital contributions/(distributions)	(39,530)
Profit / (loss) for the year	14,059
Other comprehensive income	-
Foreign exchange differences	8,708
<b>Net assets 31 October</b>	<b>204,430</b>
Share of net assets 31 October	10,448
Share of net assets attributable to other partner	193,982
Goodwill on acquisition	-
<b>Net assets 31 October</b>	<b>204,430</b>

Summarised financial information of material associates

Set out below is summarised financial information of the associates of the group in the prior year, which, in the opinion of the Directors, were material to the Group.

	2017		
	Hackberry	Whirlwind	SPR
	£'000	£'000	£'000
Current assets	4,246	3,390	3,882
Non-current assets	112,322	35,744	218,218
Current liabilities	(11,521)	(2,208)	(907)
Non-current liabilities	(75,142)	(29,270)	-
Revenue	18,510	6,403	-
Pre-tax profit/(loss) from continuing operations	(31,054)	(17,313)	-
Income tax (expense) / income	-	-	-
<b>Post-tax loss from continuing operations</b>	<b>(31,054)</b>	<b>(17,313)</b>	<b>-</b>
Post-tax loss from discontinued operations	-	-	-
Other comprehensive income	-	-	-
<b>Total comprehensive loss</b>	<b>(31,054)</b>	<b>(17,313)</b>	<b>-</b>
Dividends receivable from associate	2,471	8	-

**16 Investments in associates and joint ventures (continued)**

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in material associates:

	2017		
	Hackberry	Whirlwind	SPR
	£'000	£'000	£'000
Net assets 1 November	78,741	33,275	-
Capital contributions	-	-	221,193
Distributions	(4,707)	(761)	-
Profit / (loss) for the year	(31,054)	(17,313)	-
Other comprehensive income	-	-	-
Foreign exchange differences	(13,075)	(7,546)	-
<b>Net assets 31 October</b>	<b>29,905</b>	<b>7,655</b>	<b>221,193</b>
Share of net assets 31 October	2,127	3,081	2,014
Share of net assets attributable to other partner	27,778	4,574	219,179
Goodwill on acquisition	-	-	-
<b>Net assets 31 October</b>	<b>29,905</b>	<b>7,655</b>	<b>221,193</b>

**Summarised financial information for all other immaterial joint ventures and associates in aggregate**

Set out below is the aggregate summarised financial information for all associates and joint ventures which are accounted for using the equity method but which are individually considered to be immaterial to the Group.

	Joint ventures		Associates	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Aggregate carrying amount of individually immaterial entities	979	-	184	-
Aggregate amount of share of:				
Loss from continuing operations	(292)	-	-	-
Post-tax profit or loss from discontinued operations	-	-	-	-
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss</b>	<b>(292)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**17 Available-for-sale financial assets**

	2018 £'000	2017 £'000
<b>At 1 November</b>	1,765	13,717
Exchange differences	-	(622)
Additions	658	519
Disposals	-	(11,844)
Net gains/(losses) recognised in other comprehensive income	184	(5)
<b>At 31 October</b>	<b>2,607</b>	<b>1,765</b>
Less current portion	-	-
<b>Non-current portion</b>	<b>2,607</b>	<b>1,765</b>

Available-for-sale financial assets include the following:

	2018 £'000	2017 £'000
Listed equity securities – UK	2,607	1,765
<b>Total</b>	<b>2,607</b>	<b>1,765</b>

Available-for-sale financial assets are denominated in the following currencies:

	2018 £'000	2017 £'000
UK pound sterling	2,607	1,765
<b>Total</b>	<b>2,607</b>	<b>1,765</b>

The available for sale financial assets comprise a 0.2% (2017: 0.2%) shareholding in the shares of The Renewables Infrastructure Group "TRIG", a listed renewables fund. During 2017 the Group disposed of its 6.4% shareholding in Ararat Wind Farm Ltd.

The maximum exposure to credit risk is the carrying amounts of the financial assets at the reporting date.

**18 Derivative financial instruments**

	2018		2017	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Interest rate swaps	-	(3,720)	-	(5,067)
Forward foreign exchange contracts	-	(38)	-	(304)
Power derivatives in US battery storage	-	-	2,331	-
<b>Total</b>	<b>-</b>	<b>(3,758)</b>	<b>2,331</b>	<b>(5,371)</b>
Less non-current portion:	-	(1,064)	-	(4,361)
<b>Current portion</b>	<b>-</b>	<b>(2,694)</b>	<b>2,331</b>	<b>(1,010)</b>

The group has decided not to apply hedge accounting.

**(a) Interest rate swaps**

The notional principal amounts of the outstanding interest rate swap contracts at 31 October 2018 were £43,725,000 (2017: £66,037,000). Swaps are in place for periods out to 2028, in line with related borrowings.

# 18 Derivative financial instruments (continued)

## (b) Forward foreign exchange contracts

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 October 2018 were £15,291,000 (2017: £31,116,000) and they have a range of maturity dates through to 2019 (2017: 2019). These forward contracts provide an economic hedge against the Group's turbine and battery storage construction payments predominantly denominated in Euros in 2018.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

None of the Group's derivative instruments are traded in active markets, and are fair valued using inputs (other than quoted prices) that are observable directly or indirectly - i.e. level 2 hierarchy. Valuation techniques are used, along with input from third party financial institutions, using observable market data where it is available, such as yield curves used as an input to interest rate swap valuations and forward exchange rate data for forward foreign exchange derivatives. The Group does not consider that any counterparties to derivative instruments have credit risk that materially impacts the calculated fair value of the instruments.

# 19 Deferred tax

The analysis of net deferred tax assets and deferred tax liabilities is as follows:

	2018 £'000	2017 £'000
At 1 November	45,864	56,876
Exchange differences	-	(3,564)
Income statement (debit)/credit (note 13)	(11,390)	(6,590)
Tax (debit)/credit relating to components of other comprehensive income (note 13)	-	(858)
<b>At 31 October</b>	<b>34,474</b>	<b>45,864</b>

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities	Non-current Liabilities £'000
At 1 November 2016	(9,416)
(Charged) / credited to the income statement	(2,262)
Exchange difference	241
At 31 October 2017	(11,437)
(Charged) / credited to the income statement	(2,088)
<b>At 31 October 2018</b>	<b>(13,525)</b>

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**19 Deferred tax (continued)**

Deferred tax assets	Tax losses £'000	Other £'000	Total £'000
At 1 November 2016	27,699	38,593	66,292
(Charged) / credited to the income statement	(12,500)	8,172	(4,328)
Credited to other comprehensive income	-	(858)	(858)
Exchange difference	(583)	(3,222)	(3,805)
At 31 October 2017	14,616	42,685	57,301
(Charged) / credited to the income statement	10,786	(20,088)	(9,302)
Credited to other comprehensive income	-	-	-
Exchange difference	-	-	-
At 31 October 2018	25,402	22,597	47,999

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of £23,256,000 (2017: £26,345,000) in respect of losses amounting to £13,955,000 (2017: £21,709,000) that can be carried forward against future taxable income, other timing differences of £9,052,000 (2017: £1,253,000) and non-current assets of £250,000 (2017: £3,383,000).

**20 Trade and other receivables**

	2018 £'000	2017 £'000
<b>Trade receivables</b>	127,071	117,979
Less: provision for impairment of trade receivables	(1,557)	(601)
<b>Trade receivables – net</b>	125,514	117,378
Prepayments	16,164	11,650
Accrued income and amounts recoverable on contracts	41,422	59,328
Value added tax	6,735	2,996
Corporation tax	4,954	5,738
Other receivables	26,881	68,230
Receivable from other related parties	2,138	1,943
	223,808	267,263
Less non-current portion: other debtors		
- deferred proceeds on disposal of wind farm subsidiaries	3,394	10,042
<b>Current portion</b>	<b>220,414</b>	<b>257,221</b>

Non-current receivables are due between 1 and 5 years from the end of the reporting period.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables mentioned above. The Group does not hold any collateral as security.

Analysis of trade receivables	2018 £'000	2017 £'000
<i>Trade receivables can be analysed as follows:</i>		
Amount receivable not past due	110,357	103,998
Amount receivable past due but not impaired	15,157	13,380
Amount receivable impaired (gross)	1,557	601
Less: impairment	(1,557)	(601)
	125,514	117,378

**Ageing of past due but not impaired trade receivables**

	2018 £'000	2017 £'000
31 - 60 days	6,046	11,199
61 - 90 days	4,604	901
91 - 120 days	3,598	992
120+ days	909	288
	15,157	13,380

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**20 Trade and other receivables (continued)**

**Movement in the provision for impaired trade receivables**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
At 1 November	(601)	-
Provision for receivables impairment	(956)	(601)
Receivables written off during the year as uncollectible	-	-
Unused amounts reversed	-	-
<b>At 31 October</b>	<b>(1,557)</b>	<b>(601)</b>

**Ageing of impaired trade receivables**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
0 - 30 days	-	-
31 - 60 days	-	-
61 - 90 days	-	-
91 - 120 days	-	-
120+ days	(1,557)	(601)
	<b>(1,557)</b>	<b>(601)</b>

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
UK pound sterling	21,707	73,583
Euros	56,241	45,021
US dollar	137,649	136,269
Other currencies	8,211	12,390
	<b>223,808</b>	<b>267,263</b>

**21 Inventories**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Work in progress	7,917	7,812
Stocks	1,805	2,255
	<b>9,722</b>	<b>10,067</b>

**22 Construction contracts**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Contracts in progress at the reporting date:</b>		
Amounts due from contract customers included in trade and other receivables	70,834	82,521
Amounts due to contract customers included in trade and other payables	(27,709)	(25,274)
	<b>43,125</b>	<b>57,247</b>
Contract costs incurred plus recognised profits less recognised losses to date	398,555	829,148
Less: progress billings	267,104	(829,267)
	<b>665,659</b>	<b>(119)</b>

At 31 October 2018, retentions held by customers for contract work amounted to £20.5 million (2017: £17.0 million). Advances received from customers for contract work amounted to £17.8 million (2017: £13.2 million).

At 31 October 2018, amounts of £nil million (2017: £3.8 million) included in trade and other receivables and arising from construction contracts are due for settlement after more than 12 months.

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**23 Cash and cash equivalents**

	2018	2017
	£'000	£'000
Cash at bank and in hand	169,004	171,265
	<u>169,004</u>	<u>171,265</u>

Cash at bank and in hand includes amounts held for restricted purposes of £8,827,000 (2017: £6,909,000).

Restricted cash balances relate to cash held in non-recourse special project companies.

The maximum exposure to credit risks is the carrying amount of the financial assets.

**24 Trade and other payables**

	2018	2017
	£'000	£'000
Trade payables	60,019	60,372
Amounts owed to related parties (see note 36)	7	47
Payments received on account	25,216	28,708
Value added tax	4,878	11,701
Other payables	6,049	15,178
Accruals and deferred income	76,351	87,836
	<u>172,520</u>	<u>203,842</u>

**25 Borrowings**

**25.1 Borrowings**

	2018	2017
	£'000	£'000
<b>Non-current</b>		
Bank borrowings	58,658	67,597
Finance lease liabilities (note 26)	3,600	102
	<u>62,258</u>	<u>67,699</u>
<b>Current</b>		
Bank borrowings	17,520	12,669
Finance lease liabilities (note 26)	2,040	433
	<u>19,560</u>	<u>13,102</u>
<b>Total borrowings</b>	<u>81,818</u>	<u>80,801</u>

A total of 83.5% (2017: 90.7%) of the Group's borrowings are non-recourse long-term project finance debt secured by fixed and floating charges on the Group's operating wind and battery projects. The remaining borrowings include mortgages secured on the Group's properties. Borrowings incur finance charges, with a range of fixed rates or floating rates applied based on interest rate indices and margins levied by the lender. Average interest rate is 2.31% (2017: 2.22%).

## 25 Borrowings (continued)

The above figures are presented after deduction of unamortised loan issue costs of £nil (2017: £514,000) which are being written off over the term of the loans.

Total borrowings include secured liabilities (bank and collateralised borrowings) of £1,414,000 (2017: £3,984,000). Bank borrowings are secured by the land and buildings of the Group (Note 14).

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2018 £'000	2017 £'000
UK pound	923	3,041
Euros	68,017	66,126
US dollar	12,318	11,295
Other currencies	560	339
	<b>81,818</b>	<b>80,801</b>

Total borrowings include £3.2m (2017: £6.1m) in respect of capital provided by the Group's partners in certain special purpose vehicles, required to be classified as a financial liability under IAS1. These borrowings, which are non-recourse to the Group, are part of the long term financing of these vehicles and the Group cannot be forced to repay any interest or principal unless cash is available for distribution in the vehicles. The amounts repayable in each period are linked to the profits made and cash available in that period. Based on forecast cash distributions in the 12 months after the reporting date, the Group has classified £nil (2017: £nil) as current and £3.2m (2017: £6.1m) as non-current liabilities. There is no reasonably possible change in assumptions in forecast profits which would materially impact the allocation of the liability between current and non current.

### 25.2 Net debt and capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt or limit the amount of new project activity that is dependent on debt financing.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	2018 £'000	2017 £'000
Total borrowings	81,818	80,801
Less: cash and cash equivalents (note 23)	(169,004)	(171,265)
Net debt	(87,186)	(90,464)
Total equity	292,633	309,720
<b>Total capital</b>	<b>205,447</b>	<b>219,256</b>
<b>Gearing ratio</b>	<b>-30%</b>	<b>-29%</b>

The Group's borrowings are subject to maintaining covenants as defined by the debt funders. Throughout the year ended 31 October 2018 the Group complied with all external borrowing covenants and management monitors the continued compliance with these covenants on a monthly or quarterly basis.



26 Obligations under finance leases

	<b>Minimum Lease Payments</b>	
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts payable under finance leases:</b>		
Within one year:	2,287	443
In the second to fifth years inclusive:	3,773	106
After five years:	-	-
	<u>6,060</u>	<u>549</u>
Less future finance charges:	(420)	(14)
<b>Present value of lease obligations</b>	<u><b>5,640</b></u>	<u><b>535</b></u>

  

	<b>Present Value Of Minimum Lease Payments</b>	
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts payable under finance leases:</b>		
Within one year:	2,040	433
In the second to fifth years inclusive:	3,600	102
After five years:	-	-
	<u>5,640</u>	<u>535</u>

  

<b>Analysed as:</b>		
Amounts due for settlement within 12 months (shown under current liabilities):	2,040	433
Amounts due for settlement after 12 months:	<u>3,600</u>	<u>102</u>
	<u><b>5,640</b></u>	<u><b>535</b></u>

It is the Group's policy to lease certain of its fixtures and equipment under finance leases. The average outstanding lease term is 2 years. For the year ended 31 October 2018, the average effective borrowing rate was 5.2% (2017: 5.2%).

Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' rights over leased assets disclosed in note 14.

27 Provisions for other liabilities and charges

	Contingent consideration payable on acquisition £'000	Decomm- issioning £'000	Employee and office related £'000	Development and constr- uction £'000	Total £'000
At 1 November 2016	1,087	9,938	4,037	2,583	17,645
Acquisition/ (disposal) of subsidiaries	-	(20)	-	-	(20)
Additional provisions	-	3,141	556	6,226	9,923
Reversal of unused provisions	-	(301)	-	(1,068)	(1,369)
Unwinding of discounting factor	-	78	-	-	78
Utilised in the year	(812)	-	(3,714)	(1,201)	(5,727)
Foreign exchange differences on translation	(88)	(444)	(24)	(111)	(667)
<b>At 31 October 2017</b>	<b>187</b>	<b>12,392</b>	<b>855</b>	<b>6,429</b>	<b>19,863</b>
Less: current portion	-	-	(303)	(4,509)	(4,812)
<b>Non-current portion</b>	<b>187</b>	<b>12,392</b>	<b>552</b>	<b>1,920</b>	<b>15,051</b>
At 1 November 2017	187	12,392	855	6,429	19,863
Additional provisions	-	3,926	1,743	12,931	18,600
Reversal of unused provisions	-	(485)	-	(2,139)	(2,624)
Unwinding of discounting factor	-	83	-	-	83
Utilised in the year	(196)	-	(855)	(11)	(1,062)
Foreign exchange differences on translation	9	230	1	67	307
<b>At 31 October 2018</b>	<b>-</b>	<b>16,146</b>	<b>1,744</b>	<b>17,277</b>	<b>35,167</b>
Less: current portion	-	(41)	(1,744)	(8,667)	(10,452)
<b>Non-current portion</b>	<b>-</b>	<b>16,105</b>	<b>-</b>	<b>8,610</b>	<b>24,715</b>

Decommissioning provisions have been reassessed in the year to reflect latest estimates of associated costs. The provision will be utilised at the end of each wind farm's or battery storage asset's useful life, which varies up to 2035.

Employee and office related provisions relate to employee and property related costs that result from changes in the operational structure of the Group's activities.

Development and construction provisions relate to the associated costs that exist in relation to potential liabilities at the reporting date. These liabilities arise from the Group's development and construction activities and includes onerous contracts and potential warranty costs. The Group make specific provisions on a contract by contract basis. While there is uncertainty in timing and value of such obligations being extinguished in the future, the Directors are satisfied that a material change to these specific provisions will not be required based on best available information.

28 Post-employment benefits

28.1 Defined benefit pension schemes

The table below outlines where the Group's defined benefit pension scheme related amounts and activity are included in the financial statements.

	2018 £'000	2017 £'000
<b>Liability in the statement of financial position</b>	<b>12,543</b>	<b>11,428</b>
<b>Included in income statement within:</b>		
- Cost of sales	21	262
- Administrative expenses	138	223
- Finance charges	1,557	1,606
- Finance income	(1,231)	(1,172)
- Exceptional cost	1,446	-
	<b>1,931</b>	<b>919</b>

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**28 Post-employment benefits (continued)**

**Included in other comprehensive income:**

Remeasurements of defined benefit pension scheme:

- Gains and losses arising from changes in demographic assumptions	49	(1,265)
- Gains and losses arising from changes in financial assumptions	124	(2,857)
- Gains and losses arising from experience adjustments	48	40
	<u>221</u>	<u>(4,082)</u>

The income statement charge includes current service cost, interest cost, past service costs and gains and losses on settlement and curtailment.

The company's subsidiary, Renewable Energy Systems Limited participates in the defined benefits section of the Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme ("the Scheme").

As disclosed in note 2.7.4 (b), the Group's agreed share of the total defined benefit obligation of the scheme is 10%.

The total value of the scheme obligations and assets are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Present value of funded obligations	554,790	561,760
Fair value of plan assets	(429,360)	(447,480)
<b>Total deficit of defined benefit pension plans</b>	<b><u>125,430</u></b>	<b><u>114,280</u></b>

The following amounts represent the Group's 10% share of the associated amounts in relation to the scheme.

The amounts recognised in the statement of financial position are determined as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Present value of funded obligations	55,479	56,176
Fair value of plan assets	(42,936)	(44,748)
<b>Liability in the statement of financial position- total deficit of defined benefit pension plans</b>	<b><u>12,543</u></b>	<b><u>11,428</u></b>

The movement in the defined benefit liability over the year is as follows:

	<b>Present value of obligation</b>	<b>Fair value of plan assets</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 November 2017	56,176	(44,748)	11,428
Administration cost	138	-	138
Current service cost	21	-	21
Interest expense/(income)	1,557	(1,231)	326
Exceptional cost (note 9)	1,446	-	1,446
Remeasurements:			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	1,296	1,296
- Gain from change in financial and demographic assumptions	(1,519)	-	(1,519)
Contributions:			
- Employers	-	(828)	(828)
- Plan participants	28	(28)	-
Benefit payments from plans	(2,368)	2,603	235
<b>At 31 October 2018</b>	<b><u>55,479</u></b>	<b><u>(42,936)</u></b>	<b><u>12,543</u></b>

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**28 Post-employment benefits (continued)**

	<b>Present value of obligation £'000</b>	<b>Fair value of plan assets £'000</b>	<b>Total £'000</b>
At 1 November 2016	60,367	(43,825)	16,542
Administration cost	223	-	223
Current service cost	262	-	262
Interest expense/(income)	2,094	(1,660)	434
Remeasurements:			
– Return on plan assets, excluding amounts included in interest expense/(income)	-	(1,099)	(1,099)
– Gain from change in financial and demographic assumptions	(3,948)	-	(3,948)
Contributions:			
– Employers	-	(986)	(986)
– Plan participants	185	(185)	-
Benefit payments from plans	(3,007)	3,007	-
<b>At 31 October 2017</b>	<b>56,176</b>	<b>(44,748)</b>	<b>11,428</b>

	<b>2018</b>	<b>2017</b>
The fair value of plan assets comprises the following types of assets:		
– Equities	41.7%	57.7%
– Bonds (corporate and government gilts)	34.6%	37.8%
– Other	23.7%	4.5%
<b>At 31 October</b>	<b>100.0%</b>	<b>100.0%</b>

The significant actuarial assumptions were as follows:

	<b>2018</b>	<b>2017</b>
Discount rate	2.90%	2.80%
Inflation - RPI	3.20%	3.10%
Inflation - CPI	2.10%	2.00%
Salary growth rate	2.50%	2.50%
Pension growth rate	2.10%	2.00%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	<b>2018</b>	<b>2017</b>
Retiring at the end of the reporting period:		
– Male	22.1	22.2
– Female	24.1	24.2
Retiring 20 years after the end of the reporting period		
– Male	23.4	23.6
– Female	25.6	25.6

## 28 Post-employment benefits (continued)

Through its defined benefit pension plans and post-employment medical plans, the group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	<p>The Scheme liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Scheme hold a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.</p> <p>As the Scheme matures, the Trustees intend to reduce the level of investment risk by investing more in assets that better match the liabilities. However, the Trustees believe that due to the long-term nature of the plan liabilities and the strength of the supporting RES and SRM groups, a level of continuing equity investment is an appropriate element of the group's long term strategy to manage the plans efficiently.</p>
Changes in bond yields	A decrease in corporate yields will increase Scheme liabilities, although this will be partially offset by an increase in the value of the Scheme's bond asset holdings.
Inflation risk	Some of the group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.
Life expectancy	The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant in the UK plan, where inflationary increases result in higher sensitivity to changes in life expectancy.

Expected contributions to the Scheme by the RES group for the year ending 31 October 2019 are £800,000.

### 28.2 Defined contribution pension schemes

Renewable Energy Systems Limited is the contributing employer of the defined contribution section of the Scheme, whereby employee contributions are matched by company contributions. During the year the Group contributions amounted to £1,109,000 (2017: £1,040,000) and were expensed. At the year-end there were £nil (2017: £nil) contributions payable by the Group.

The Group's overseas subsidiaries also operate local defined contribution schemes, whereby employee contributions are matched by company contributions. During the year the Group contributions amounted to £2,964,000 (2017: £2,536,000) and were expensed. At the year-end there were £405,000 (2017: £53,000) contributions payable by the Group.

## 29 Share capital

	2018 £'000	2017 £'000
Called up, issued and fully paid:		
58,842,956 ordinary shares of £1 each	58,842	58,842
6,000,000 A ordinary shares of £0.0001 each	1	1
	<b>58,843</b>	<b>58,843</b>

## 30 Dividends per share

In the current year dividends were paid to the shareholders for a total of £29,525,000 (2017: £nil). This equates 45.5p per share (2017: nil). Details of dividends declared after the reporting period are included in note 38.

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**31 Business combinations and acquisitions**

There were no material business combinations or acquisitions in the current year.

**32 Cash generated from operations**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Profit before income tax	37,008	40,098
Adjustments for:		
– Disposal of assets constructed by the Group (note 14)	513	84,101
– Depreciation and impairment of property, plant and equipment (note 14)	12,818	31,376
– Amortisation of intangible assets (note 15)	117	105
– (Profit)/loss on sale of property, plant and equipment (excluding assets under course of construction)	1,412	(1,984)
– Profit on disposal of available-for-sale financial assets	-	(2,154)
– Other (gains)/losses including derivative financial instruments at FVTPL (note 8)	(3,592)	3,117
– Inventory write-down (note 5)	-	2,160
– Net finance costs / (income) (note 11)	(1,552)	14,674
– Share of after tax profit / (loss) of joint ventures and associates accounted for using the equity method and gain on disposal of joint ventures and associates (note 16)	(45,511)	12,768
– Exceptional items	1,446	1,100
– Unrealised foreign exchange losses/(gains) on operating activities	(531)	(78)
– Profit on disposal of subsidiaries (note 7)	-	(357)
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
– Inventories	610	2,820
– Trade and other receivables	1,888	69,074
– Trade and other payables	(33,780)	(58,692)
– Provisions (relating to operations)	10,955	2,218
<b>Cash generated from operations</b>	<b>(18,199)</b>	<b>200,346</b>

### 33 Financial instruments

#### 33.1 Financial instruments by category

31 October 2018				
	Loans and receivables £'000	Derivatives at fair value through P&L £'000	Available for sale £'000	Total £'000
<b>Assets as per statement of financial position</b>				
Available-for-sale financial assets	-	-	2,607	2,607
Trade and other receivables excluding prepayments	207,644	-	-	207,644
Cash and cash equivalents	169,004	-	-	169,004
<b>Total</b>	<b>376,648</b>	<b>-</b>	<b>2,607</b>	<b>379,255</b>
<b>Liabilities as per statement of financial position</b>				
Borrowings	(81,818)	-	-	(81,818)
Derivative financial instruments	-	(3,758)	-	(3,758)
Trade and other payables excluding non-financial liabilities	(96,169)	-	-	(96,169)
<b>Total</b>	<b>(177,987)</b>	<b>(3,758)</b>	<b>-</b>	<b>(181,745)</b>

  

31 October 2017				
	Loans and receivables £'000	Derivatives at fair value through P&L £'000	Available for sale £'000	Total £'000
<b>Assets as per statement of financial position</b>				
Available-for-sale financial assets	-	-	1,765	1,765
Derivative financial instruments	-	2,331	-	2,331
Trade and other receivables excluding prepayments	255,613	-	-	255,613
Cash and cash equivalents	171,265	-	-	171,265
<b>Total</b>	<b>426,878</b>	<b>2,331</b>	<b>1,765</b>	<b>430,974</b>
<b>Liabilities as per statement of financial position</b>				
Borrowings	(80,801)	-	-	(80,801)
Derivative financial instruments	-	(5,371)	-	(5,371)
Trade and other payables excluding non-financial liabilities	(116,006)	-	-	(116,006)
<b>Total</b>	<b>(196,807)</b>	<b>(5,371)</b>	<b>-</b>	<b>(202,178)</b>

### 33 Financial instruments (continued)

#### 33.2 Offsetting financial assets and financial liabilities

Cash and cash equivalents presented in the statement of financial position and statement of cash flows have been presented on a net basis, only where offset by bank accounts in an overdraft position with the same counterparty financial institution and where the accounts are subject to master netting arrangements in accordance with the conditions for netting specified in IAS 32 'Financial Instruments Presentation'.

#### 33.3 Financial risk management

The Group's activities expose it to a number of financial risks, discussed below. The Group's overall risk management programme seeks to monitor and minimise the potential adverse effects on the Group's financial performance.

The Board of Directors has approved policies and written principles governing the use of derivative financial instruments as a means to mitigate against financial risks, which includes the directive that derivatives should not be used for speculative purposes. The Executive Management team oversees the operations of treasury and finance personnel, who are primarily responsible for carrying out day-to-day processes and controls, in line with policies approved by the Board and / or Executive Management, over financial risks.

##### 33.3.1 Foreign exchange risks

The Group operates internationally, and has significant subsidiaries and operating teams in each of the key geographical territories in which the Group operates. These subsidiaries transact the majority of business in the local currency of the territory. Accordingly, foreign exchange risks at a functional currency level are contained. The principal foreign exchange risk facing the Group is in the translation of the results and financial position of overseas territories, with the impact of foreign exchange differences being reported in equity as cumulative translation differences. The principal overseas territories with functional currencies that differ from the Group's presentation currency, and hence give rise to potential translation risks, are in the Eurozone countries (in particular France) and the USA. Where practical, the Group uses foreign currency assets and liabilities to provide a natural hedge against the Group's net investment in foreign operations, to mitigate translation differences. Where potential significant exchange risk arises within a major business unit, due to exposures to non-functional currency transactions and balances, forward foreign exchange derivatives are considered and/or used to mitigate the risks.

The carrying amounts of available for sale financial assets, trade and other receivables and borrowings which are denominated in major functional currencies used by Group subsidiaries is set out in notes 17, 20 and 25 respectively.

For the reasons described above, the Group considers that there is a limited impact on profit or loss of reasonably possible changes in exchange rates. However, the impact on net assets / equity of the Group of changes in the principal non-sterling currencies to which the Group is exposed would have been as set out below. Changes presented are in isolation for the individual factor described with all other variables held constant.

	Increase / (decrease) in reported net assets /	
	2018	2017
	£'000	£'000
US dollar 10% stronger against sterling	8,965	1,525
US dollar 10% weaker against sterling	(7,334)	(1,246)
Euro 10% stronger against sterling	10,235	7,001
Euro 10% weaker against sterling	(8,374)	(5,726)

Given the volatility of sterling against other major currencies since the decision on 23 June 2016 of the UK to leave the European Union, a 10% variance in currency values is reasonably possible in the opinion of the Group.

##### 33.3.2 Interest rate risk

The Group's exposure to interest rate risk predominantly arises on the items described below. Due to the prevailing economic conditions of record low base rates in the major territories in which the Group operate, there is only a limited, immaterial impact on interest income that might be earned on cash and cash equivalents' balances.

- long-term borrowings. The Group's policy is to actively manage interest rate risks on long-term borrowings. This is achieved by having a mix of borrowings at both fixed and variable rates, and through the consideration and use of interest rate swaps. Refer also to note 25 (borrowings).

- pension scheme deficits, as changes in interest rates will impact the discount rate on which defined benefit pension scheme liabilities are calculated, and on the net interest charge arising on the net deficit. Refer also to note 28 (post-employment benefits).



### 33 Financial instruments (continued)

#### 33.3.3 Credit risk

Credit risk is predominantly managed by regional management in each of the major territories in which the Group operates, within the boundaries of overall Group policies. Each territory is responsible for managing credit risks arising on major contracts with customers and resulting amounts recoverable under contracts, accrued income and trade receivables. Monitoring of contract performance, including payments of amounts due by customers, occurs on a regular basis.

Credit risk also arises from exposure to counterparty financial institutions holding the Group's cash and cash equivalents, and issuers of derivative financial instruments. The Board sets guidelines and approves major banking arrangements of the Group, and only contracts with established financial institutions of good regulatory standing and repute and strong credit ratings based on credible credit rating agencies.

Information about exposures to credit risk is set out in the notes supporting all the material financial assets of the Group.

#### 33.3.4 Liquidity risk

Cash flow forecasting and reporting is performed at multiple levels in the Group organisation structure on a regular basis.

Cash forecasting and performance is an integral part of all contracting activities of the Group, and is a key determinant in commercial contract appraisal and performance. Together with generation and other activities, these are aggregated on a regional and divisional level, and ultimately aggregated for the Group as whole.

Senior finance personnel are closely involved in reviewing and monitoring cash flows, and the Group's borrowings, drawn and undrawn credit facilities, and short, medium and longer-term financing needs to ensure that cash flows are adequate to meet the Group's requirements, and the terms of finance facility covenants are monitored and reported. The Board reviews and approves annual cash flow forecasts, and receives regular reports from the senior finance team.

The maturity profile of the Group's financial liabilities at the reporting date to the contractual maturity date is set out in the table below.

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Borrowings	(19,560)	(9,367)	(36,067)	(16,824)
Derivative financial instruments	(2,694)	-	-	(1,064)
Trade and other financial liabilities	(98,968)	-	-	(12,543)
<b>At 31 October 2018</b>	<b>(121,222)</b>	<b>(9,367)</b>	<b>(36,067)</b>	<b>(30,431)</b>
Borrowings	(13,102)	(11,177)	(30,207)	(26,315)
Derivative financial instruments	(1,010)	(836)	(2,819)	(706)
Trade and other financial liabilities	(122,104)	-	-	(11,428)
<b>At 31 October 2017</b>	<b>(136,216)</b>	<b>(12,013)</b>	<b>(33,026)</b>	<b>(38,449)</b>

### 33 Financial instruments (continued)

#### 33.3.5 Price risk

The Group enters into long-term Power Purchasing Agreements (PPAs) for its operating wind farms, and is exposed to price risk for the revenue from electricity generation. PPAs are negotiated with specific counterparties, with the terms and conditions (including fixed / variable pricing, price escalation and indexation, etc.) varying by customer and by geographical territory according to local regulations and commercial practice.

The Group's contracting operations, in particular for EPC contracts, expose the Group to price risk due to the longer term nature of these contracts. The Group manages the risk through inclusion of appropriate escalation and price indexation for its contract revenues where possible, but is also exposed to similar price variability from its suppliers under contracts. The principal risk arises with turbines under EPC arrangements which are the single largest cost in the construction project.

Financial guarantees and performance guarantees are sought by the Group from suppliers for any significant milestone payments made by the Group to suppliers ahead of fulfilment of all obligations by suppliers, in particular for turbine supply contracts.

The Group is exposed to equity securities price risk for the investments it holds in available for sale financial assets. Its major investment in this category of assets is in a listed entity, The Renewables Infrastructure Group - further details are set out in note 17 (available for sale investments).

Equity securities price risk also exists in relation to the fair value of defined benefit scheme pension assets, given contractual agreements with other common controlled entities relating to the sharing of obligations for a scheme for which subsidiaries of the Group are participating employers. Further details are set out in note 28 (post-employment benefits).

### 34 Contingent liabilities

There were contingent liabilities in respect of guarantees and ordinary contract performance bonds given on construction, development and asset management activities in the normal course of business. The Group does not expect these to result in material costs in the future.

There is a contingent liability in relation to the Groups' share of the defined benefit obligation as disclosed within note 2.7.4 (b). The total scheme assets and liabilities are disclosed in note 28.

### 35 Commitments

#### (a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2018	2017
	£'000	£'000
Construction costs contracted for but not provided for on wind and storage projects	-	4,162

The Group finances capital commitments either by limited recourse bank loans drawn by the relevant subsidiary company undertaking construction, or via self-financing from available working capital facilities of the Group.

**35 Commitments (continued)**

*(b) Operating lease commitments – group as lessee*

The Group leases various properties, principally for office buildings, under non-cancelable operating lease agreements. The lease terms and the majority of lease agreements do not feature renewal options by right.

The Group also leases land on which the Group's wind farms are situated. A portion of lease rentals are based on a contractual percentage of revenue generated by the wind farm, and represent contingent lease rentals which are charged to the income statement as the related revenue is generated and the lease rental obligation is incurred, but which are excluded from minimum lease payments disclosed below.

The future aggregate (i.e. for the whole term of the lease) minimum lease payments under non-cancellable operating leases are as follows:

	<b>Land for wind, solar and battery storage projects</b>		<b>Buildings</b>		<b>Other plant and equipment</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Future minimum lease payments:						
One year or less	519	513	2,382	1,122	1,270	1,482
Between one and two years	527	516	2,352	1,013	1,169	1,108
Between two and five years	1,645	1,636	3,152	2,240	1,304	1,864
In five years or more	7,280	7,409	135	-	-	-
	<b>9,971</b>	<b>10,074</b>	<b>8,021</b>	<b>4,375</b>	<b>3,743</b>	<b>4,454</b>

*(c) Operating leases rental receivables – group as lessor*

The Group has a number of Power Purchasing Agreements which form the contractual basis between the Group and customers / off-takers of the electricity generated by the Group's wind and solar farm assets. The Group applies IFRIC4 "Determining whether an arrangement contains a lease", and has concluded that some of its PPA arrangements result in lease arrangements in which, in substance, the Group acts as lessor of its wind farm assets which are leased to customers / off-takers. The lease arrangements represent operating leases, with revenue generated from the PPA under these leases recognised in the income statement as electricity output is sold. As there is not any amount of revenue that is pre-determined or minimum level guaranteed under the PPA, such revenue represents contingent rental payments under the operating lease arrangement (refer note 5 - nature of expenses). There are no future minimum lease payments receivable under these lessor arrangements.

**36 Related parties**

The Group is controlled by its immediate and ultimate parent and controlling party, The McAlpine Partnership Trust (incorporated in the UK), which owns 98.4% of the company's shares. There were no transactions or balances with the ultimate parent, other than dividends as disclosed in note 30, in the current year. The other 1.6% of shares are owned by the K McAlpine 1972 Settlement.

The Group's related parties include:

- its associates, the identities of which are set out in the accompanying separate financial statements of the parent in note 11 - "A - associates";
- pension schemes in which the Group is a participating employer, as set out in note 28 above - "B - pension schemes";
- entities subject to common control by the ultimate parent. These principally include the sub-group headed by Newarthill Limited, which includes the Sir Robert McAlpine construction group of companies, which are owned by the same shareholders as the parent of the RES Group - "C - Sir Robert McAlpine construction group";
- the key management personnel including the directors of the Group, together with their close family members - "D - key management personnel"; and
- its joint ventures, the identities of which are set out in the accompanying separate accounts of the parent in note 11 - "E - joint ventures".

Transactions and balances with subsidiaries that are eliminated on consolidation in these consolidated financial statements are not disclosed. The identities of subsidiaries included in the consolidated financial statements of the Group are set out in note 11 of the accompanying separate company financial statements.

The disclosures below augment other disclosures which include reference to related parties in various other notes to these consolidated financial statements.

**Renewable Energy Systems Holdings Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 October 2018**

**36 Related parties (continued)**

*(a) The following transactions were carried out with related parties:*

2018					
	A - associates	B - pension Schemes	C - Sir Robert McAlpine construction group	D - key management personnel	E - joint ventures
	£'000	£'000	£'000	£'000	£'000
Sales of goods and provision of services	338	-	542	-	279
Purchases of goods and services	-	-	165	-	-
Loans payable by the Group, repayments made	-	-	-	-	715
Finance charges / (income)	(14)	-	-	-	(134)
Dividends paid	(36)	-	-	-	-
Dividends received	10,471	-	-	-	-
Management charges / (income)	(298)	-	4,000	-	-
Contributions paid	-	1,017	-	-	-
2017					
	A - associates	B - pension Schemes	C - Sir Robert McAlpine construction group	D - key management personnel	E - joint ventures
	£'000	£'000	£'000	£'000	£'000
Sales of goods and provision of services	-	-	239	-	936
Purchases of goods and services	944	-	166	-	-
Loans receivable by the Group, repaid	-	-	-	-	418
Loans payable by the Group, proceeds received	6,307	-	-	-	-
Loans payable by the Group, repayments made	15,325	-	-	-	-
Finance charges / (income)	-	-	-	-	(139)
Dividends received	2,479	-	-	-	-
Management charges / (income)	(788)	-	4,000	-	-
Contributions paid	28	986	-	-	-

**Renewable Energy Systems Holdings Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 October 2018**

**36 Related parties (continued)**

*(b) Year-end balances arising from transactions with related parties:*

2018					
	A - associates	B - pension Schemes	C - Sir Robert McAlpine construction group	D - key management personnel	E - joint ventures
	£'000	£'000	£'000	£'000	£'000
Trade and other receivables	661	-	7	-	610
Trade and other payables	(59)	-	(7)	-	(565)
Loans payable	(3,393)	-	-	-	(5,639)

2017					
	A - associates	B - pension Schemes	C - Sir Robert McAlpine construction group	D - key management personnel	E - joint ventures
	£'000	£'000	£'000	£'000	£'000
Trade and other receivables	4,767	-	7	-	2,661
Trade and other payables	(1,019)	-	(47)	-	(411)
Loans payable	-	-	-	-	(6,289)

All receivables and payables with related parties of the Group are transacted on an arm's length basis on normal commercial terms and conditions.

*(c) Key management compensation*

Key management personnel of the Group are considered to be the Directors of Renewable Energy Systems Holdings Limited and members of the Group Executive Board which includes a number of senior executives who direct or control major parts of the Group's operations, including personnel in major overseas territories. Their emoluments are disclosed below:

	2018	2017
	£'000	£'000
Short-term employee benefits	3,661	2,046
Post employment benefits, including contributions to pension schemes	8	45
Other long-term incentive benefits vesting in the year	1,347	411
	<b>5,016</b>	<b>2,502</b>

Directors' remuneration of the company is disclosed in the accompanying separate financial statements of the parent company.

**Renewable Energy Systems Holdings Limited**  
**Notes to the consolidated financial statements**  
**For the year ended 31 October 2018**

**37 Subsidiary audit exemption**

The following subsidiaries are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual financial statements by virtue of s479A of the Act:

<b>Company name</b>	<b>Country of incorporation</b>	<b>UK company registration number</b>	<b>Liabilities at reporting date £'000</b>
Renewable Energy Centre Limited	UK	03136058	54
RES UK & Ireland Limited	UK	04913493	5,042

The outstanding, liabilities at the reporting date of the named subsidiaries have been guaranteed pursuant to s479A to s479C of the Act. The directors believe the possibility of the guarantee being called upon is remote.

**38 Events after the reporting period**

***Dividends***

On 18 December 2018 the Group declared and paid a dividend of £5,817,832. As an event after the reporting period, this transaction is not reflected in the 2018 reporting period.

**Renewable Energy Systems Holdings Limited**  
**Company balance sheet**  
**As at 31 October 2018**

**Registration number: 04913497**

	Notes	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Investments in subsidiaries	9	42,801	42,801
<b>Current assets</b>			
Trade and other receivables	5	20,886	21,968
<b>Current liabilities</b>			
Creditors – amounts falling due within one year	6	(360)	(177)
<b>Net current assets</b>		<u>20,526</u>	<u>21,791</u>
<b>Total assets less current liabilities</b>		<u>63,327</u>	<u>64,592</u>
<b>Net assets</b>		<u>63,327</u>	<u>64,592</u>
<b>Equity</b>			
Ordinary shares		58,843	58,843
Capital redemption reserve		1,158	1,158
Retained earnings		3,326	4,591
<b>Total shareholders' funds</b>		<u>63,327</u>	<u>64,592</u>

The reserves' movements in the parent company were a profit of £28,260,000 (2017: £737,000) and dividend payable of £29,525,000 (2017: £nil). As permitted by Section 408 of the Companies Act 2006, no profit and loss of the parent company is presented.

The notes on pages 72 to 81 are an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 7 February 2019. They were signed on its behalf by:



I D Catto  
 Director  
 7 February 2019

**Renewable Energy Systems Holdings Limited**  
**Company statement of changes in equity**  
**Year ended 31 October 2018**

	Share capital £000	Capital redemption reserve £000	Retained earnings £000	Total £000
<b>Balance as at</b>				
<b>1 November 2016</b>	<b>58,843</b>	<b>1,158</b>	<b>3,854</b>	<b>63,855</b>
Profit for the year	-	-	737	737
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>737</b>	<b>737</b>
Dividend	-	-	-	-
<b>Total contributions by and distributions to owners of the parent, recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at</b>				
<b>31 October 2017</b>	<b>58,843</b>	<b>1,158</b>	<b>4,591</b>	<b>64,592</b>
Profit for the year	-	-	28,260	28,260
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>28,260</b>	<b>28,260</b>
Dividend	-	-	(29,525)	(29,525)
<b>Total contributions by and distributions to owners of the parent, recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>(29,525)</b>	<b>(29,525)</b>
<b>Balance as at</b>				
<b>31 October 2018</b>	<b>58,843</b>	<b>1,158</b>	<b>3,326</b>	<b>63,327</b>



**Renewable Energy Systems Holdings Limited**  
**Notes to the company financial statements**  
**For the year ended 31 October 2018**

**1 General Information**

Renewable Energy Systems Holdings Limited ('the company') is a private company limited by shares, incorporated and domiciled in the UK. The address of its registered office is Beaufort Court, Egg Farm Lane, Kings Langley, Hertfordshire, WD4 8LR.

**2 Summary of significant accounting policies**

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

**2.1 Basis of preparation**

The financial statements of Renewable Energy Systems Holdings Limited have been prepared on the going concern basis and in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by derivative financial assets and financial liabilities measured at fair value through the profit and loss, and in accordance with the Companies Act 2006. The financial statements are presented in pounds sterling.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - The following paragraphs of IAS 1, 'Presentation of financial statements':
    - 38A (requirement for minimum of two primary statements, including cash flow statements),
    - 38B-D (additional comparative information),
    - 40A-D (requirements for a third statement of financial position), and
    - 134-136 (capital management disclosures)
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transaction entered into between two or more members of a group.
- IAS 7, 'Statement of Cash flows'

**New Standards, amendments and interpretations adopted by the company**

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 November 2017 have had a material impact on the parent company.

**Going concern**

The company operates as the ultimate parent of the RES Group and operates as a holding company only with no trading activities. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and Strategic Report. The financial position of the Group is set out in the Consolidated Statement of Financial Position and the accompanying notes to the financial statements. The Group's cash and borrowings positions are set out in the Directors' Report and notes to the financial statements. A description of the Group's financial risks is also set out in the Strategic Report.

Having assessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements of the parent company.

## **2 Summary of significant accounting policies (continued)**

### **2.2 Trade and other receivables**

Trade and other receivables are amounts due from group undertakings.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### **2.3 Investments**

An undertaking is regarded as a subsidiary undertaking if the company has control over its operating and financial policies. Investments in subsidiary undertakings that are directly owned by the parent company are stated at cost less amounts written-off for any permanent diminution in value.

### **2.4 Taxation**

#### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Balance Sheet date.

#### *Deferred income tax*

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

**Renewable Energy Systems Holdings Limited**  
**Notes to the company financial statements**  
**For the year ended 31 October 2018**

**3 Profit and loss**

The company's profit for the year was £28,260,000 (2017: £737,000). Included in this amount are dividends received of £27,500,000 (2017: £nil), which are recognised when the right to receive payment is established.

**4 Directors' Remuneration**

Remuneration of the Directors of the company:

	2018 £'000	2017 £'000
Emoluments	3,224	1,589
Pension contributions	8	45
	<u>3,232</u>	<u>1,634</u>

In 2018, in addition to the above, entitlement under long-term incentive plans was £1,242,000 (2017: £372,000).

Remuneration of the highest paid Director:

	2018 £'000	2017 £'000
Emoluments	697	493
Pension contributions	8	-
	<u>705</u>	<u>493</u>

In 2018, in addition to the above, entitlement of the highest paid Director under long-term incentive plans was £851,000 (2017: £nil).

None of the Directors of the company are remunerated by the company. All Directors are remunerated by subsidiaries of the company.

**5 Trade and other receivables**

	2018 £'000	2017 £'000
Amounts owed by group undertakings At 31 October	<u>20,886</u>	<u>21,968</u>

Trade and other receivables of £nil (2017: £nil) fall due after more than one year.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**6 Creditors: amounts falling due within one year**

	2018 £'000	2017 £'000
Corporation tax At 31 October	<u>360</u>	<u>177</u>

**7 Share capital and premium**

	2018 £'000	2017 £'000
Called up, issued and fully paid:		
58,842,956 ordinary shares of £1 each	58,842	58,842
6,000,000 A ordinary shares of £0.0001 each	1	1
At 31 October	<u>58,843</u>	<u>58,843</u>

**8 Controlling parties**

The Group is controlled by and its ultimate parent and controlling party is The McAlpine Partnership Trust (incorporated in the UK), which owns 98.4% of the company's shares. The other 1.6% of shares are owned by K McAlpine 1972 Settlement.

**9 Investments**

	2018 £'000	2017 £'000
Investments At 31 October	<u>42,801</u>	<u>42,801</u>

During the year the company received dividends of £27,500,000 from Renewable Energy Systems Limited (2017: £nil).

**Renewable Energy Systems Holdings Limited**  
**Notes to the company financial statements**  
**For the year ended 31 October 2018**

**10 Events after the reporting period**

***Dividends***

On 18 December 2018 the company declared and paid a dividend of £5,817,832. As an event after the reporting period, this transaction is not reflected in the 2018 reporting period.

On 18 December 2018, Renewable Energy Systems Limited, a 100% owned subsidiary of the company paid a dividend of £6,000,000 to the company. As an event after the reporting period, this transaction is not reflected in the 2018 reporting period.

**Renewable Energy Systems Holdings Limited**  
**Notes to the company financial statements**  
**For the year ended 31 October 2018**

**11 Subsidiary undertakings**

The following represent the subsidiaries as at 31 October 2018, the majority of which are involved in the development and construction of wind, solar and battery storage projects or the production and sale of wind-generated electricity. The proportion of voting rights held by the Group is the same as the proportion of shares held.

The registered office addresses are defined as:

- (1) Beaufort Court, Egg Farm Lane, Kings Langley, Hertfordshire, WD4 8LR
- (2) Unit C1 & C2, Willowbank Business Park, Millbrook, Larne, BT40 2SF
- (3) Level 4, Deutsche Bank Place, 126-130 Phillip Street, Sydney, NSW 2000
- (4) 300 Leo Pariseau Street, Suite 2516, Montreal, Quebec, H2X 4B3
- (5) 300 rue du Mourelet, Z.I. de Courtine, 8400, Avignon
- (6) Rotebuhlplatz 1, 70178 Stuttgart
- (7) Lilla Bommen 1, SE-411 04, Goteburg
- (8) 615 S. DuPont Highway, Dover, Delaware, 19901
- (9) Cumhuriyet Caddesi, Pegasus Evi: 48/1 Elmadag, Sisli, 34367, Istanbul
- (10) 102-1015 Wilks Avenue, Winnipeg, Manitoba R3P 2R8
- (11) 1040 South Service Road East, Suite 200, Oakville, Ontario L6J 2X7
- (12) Level 1, Tower Building, 50 Customhouse Quay, Wellington, New Zealand
- (13) Mazars House, Rialto Road, Grand Moorings Precinct, Century City, 7441 South Africa
- (14) 2 Grand Canal Square, Dublin 2 Ireland
- (15) Via San Marino 12, 00198, Roma, Italy
- (16) Republic of Chile
- (17) 421-7th Avenue SW, Suite 4000, Calgary, Alberta T2P 4K9
- (18) 44 Chipman Hill, Suite 1000, Saint John, New Brunswick E2L 2A9
- (19) 199 Bay Street, Suite 4000, Commerce Court West, Toronto, Ontario M5L 1A9
- (20) 1959 Upper Water Street, Suite 9000, Halifax, Nova Scotia B3J 3N2, Canada
- (21) 40 rue de la Boetie, 75008, Paris, France
- (22) Gartenstrasse 1, 78136, Schonach im Schwarzwald, Germany
- (23) Wergelandsveien 23B, 0167, Oslo, Norway
- (24) c/o Vasa Vind AB, Box 3235, SE0193 64 Stockholm, Sweden

Company name	Country of incorporation / registered office	UK company registration number	Holding %
<b>Direct subsidiary undertakings</b>			
Renewable Energy Systems Limited, Beaufort Court, Egg Farm Lane, Kings Langley, Hertfordshire, WD4 8LR	UK (1)	01589961	100%
<b>Indirect subsidiary undertakings</b>			
Renewable Energy Centre Limited	UK (1)	03136058	100%
Renewable Energy Group Limited	UK (1)	04913495	100%
RES UK & Ireland Limited	UK (1)	04913493	100%
Solar Slate Limited	UK (1)	07022531	100%
Wind Energy Systems Limited	UK (1)	03280274	100%
RES Australia PTY Limited	Australia (3)		100%
Renewable Energy Systems Canada Inc	Canada (4)		100%
RES Chile SpA	Chile (16)		100%
EOLE-RES S.A.	France (5)		100%
RES Méditerranée S.A.S	France (5)		100%
RES Deutschland GMBH	Germany (6)		100%
RES Italia s.r.l.	Italy (15)		100%
RES New Zealand Limited	New Zealand (12)		100%
Renewable Energy Systems Southern Africa Pty	South Africa (13)		100%
NV Nordisk Vindkraft AB	Sweden (7)		100%
RES Anatolia Holding Anonim Şirketi	Turkey (9)		100%
Renewable Energy Systems Americas Inc	USA (8)		100%

**Renewable Energy Systems Holdings Limited**  
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**11 Subsidiary undertakings (continued)**

<b>Operating subsidiaries and projects in construction</b>	<b>Country of incorporation</b>	<b>UK company registration number</b>	<b>Holding %</b>
Dyffryn Brodyn Limited	UK (1)	02917526	100%
Four Burrows Limited	UK (1)	02913793	100%
CEPE de Grand Bois S.A.R.L.	France (5)		100%
CEPE de La Salesse S.A.R.L.	France (5)		100%
CEPE de Lacombe	France (5)		100%
CEPE de Marsanne S.A.R.L.	France (5)		100%
CEPE du Pays de Saint Seine S.A.R.L.	France (5)		100%
CEPE du Souleilla S.A.R.L.	France (5)		100%
Cark Limited Ireland	ROI (14)		100%
Havsnäs Vindkraft AB	Sweden (7)		25%
<b>Other related undertakings</b>	<b>Country of incorporation</b>	<b>UK company registration number</b>	<b>Holding %</b>
Aberarder Wind Farm LLP	UK (1)	OC398487	73%
Alexandra Dock Energy Limited	UK (1)	07577521	100%
Battery Energy Storage Services Limited	UK (1)	10942509	100%
Craiggore Energy Limited	UK (1)	NI646810	100%
Eastern Wind Farms Limited	UK (1)	02798170	100%
Llanerfyl Access Road Consortium Limited	UK (1)	06118626	50%
Monadhliath Energy Limited	UK (1)	07922423	100%
North Blyth Energy Limited	UK (1)	07595351	100%
Petre Street Storage Limited	UK (1)	10272700	100%
Rayburn Wind Farm Limited	UK (1)	08303786	100%
Renewable Energy Systems (Northern Ireland) Limited	UK (2)	NI026799	100%
RES-B9 (NI Offshore Wind) Limited (in liquidation)	UK (2)	NI612289	100%
RES Developments Limited	UK (1)	04493918	100%
Roaring Hill Energy Limited	UK (1)	10272710	100%
Rufford Solar Limited	UK (1)	09903135	100%
Saxon Energy Storage Limited	UK (1)	10196127	100%
Stony Edge Storage Limited	UK (1)	10272709	100%
The Renewables Infrastructure Group Limited	UK (1)	08506871	0.2%
Wind Turbine Developments Limited	UK (1)	02873607	100%
Dalby Energy Finance PTY Limited	Australia (3)		100%
Dalby Energy Holdings PTY Limited	Australia (3)		100%
Dalby Energy Project PTY Limited	Australia (3)		100%
Murra Warra Energy PTY Limited	Australia (3)		100%
RES Southern Cross PTY Limited	Australia (3)		80%
Southern Cross Windpower PTY Limited	Australia (3)		100%
Twin Creek Energy PTY Limited	Australia (3)		100%
Murra Warra Solar Holdings Pty Ltd	Australia (3)		50%
Murra Warra Solar Pty Ltd	Australia (3)		50%
Murra Warra Solar Finance Pty Ltd	Australia (3)		50%
Murra Warra II Asset Hold Co Pty Ltd	Australia (3)		50%
Murra Warra II Project Hold Co Pty Ltd	Australia (3)		50%
Murra Warra II Project Co Pty Ltd	Australia (3)		50%
Murra Warra II Asset Co Pty Ltd	Australia (3)		50%
Murra Warra Land Co Pty Ltd	Australia (3)		50%
5529442 Manitoba Limited	Canada (10)		50%
6034862 Manitoba Limited	Canada (10)		100%
6034919 Manitoba Limited	Canada (10)		100%
9337-9675 Québec Inc.	Canada (4)		100%
Athelstane Wind Farm LP	Canada (11)		100%
BHEC-RES Alberta G.P. Inc.	Canada (17)		49%
BHEC-RES Alberta LP	Canada (17)		49%
BHEC - FLERC 40 Mile LP	Canada (17)		24%
BHEC-RES Saskatchewan G.P. Inc.	Canada (17)		25%
BHEC-RES Saskatchewan LP	Canada (17)		25%
Cataraqui Ridge Solar LP	Canada (11)		100%
Colborne Wind Farm GP Inc.	Canada (4)		100%
Colborne Wind Farm LP	Canada (4)		100%
Côte-Nord Wind Farm Holding LP	Canada (4)		100%

**Renewable Energy Systems Holdings Limited**  
**Notes to the company financial statements**  
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**11 Subsidiary undertakings (continued)**

Other related undertakings	Country of incorporation	UK company registration number	Holding %
Crystal Falls Solar (GP) Inc.	Canada (11)		100%
Denbigh Wind (GP) Inc.	Canada (11)		100%
Denbigh Wind LP	Canada (11)		85%
Eastern Fields Wind Farm (GP) Inc.	Canada (11)		100%
Eastern Fields Wind Farm LP	Canada (11)		100%
Eenou Windcorp Inc	Canada (4)		40%
Elgin Wind (GP) Inc.	Canada (11)		100%
Elgin Wind LP	Canada (11)		100%
Falconbridge Wind LP	Canada (11)		100%
Northern Lights AOO LP	Canada (11)		49%
Northern Lights LP	Canada (11)		49%
Northwest Windfarm GP Inc	Canada (18)		100%
Northwest Windfarm Holdings Inc	Canada (18)		100%
Northwest Windfarm LP	Canada (11)		100%
Otter Creek Wind Farm Limited Partnership	Canada (19)		51%
Renewable Energy Systems Quebec Inc	Canada (4)		100%
RES Canada Asset Management GP Inc.	Canada (4)		100%
RES Canada Asset Management LP	Canada (4)		100%
RES Canada Construction (Ontario) Inc	Canada (11)		100%
RES Canada Construction (Ontario) LP	Canada (11)		100%
RES Canada Construction GP, Inc	Canada (4)		100%
RES Canada Construction LP	Canada (4)		100%
RES Canada DR Management GP Inc.	Canada (11)		100%
RES Canada Energy Storage Inc	Canada (11)		100%
RES Canada Energy Storage LP	Canada (11)		100%
RES Canada Land LP	Canada (4)		100%
RES Canada Transmission Holdings Inc	Canada (11)		100%
RES Canada Transmission Holdings LP	Canada (11)		100%
SEI SSK Wind Energy 4 LP	Canada (10)		100%
SEI SSK Wind Energy 9 LP	Canada (10)		100%
Sequoia Renewable Energy Systems LP	Canada (10)		50%
Silver Brook Wind Farm GP Inc.	Canada (4)		100%
Silver Brook Wind Farm LP	Canada (4)		100%
South Nation Wind LP	Canada (11)		100%
Windy Ridge I GP Inc	Canada (20)		100%
Windy Ridge I Limited Partnership	Canada (20)		100%
Windy Ridge II GP Inc	Canada (20)		100%
Windy Ridge II Limited Partnership	Canada (20)		100%
Ailes Marines S.A.S	France (21)		30%
Avel Vor Energie Eolienne SAS	France (5)		75%
CEPE Bel Air Sud SAS	France (5)		100%
CEPE Bois e l'Aiguille	France (5)		100%
CEPE Croix de l'Etable	France (5)		100%
CEPE de Châtillonais SARL	France (5)		100%
CEPE de Cret Meuron SARL	France (5)		100%
CEPE de La Roche Quatre Rivières S.A.R.L.	France (5)		100%
CEPE De Langrois	France (5)		100%
CEPE de L'Escur	France (5)		100%
CEPE du Haut Perron	France (5)		100%
CEPE Grand Cerisier	France (5)		100%
CEPE Frettes SARL	France (5)		100%
CEPE Les Frettes SARL	France (5)		100%
CEPE Les Grunes	France (5)		100%
CEPE Mirebellois SARL	France (5)		100%
CEPE Noyer Berger SARL	France (5)		100%
CEPE Orain SARL	France (5)		100%
CEPE Sud Vesoul SARL	France (5)		100%
CEPE Trois Provinces SARL	France (5)		100%
CEPE Val de Vingeanne Est SARL	France (5)		100%
CEPE Vent De Loire SAS	France (5)		100%
CEPE Cerisou SARL	France (5)		100%
CEPE Champs Carrés SARL	France (5)		100%
CEPE Chesnots SAS	France (5)		100%
CEPE Comblézine SARL	France (5)		100%
CEPE Croix du Picq SARL	France (5)		100%

**Renewable Energy Systems Holdings Limited**  
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**For the year ended 31 October 2018**

**11 Subsidiary undertakings (continued)**

Other related undertakings	Country of incorporation	UK company registration number	Holding %
CEPE de Cret Meuron SARL	France (5)		100%
CEPE Fleur du Nivernais SARL	France (5)		100%
CEPE Fosse à Loup SARL	France (5)		100%
CEPE Frettes SARL	France (5)		100%
CEPE Haut du Saule SARL	France (5)		100%
CEPE La Croix des Trois SARL	France (5)		100%
CEPE Les Lorettes SARL	France (5)		100%
CEPE Terrier de la Pointe SARL	France (5)		100%
CPES Brouville SARL	France (5)		100%
CPES des Lauzières	France (5)		100%
CPES du Sauvage	France (5)		100%
CEPE La Tirroye SARL	France (5)		100%
CPES La Gineste SARL	France (5)		100%
CPES La Plaine des Mées	France (5)		100%
CPES les Broules SARL	France (5)		100%
CPES Ombripark SARL	France (5)		100%
CPES Pascarate SARL	France (5)		100%
CPES Terres Neuves SARL	France (5)		100%
CPES Bac de Cos SARL	France (5)		100%
CPES Les Grandes Pièces SARL	France (5)		100%
CPES Mas d'en Ramis SARL	France (5)		100%
CPES Ombri-Res SARL	France (5)		100%
CPES Plateforme Laudun SARL	France (5)		100%
Rouan saint Prim SAS	France (5)		100%
Les Eoliennes entre Loire et Rhône SAS	France (5)		80%
Ombripark2 SARL	France (5)		100%
RES Participation S.A.S	France (5)		100%
SPV Locanergy SARL	France (5)		100%
SPV Locanergy Three SARL	France (5)		100%
SPV Locanergy Two SARL	France (5)		100%
11 RES Deutschland Wind GmbH & Co KG	Germany (6)		100%
12 RES Deutschland Wind GmbH & Co KG	Germany (6)		100%
13 RES Deutschland Wind GmbH & Co KG	Germany (6)		100%
RES Deutschland Verwaltung GmbH	Germany (6)		100%
Windkraft Schonach GmbH	Germany (22)		85%
Windpark Wasen GmbH & Co. KG	Germany (6)		100%
Blåberg Vindkraft AS	Norway (23)		66%
Buheii Vindkraft AS	Norway (23)		66%
Hovatn Aust Vindkraft AS	Norway (23)		66%
Nordisk Vindkraft Norge AS	Norway (23)		100%
Skveneheii Vindkraft AS	Norway (23)		66%
Vardafjellet Vindkraft AS	Norway (23)		66%
RES Solar Ireland Limited	ROI (14)		100%
RES Storage Ireland Limited	ROI (14)		100%
Ångersjökölen Vindkraft AB	Sweden (7)		100%
Björnberget Vindkraft AB	Sweden (7)		100%
Degerkölen Vindkraft AB	Sweden (7)		100%
Granliden Vindkraft AB	Sweden (7)		100%
Gubbaberget Vindkraft AB	Sweden (7)		100%
Havsnäs Vindkraft Elnät AB	Sweden (24)		100%
Hornmyran Vindkraft AB	Sweden (7)		100%
Rödene Vindkraft AB	Sweden (7)		100%
Sandtjärnberget Vindkraft AB	Sweden (7)		100%
Storåsen Vindkraft AB	Sweden (7)		100%
Trysslinge Vindkraft AB	Sweden (7)		100%
Vargträsk Vindkraft AB	Sweden (7)		100%
Våsberget Vindkraft AB	Sweden (7)		100%
Vindkraft i Fjällberg AB	Sweden (7)		100%
Vindkraft i Norrhälsinge AB	Sweden (7)		100%
Vinliden Vindkraft AB	Sweden (7)		100%
Ahiyuva Enerji Üretim Limited Şirketi	Turkey (9)		100%
Antges Enerji Üretim Anonim Şirketi	Turkey (9)		100%
Arzava Enerji Üretim Limited Şirketi	Turkey (9)		100%
Canik Enerji Üretim Limited Şirketi	Turkey (9)		100%
Cetmi Rüzgar Enerjisinden Elektrik Üretimi Limited Şirketi	Turkey (9)		100%



**Renewable Energy Systems Holdings Limited**  
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**11 Subsidiary undertakings (continued)**

Other related undertakings	Country of incorporation	UK company registration number	Holding %
Çubuk Enerji Üretim Limited Şirketi	Turkey (9)		100%
Dilmaç Enerji Üretim Limited Şirketi	Turkey (9)		100%
Eratna Enerji Üretim Limited Şirketi	Turkey (9)		100%
Eşref Enerji Üretim Limited Şirketi	Turkey (9)		100%
Evrencik Rüzgar Enerjisinden Elektrik Üretimi Limited Şirketi	Turkey (9)		50%
Frig Enerji Üretim Limited Şirketi	Turkey (9)		100%
Galatya Enerji Üretim Limited Şirketi	Turkey (9)		100%
Germiyan Enerji Üretim Limited Şirketi	Turkey (9)		100%
Hanti Enerji Üretim Limited Şirketi	Turkey (9)		100%
İnal Enerji Üretim Limited Şirketi	Turkey (9)		100%
İnanç Enerji Üretim Limited Şirketi	Turkey (9)		100%
Kimmer Enerji Üretim Limited Şirketi	Turkey (9)		100%
Mengücek Enerji Üretim Limited Şirketi	Turkey (9)		100%
Misya Enerji Üretim Limited Şirketi	Turkey (9)		100%
Pervane Enerji Üretim Limited Şirketi	Turkey (9)		100%
Saltuk Enerji Üretim Limited Şirketi	Turkey (9)		100%
Saruhan Enerji Üretim Limited Şirketi	Turkey (9)		100%
Sökmen Enerji Üretim Limited Şirketi	Turkey (9)		100%
Tuşpa Enerji Üretim Limited Şirketi	Turkey (9)		100%
Allegany Wind Energy, LLC	USA (8)		100%
Ball Hill Wind Energy, LLC	USA (8)		100%
Battery Utility of Ohio, LLC	USA (8)		50%
Bellwether Wind Energy, LLC	USA (8)		100%
Black Bear Wind Energy, LLC	USA (8)		100%
Blue River Wind Project, LLC	USA (8)		100%
Boone Solar Project, LLC	USA (8)		100%
Cane Creek Solar, LLC	USA (8)		100%
Cedar Elm Wind, LLC	USA (8)		100%
Center del Sol, LLC	USA (8)		100%
Chinook Wind Energy, LLC	USA (8)		100%
Deerfield Holdings 1, LLC	USA (8)		100%
DSR Solar Energy, LLC	USA (8)		100%
Fir Mountain Wind, LLC	USA (8)		100%
Flying Cow Wind, LLC	USA (8)		100%
Glacier Ridge Wind Farm, LLC	USA (8)		100%
Glass Sands Wind Energy, LLC	USA (8)		100%
Harvest Wind Energy, LLC	USA (8)		100%
Heart of Texas Wind, LLC	USA (8)		100%
Hog Creek Wind Farm, LLC	USA (8)		100%
Hope Farm Solar, LLC	USA (8)		100%
Iron Horse Wind Energy, LLC	USA (8)		100%
Joilet Battery Storage, LLC	USA (8)		100%
Lamesa Solar II, LLC	USA (8)		100%
Little Alligator Wind, LLC	USA (8)		100%
Lost Island Wind Energy, LLC	USA (8)		100%
Maverick Creek Wind, LLC	USA (8)		100%
Mines Wind Energy, LLC	USA (8)		100%
Moonshot Solar, LLC	USA (8)		100%
Northern Illinois Battery Storage LLC	USA (8)		100%
Oklahoma Land Partners, LLC	USA (8)		100%
Pedernales Solar Energy I, LLC	USA (8)		100%
Pedernales Solar Energy II, LLC	USA (8)		100%
Pedernales Solar Energy III, LLC	USA (8)		100%
Pedernales Solar Energy IV, LLC	USA (8)		100%
Pedernales Solar Energy IX, LLC	USA (8)		100%
Pedernales Solar Energy V, LLC	USA (8)		100%
Pedernales Solar Energy VI, LLC	USA (8)		100%
Pedernales Solar Energy VII, LLC	USA (8)		100%
Pedernales Solar Energy VIII, LLC	USA (8)		100%
Pedernales Solar Energy X, LLC	USA (8)		100%
Pedernales Solar Energy XI, LLC	USA (8)		100%
Pedernales Solar Energy XII, LLC	USA (8)		100%
Pedernales Solar Energy, LLC	USA (8)		100%
Plain Road Solar, LLC	USA (8)		100%
Prince George Solar, LLC	USA (8)		100%

**Renewable Energy Systems Holdings Limited**  
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**11 Subsidiary undertakings (continued)**

Other related undertakings	Country of incorporation	UK company registration number	Holding %
RES (Construction) GP LLC	USA (8)		100%
RES (Construction) LP, LLC	USA (8)		100%
RES (Construction), LP	USA (8)		100%
RES America Asset Management Inc.	USA (8)		100%
RES America Construction Inc.	USA (8)		100%
RES America Developments Inc.	USA (8)		100%
RES America Engineering Inc.	USA (8)		100%
RES America Investments Inc.	USA (8)		100%
RES Battery Storage Holdings LLC	USA (8)		51.09%
RES Distributed Holdings, LLC	USA (8)		100%
RES Distributed, LLC	USA (8)		100%
RES Energy Storage Holdings, LLC	USA (8)		100%
RES Hawaii Construction, LLC	USA (8)		100%
RES Hawaii, LLC	USA (8)		100%
RES New York Construction, LLC	USA (8)		100%
RES North America Leasing, LLC	USA (8)		100%
RES Technologies, LLC	USA (8)		100%
RES Portfolio Holdings, LLC	USA (8)		100%
RES System 3 Holdings, LLC	USA (8)		100%
RES System 3, LLC	USA (8)		100%
RESPAC Inc.	USA (8)		100%
River Rock Solar, LLC	USA (8)		100%
Roaring Fork Wind, LLC	USA (8)		50%
Rock County Energy, LLC	USA (8)		100%
Rock Creek Wind Power, LLC	USA (8)		100%
S.E. Wind Energy, LLC	USA (8)		100%
Shingle Springs Grid Reliability, LLC	USA (8)		100%
Skookumchuck Wind Energy Project, LLC	USA (8)		100%
Southwest Land Partners, LLC	USA (8)		100%
SPR Development Holdings, LLC	USA (8)		49%
Summit Lake Wind, LLC	USA (8)		100%
Texas GP Holdings, LLC	USA (8)		100%
Texas Land Partners, LP	USA (8)		100%
Texas LP Holdings, LLC	USA (8)		100%
Turning Point Solar, LLC	USA (8)		62.63%
Vista Mountain Wind, LLC	USA (8)		100%
Walleye Wind Project, LLC	USA (8)		100%
West Chicago Battery Storage LLC	USA (8)		100%
West Deptford Distributed Solar, LLC	USA (8)		100%
White Post Wind Energy, LLC	USA (8)		100%
Wild Rose Wind Energy, LLC	USA (8)		100%
Winkler Solar, LLC	USA (8)		100%
Yellow Jacket Wind, LLC	USA (8)		100%