

AEE Renewables UK 14 Limited

**Report of the Directors and Financial Statements
For the year ended 31 December 2019**

Registered number 07424419



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Company information

Directors:

J Skinner
N Hildyard

Registered Office:

15 Diddenham Court,
Lanbwood Hill, Grazeley
England
RG7 1JQ

Directors' Report:

The directors present their report and financial statement for the year ended 31 Dec 2019.

Principal activity

The principal activity of the company is the operation of a ground mounted solar photo-voltaic installation in the UK.

Directors

The directors, who served throughout the year and to the date of signing of the accounts except as noted, were as follows:

Steven Lowry (resigned on 8 April 2019)
Wil Jones (resigned on 31 July 2019)
Michael J Cowell (resigned on 31 July 2019)
Holt William John Hanna (resigned on 31 July 2019)
Julian Skinner (appointed on 31 July 2019)
Nigel Hildyard (appointed on 31 July 2019)

Results

The profit for the year after taxation, amounted to £505,238 (2018 restated: £269,399)

Going concern

The accounts of the Company have been prepared on a going concern basis. The directors have prepared forecast and reviewed capital requirements for twelve months from the date of approving these financial statements, which indicate that the associated subsidiaries, on which the company relies on, can continue to trade for at least twelve months.

The performance of the Company has so far not been impacted by the COVID-19 pandemic. Anesco, managing the operation and maintenance (O&M) of the associated subsidiaries, are following stringent business continuity plans for dealing with COVID-19, and are currently expected to be able to continue delivering its O&M performance.

As an indirect consequence of COVID-19, the market power price in 2021 has not been significantly affected by the COVID-19 pandemic. However, this is so far not expected to have a material impact on long-term power prices. Volatility in shorter term merchant power prices would be partly mitigated by the solar farm's revenue structure (largely fixed due to the Renewable Obligation Certificate and Power Purchase Agreement floor price), and an agreement with the portfolio's external customer to fix forward energy prices to March 2021.

These actions contribute to reducing the impact of short-term price volatility on the performance of the group.

The directors of McEwan Solar Holdco (1) Limited have confirmed that they will not be demanding repayment of the loan amount due from AEE Renewables UK 14 Limited for a period of not less than one year from the date of approval of these financial statements, and the directors have considered the ability of McEwan Solar Holdco (1) Limited to honour this confirmation and concluded that they were satisfied. Having regard to this intention, the directors believe it is appropriate to prepare these financial statements on a going concern basis.

Principal risks and uncertainties

The Directors are committed to a continual process of improvement and embedment of the risk management framework within the company. This ensures that the company identifies both existing and emerging risks, and continues to develop appropriate mitigation strategies.

The Directors believes that there are a number of potential risks to the company that could hinder the successful implementation of its strategy. These risks may arise from internal and external events, acts and omissions.

However, the Directors are proactive in identifying, assessing and managing all risks facing the business.

The principal risks and uncertainties facing the company are detailed below, along with the Directors responses to those risks.

Operational risk:

Performance of the installed equipment over the life of the lease. The risk is mitigated by the operations and maintenance agreement in place with an experienced O&M Contractor.

Energy yield risk. Variability of solar irradiance which affects the generation achieved by the installation. This risk is mitigated to a manageable level through performance guarantees.

COVID-19. The performance of the McEwan portfolio has so far not been impacted by the COVID-19 pandemic. Anesco, managing the operation and maintenance (O&M) of the solar farm, are following stringent business continuity plans for dealing with COVID-19, and are currently expected to be able to continue delivering its O&M performance.

As an indirect consequence of COVID-19, the market power price in 2021 may be affected alongside reduced demand linked to a decrease in business activities in the UK. However, this is so far not expected to have a material impact on long-term power prices. Volatility in shorter term merchant power prices would be partly mitigated by the solar farm's revenue structure (largely fixed due to the Renewable Obligation Certificate and Power Purchase Agreement floor price).

BREXIT. The Directors have also assessed the current risk surrounding Brexit. As the company supplies energy to utility companies within the UK, the impact is considered to be of low risk.

Director's indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Approved by the Board and signed on its behalf by:



Skinner

Director

8th February 2021

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

**STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<i>Notes</i>	2019	As restated 2018
		£	£
Turnover	5	1,814,667	1,628,393
Administrative expenses		(746,759)	(739,170)
Operating profit		1,067,908	889,223
Interest payable and similar expenses	6	(553,202)	(582,866)
Profit before taxation		514,706	306,357
Tax on profit	7	(9,468)	(36,958)
Profit for the financial year		505,238	269,399

There were no recognised gains and losses for 2019 and 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018: £Nil).

The accounting policies and notes on pages 9 to 18 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Notes	2019		As restated 2018	
		£	£	£	£
Non-current assets					
Property, plant and equipment	8	7,961,981		8,396,974	
			7,961,981		8,396,974
Current assets					
Debtors	9	649,243		766,841	
Cash in hand	10	1,395,763		196,007	
		2,045,006		962,848	
Creditors: amounts falling due within one year	11	(527,911)		(294,709)	
Net current assets			1,517,095		668,139
Total assets less current liabilities			9,479,076		9,065,113
Creditors: amounts falling due after more than one year	12	(7,985,221)		(8,090,845)	
Provision for liabilities	13	(346,063)		(331,715)	
Net assets			1,147,792		642,553
Capital and reserves					
Called up share capital	14		102		102
Share premium account			99,900		99,900
Profit and loss account			1,047,790		542,551
Equity shareholders' funds			1,147,792		642,553

The notes on page 9 to 18 form part of the financial statements.

The company is entitled to exemption under section 477 of the Companies Act 2006 for the year ended 31 December 2019.

The members have not required the Company to obtain an audit of its financial statements for the year ended 31 December 2019 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

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

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

These financial statements were approved by the board of directors on 8th February 2021 and were signed on its behalf by:


Julian Skinner
Director

Company registered number: 07424419

Notes

(forming part of the financial statements)

1 General Information

AEE Renewables UK 14 Limited is a private company limited by shares, incorporated in England and Wales. Registered number 07424419. It's registered office is 15 diddenham Court, Lambwood Hill, Grazeley, Reading, England, RG7 1JQ.

2 Accounting Policies

2.1 Basis of preparation

The financial statements were prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with section 1A of Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014 (2017 amendments have also been applied). The presentation currency of these financial statements is sterling.

The company has prepared these financial statements in accordance with FRS 102 section 1A.

The preparation of financial statements in compliance with FRS 102 requires the use of certain accounting estimates. Management do not consider there are any key accounting estimates or critical assumptions made that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Management are also required to exercise judgement in applying the company's accounting policies. Due to the straight forward nature of the business management consider that no critical judgements have been made in applying the company's accounting policies.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2.2 Measurement convention

The financial statements are prepared on the historical cost basis.

2.3 Going concern

The accounts of the Company have been prepared on a going concern basis. The directors have prepared forecast and reviewed capital requirements for twelve months from the date of approving these financial statements, which indicate that the associated subsidiaries, on which the company relies on, can continue to trade for at least twelve months.

The performance of the Company has so far not been impacted by the COVID-19 pandemic. Anesco, managing the operation and maintenance (O&M) of the associated subsidiaries, are following stringent business continuity plans for dealing with COVID-19, and are currently expected to be able to continue delivering its O&M performance.

2 Accounting policies (continued)

As an indirect consequence of COVID-19, the market power price in 2021 has not been significantly affected by the COVID-19 pandemic. However, this is so far not expected to have a material impact on long-term power prices. Volatility in shorter term merchant power prices would be partly mitigated by the solar farm's revenue structure (largely fixed due to the Renewable Obligation Certificate and Power Purchase Agreement floor price), and an agreement with the portfolio's external customer to fix forward energy prices to March 2021.

These actions contribute to reducing the impact of short-term price volatility on the performance of the group.

The directors of McEwan Solar Holdco (1) Limited have confirmed that they will not be demanding repayment of the loan amount due from AEE Renewables UK 14 Limited for a period of not less than one year from the date of approval of these financial statements, and the directors have considered the ability of McEwan Solar Holdco (1) Limited to honour this confirmation and concluded that they were satisfied. Having regard to this intention, the directors believe it is appropriate to prepare these financial statements on a going concern basis.

2.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include the costs of site preparation, installation and assembly, and testing of functionality.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Solar photovoltaic (PV) facilities: 25 years

The estimated useful life of the asset is based on the life the Solar PV facilities are expected to be in operation.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

2 Accounting policies (continued)

2.5 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2.6 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Decommissioning provision

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, 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.

2.7 Turnover

Revenue

Revenue comprises the fair value of the consideration received or receivable in respect of the invoiced value of generated electricity, Renewable Obligation Certificates (ROCs) and accrued income. Revenue is shown net of sales/value added tax, returns, rebates and discounts.

Revenue on the generation of energy comprises the value of units supplied during the year. Units are determined by energy volumes recorded on the solar park meters and market settlement systems.

Under the terms of its Power Purchase Agreements with customers, ROC's are immediately transferable to the customer. Revenue in relation to ROC's is recognised in line with the generation of energy.

2 Accounting policies (continued)

Accrued income represents the sales value of energy (and related ROC's) which is yet to be invoiced and is based upon the value of units supplied with respect to energy and quantity of units supplied with respect to ROC's.

The company recognises revenue when:

- The amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the company's activities.

Sales of services: The Company provides management services to its subsidiaries in the form of asset management, corporate services and financing coordination services. These are charged by the Company to subsidiaries in the form of management service charges.

There is only one operating activity and all revenue is generated within the United Kingdom.

2.8 Expenses

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case, the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable

Interest payable and similar expenses includes interest payable, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss.

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

2.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

2 Accounting policies (continued)

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2.10 Restatement of comparative amounts

Decommissioning provision

The prior period financial statements incorrectly omitted a provision for the eventual decommissioning of the solar farms. Accordingly, the comparatives have been restated to recognise a £195.2k decommissioning provision, an increase in tangible assets of £131.4k and a reduction in the profit and loss account for the year to 31 December 2018 of £5.6k representing depreciation on decommissioning cost and £4.9k unwinding discount on the provision. The opening reserves were also restated to recognise a £31.3k depreciation charge on decommissioning costs and £22.1k unwinding discount on provision from inception to 31 December 2017.

3 Staff numbers and costs

The Company had no employees during the period. Although there are 2 directors, whom are not paid by the group (2019: No employees), (2018: Nil).

4 Operating profit

	2019	<i>Restated</i> 2018
The operating profit stated after charging:		
	£	£
Depreciation of Tangible fixed assets	434,992	434,992
Other operating lease rentals	57,701	55,932
	<u>57,701</u>	<u>55,932</u>

5 Turnover and revenue

	2019	2018
	£	£
Turnover:		
PPA	526,668	506,555
ROC	1,192,678	1,121,838
Other income	95,321	-
	<u>1,814,667</u>	<u>1,628,393</u>

All turnover arose within the United Kingdom

	2019	2018
	£	£
Turnover:		
Geographical market - UK	<u>1,814,667</u>	<u>1,628,394</u>

6 Finance costs (net)

	2019	<i>Restated</i> 2018
	£	£
Interest payable and similar expenses	548,322	578,105
Unwinding of discount on decommissioning provision	4,880	4,761
	<u>553,202</u>	<u>582,866</u>

7 Tax on profit

Analysis of tax credit

The tax credit on the loss for the year was as follows:

	2019	2018
	£	£
Origination and reversal of timing differences	10,582	36,958
Effect of changes in tax rates	(1,114)	-
Total tax on profit/(loss)	9,468	36,958
 Profit/(Loss) before tax	 514,706	 316,730
Effects of:		
- Tax at 19%	97,794	60,179
- Expenses not deductible for tax purposes	1,067	5,014
- Group relief losses (claimed)/surrendered for nil payment	(89,206)	(23,479)
- Adjust deferred tax to average rate	-	(4,391)
- Deferred tax not provided	927	-
- Tax rate changes	(1,114)	-
- Other	-	(365)
Total tax expense/(credit)	9,468	36,958

8 Tangible fixed assets

	Solar Photovoltaic Installations £
Cost	
Balance at 1 January 2019	10,734,516
Decommissioning	190,458
Balance at 31 December 2019	10,924,974
 Depreciation and impairment	
Balance at 1 January 2019 - Restated	(2,528,001)
Depreciation charge for the year	(434,992)
Balance at 31 December 2019	(2,962,992)
 Net book value	
At 31 December 2019	7,961,981
At 31 December 2018	8,396,973

9 Debtors

	2019	2018
	£	£
Trade Debtors	324,810	139,842
Prepayments and accrued income	324,433	395,090
Amounts owed by group undertakings	-	231,909
	<u>649,243</u>	<u>766,841</u>

10 Cash and cash equivalents

	2019	2018
	£	£
Cash at bank and in hand	<u>1,395,763</u>	<u>196,007</u>

11 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	102,640	160,985
Accruals and deferred income	20,185	6,938
VAT	258,657	65,675
Amount owed to group undertakings	146,429	61,111
	<u>527,911</u>	<u>294,709</u>

12 Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Amounts owed to parent	-	8,090,845
Loan from parent company - Loan 1	6,113,011	-
Loan from parent company - Loan 2	1,872,210	-
	<u>7,985,221</u>	<u>8,090,845</u>

The loan payable to parent company (Loan 1) £6.1m and (Loan 2) £1.9m are unsecured loans, made on normal commercial terms and conditions at interest rate of 9.5% and 6% respectively. The loans are repayable on demand but the directors of the parent company have given an undertaking that they will not recall any of the loan within one year of when this financial statements are approved.

13 Provisions for liabilities

	Deferred Tax (asset) £	Decomm. Provision £	Total £
At 1 Jan 2019	136,495	195,220	331,715
Charged to profit and loss account	9,468	4,880	14,348
At 31 December 2019	<u>145,963</u>	<u>200,100</u>	<u>346,063</u>
At 1 January 2018	99,537	190,458	289,995
Deferred tax credited to income statement	36,958	-	36,958
Unwound discount on decomm. provision	-	4,761	4,761
At 31 December 2018	<u>136,495</u>	<u>195,220</u>	<u>331,715</u>

A provision has been recognised for decommissioning costs associated with the solar farms. The Company is committed to decommissioning the solar farms at the end of its useful life. The provision has been discounted at an annual rate of 2.5% and this discount will be unwound and charged to the profit and loss account. The estimated date of decommissioning would at least commence in 2041.

14 Called-up share capital and reserves

	2019 £	2018 £
Allotted, called-up and fully-paid 102 (2018 - 102) ordinary shares of £1 each	<u>102</u>	<u>102</u>

Share premium account

Includes any premium received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

Profit and loss account

Includes all current prior period retained profits and losses.

15 Operating leases

At 31 December 2019 the company had future minimum payments under non-cancellable operating leases as follows

	2019	2018
	£	£
Less than one year	57,701	49,063
Between one and five years	230,803	196,252
More than five years	<u>985,723</u>	<u>915,161</u>

16 Post balance sheet events

There have been no significant events affecting the company since the year end.

17 Ultimate parent company

AEE Renewables UK 14 limited is a wholly owned subsidiary of McEwan Owls Lodge Holdco limited , a company incorporated in England and Wales, and the highest consolidated set of financials into which this company information is included is that of McEwan solar Topco (1) limited.

The Company is ultimately controlled by AIP Infrastructure LP. As AIP Infrastructure LP does not prepare consolidated accounts for public use, the most senior parent company which prepares consolidated accounts is AIP Acquisitions VI limited, with registered address at 15 Diddenham Court, Lambwood Hill, Grazeley, Reading, RG7 1JQ.