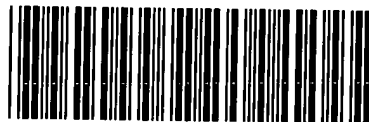


## **Malakbel Limited**

### **Directors' report and financial statements**

**For the year ended 31 December 2015**

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**Malakbel Limited**

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## **Malakbel Limited**

### **Company information**

<b>Directors</b>	OCS Services Limited (appointed 19 June 2015) C Hill (appointed 24 August 2015)
<b>Company secretary</b>	K Ward
<b>Registered number</b>	07697437
<b>Registered office</b>	6th Floor 33 Holborn London EC1N 2HT
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ
<b>Bankers</b>	Coutts & Co 440 Strand London WC2R 0QS
<b>Solicitors</b>	Shakespeare Martineau LLP No. 1 Colmore Square Birmingham B4 6AA

**Directors' report  
For the year ended 31 December 2015**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2015.

**Principal activities**

The company was the parent of a group of companies of which the principal activities were that of construction and operation of solar plants and the generation of solar power, until it disposed of its subsidiary in the year.

Prior to its subsidiary disposal, the company has begun to trade through its partnership interest in Terido LLP, a trading partnership whose principal activity is money lending to various sectors.

**Going concern**

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

**Directors**

The directors who served during the year and up to the date of signing the financial statements were:

OCS Services Limited (appointed 19 June 2015)  
C Hill (appointed 24 August 2015)  
P S Latham (resigned 19 June 2015)  
J Leigh (resigned 19 June 2015)  
T Arthur (resigned 21 July 2015)  
M Sheppee (appointed 21 July 2015 and resigned 24 August 2015)

**Statement of directors' responsibilities**

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

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

**Malakbel Limited**

**Directors' report**

**For the year ended 31 December 2015**

**Statement of disclosure of information to auditors**

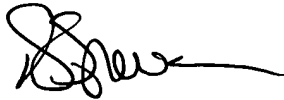
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Small companies' exemption**

In preparing this report, the directors have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 24 May 2016 and signed on its behalf.



**T J Spevack**  
**signed on behalf of OCS Services Limited**  
Director

**Independent auditors' report to the members of Malakbel Limited**

**Report on the financial statements**

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**Our opinion**

In our opinion, Malakbel Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

**What we have audited**

The financial statements, included within the Directors' report and financial statements (the "Annual report"), comprise:

- the Balance sheet as at 31 December 2015;
- the Profit and loss account for the year ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the Financial Reporting Standard for Smaller Entities (Effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

**Opinions on matters prescribed by the Companies Act 2006**

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In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**Other matters on which we are required to report by exception**

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**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

**Independent auditors' report to the members of Malakbel Limited**

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**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare the financial statements in accordance with the small companies' regime; take advantage of the small companies' exemption in preparing the Directors' report; and take advantage of the small companies' exemption from preparing a Strategic report. We have no exceptions to report arising from this responsibility.

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**Responsibilities for the financial statements and the audit**

**Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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**What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent that we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Richard Lingwood (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne

24 May 2016

**Malakbel Limited**

**Profit and loss account  
For the year ended 31 December 2015**

	<b>Note</b>	<b>2015 £</b>	<b>2014 £</b>
Cost of sales		<u>(62,439)</u>	<u>(56,786)</u>
<b>Gross loss</b>		<b>(62,439)</b>	<b>(56,786)</b>
Administrative expenses		<b>(74,571)</b>	<b>(1,809)</b>
Other operating income	2	<u>492,703</u>	<u>-</u>
<b>Operating profit/(loss)</b>	3	<b>355,693</b>	<b>(58,595)</b>
Interest receivable and similar income		<b>284,011</b>	<b>252,082</b>
Interest payable and similar charges		<u>(181,715)</u>	<u>(122,338)</u>
<b>Profit on ordinary activities before taxation</b>		<b>457,989</b>	<b>71,149</b>
Tax on profit on ordinary activities	4	<u>(2,972)</u>	<u>452</u>
<b>Profit for the financial year</b>	11	<u><b>455,017</b></u>	<u><b>71,601</b></u>

All amounts above relate to continuing operations.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 8 to 13 form part of these financial statements.

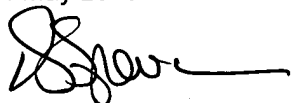


**Balance sheet**  
**As at 31 December 2015**

	Note	£	2015 £	£	2014 £
<b>Fixed assets</b>					
Tangible assets	5		-		29,342
Investments	6		1,190,454		1
			<u>1,190,454</u>		<u>29,343</u>
<b>Current assets</b>					
Debtors: amounts falling due after more than one year	7	-	5,523,549		
Debtors: amounts falling due within one year	7	17,057	123,521		
Cash at bank and in hand		19,651	386,512		
		<u>36,708</u>	<u>6,033,582</u>		
<b>Creditors: amounts falling due within one year</b>	8	<u>(11,313)</u>	<u>(814,772)</u>		
<b>Net current assets</b>			<u>25,395</u>		<u>5,218,810</u>
<b>Total assets less current liabilities</b>			<u>1,215,849</u>		<u>5,248,153</u>
<b>Creditors: amounts falling due after more than one year</b>	9		-		(3,350,000)
<b>Net assets</b>			<u><u>1,215,849</u></u>		<u><u>1,898,153</u></u>
<b>Capital and reserves</b>					
Called up share capital	10		10,318		20,000
Share premium account	11		969,867		1,880,000
Profit and loss account	11		235,664		(1,847)
<b>Total shareholders' funds</b>	12		<u><u>1,215,849</u></u>		<u><u>1,898,153</u></u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 May 2016.



**T J Spevack**  
**signed on behalf of OCS Services Limited**  
Director

The notes on pages 8 to 13 form part of these financial statements.

**Notes to the financial statements  
For the year ended 31 December 2015**

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015) and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

**1.2 Consolidation**

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

**1.3 Going concern**

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

**1.4 Tangible assets and depreciation**

Plant and machinery represents the costs of construction of solar plants: solar panels, civil/structural and electrical costs, grid connection, cabling, planning and professional fees and transformers are capitalised and depreciated at 4% per annum on a straight line basis. Costs of inverters are being depreciated at 10% per annum on a straight line basis.

Tangible assets are stated at historical cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of tangible assets, less their estimated residual values, over their expected useful lives on the following basis:

Plant and machinery	- 4% and 10% straight line
---------------------	----------------------------

**1.5 Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

**1.6 Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

**Notes to the financial statements  
For the year ended 31 December 2015**

**1. Accounting policies (continued)**

**1.7 Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducing all of its financial liabilities.

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

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

**1.8 Debtors**

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful of collection.

**2. Other operating income**

	2015 £	2014 £
Trading profit from Terido LLP	17,057	-
Profit on disposal of fixed assets	475,646	-
	<u>492,703</u>	<u>-</u>

**3. Operating profit/(loss)**

The operating profit/(loss) is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the company	-	1,318
Auditors' remuneration	465	450
Auditors' remuneration - accounts preparation	415	405
Auditors' remuneration - taxation compliance services	465	450
	<u>1,345</u>	<u>2,623</u>

During the year, no director received any emoluments (2014 - £nil).

**4. Tax on profit on ordinary activities**

	2015 £	2014 £
UK corporation tax charge/(credit) on profit for the year	2,972	(452)
	<u>2,972</u>	<u>(452)</u>

**Notes to the financial statements  
For the year ended 31 December 2015**

**5. Tangible assets**

	<b>Plant and machinery £</b>
<b>Cost</b>	
At 1 January 2015	32,943
Disposals	(32,943)
	<hr/>
At 31 December 2015	-
	<hr/>
<b>Accumulated depreciation</b>	
At 1 January 2015	3,601
On disposals	(3,601)
	<hr/>
At 31 December 2015	-
	<hr/>
<b>Net book value</b>	
At 31 December 2015	-
	<hr/>
At 31 December 2014	29,342
	<hr/>

**6. Investments**

	<b>Investments in subsidiary companies £</b>	<b>Partnership contribution £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2015	1	-	1
Partnership contribution	-	1,190,454	1,190,454
Disposals	(1)	-	(1)
	<hr/>	<hr/>	<hr/>
At 31 December 2015	-	1,190,454	1,190,454
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2015	-	1,190,454	1,190,454
	<hr/>	<hr/>	<hr/>
At 31 December 2014	1	-	1
	<hr/>	<hr/>	<hr/>

During the year the company disposed of its investment in 100% of the ordinary share capital of Solar Photovoltaic SPV3 Limited and Malakbel SPV1 Limited, both of which are companies registered in England and Wales.

During the year, the company contributed £1,190,454 (2014 - £nil) to Terido LLP, a trading partnership.

**Notes to the financial statements  
For the year ended 31 December 2015**

**7. Debtors**

	2015 £	2014 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	-	5,523,549
	<u>-</u>	<u>5,523,549</u>
<b>Due within one year</b>		
Trade debtors	-	123,069
Other debtors including taxation	-	452
Prepayments and accrued income	17,057	-
	<u>17,057</u>	<u>123,521</u>

Included within amounts owed by group undertakings are unsecured loans with year end balances totalling £nil (2014 - £5,523,549). The loans bear interest at 8% (2014 - 8%), and are repayable after more than five years.

**8. Creditors:  
Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	-	41,199
Amounts owed to group undertakings	-	567,306
Accruals and deferred income	7,444	122,433
Other creditors including taxation and social security	3,869	83,834
	<u>11,313</u>	<u>814,772</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

**9. Creditors:  
Amounts falling due after more than one year**

	2015 £	2014 £
Debenture loans	-	3,350,000
	<u>-</u>	<u>3,350,000</u>

Included within debenture loans is an amount of £nil (2014 - £3,350,000) which is secured by a fixed and floating charge over the assets of the company. The loan bears interest at 8% (2014 - 8%) and is repayable after more than five years.

**Notes to the financial statements  
For the year ended 31 December 2015**

**10. Called up share capital**

	2015 £	2014 £
<b>Allotted and fully paid</b>		
1,031,775 (2014 - 2,000,000) B Ordinary shares of £0.01 each	10,318	20,000
2 (2014 - 2) Deferred shares of £0.01 each	-	-
	<u>10,318</u>	<u>20,000</u>

The company reduced its share capital by cancelling A shares of 1p each and cancellation of the share premium account to the extent of £910,133.

**11. Reserves**

	Share premium account £	Profit and loss account £
At 1 January 2015	1,880,000	(1,847)
Profit for the financial year	-	455,017
Dividends	-	(217,506)
Utilised on redemption of shares	(910,133)	-
	<u>969,867</u>	<u>235,664</u>
At 31 December 2015		

**12. Reconciliation of movement in shareholders' funds**

	2015 £	2014 £
Opening shareholders' funds	1,898,153	1,826,552
Profit for the financial year	455,017	71,601
Dividends	(217,506)	-
Shares redeemed during the year	(9,682)	-
Share premium utilised on redemption of shares	(910,133)	-
	<u>1,215,849</u>	<u>1,898,153</u>
Closing shareholders' funds		

**Notes to the financial statements  
For the year ended 31 December 2015**

**13. Related party transactions**

During the year ended 31 December 2015, the company was charged £nil (2014 - £1,858), £41,846 (2014 - £118,925) and £nil (2014 - £222,346) in respect of management fees, rechargeable expenses and project management fees respectively by Lightsource Renewable Energy Limited, a related party due to its significant influence over the entity. Stock to the value of £nil (2014 - £1,051,412) was sold by Lightsource Renewable Energy Limited. At the year end, an amount of £nil (2014 - £40,999) was outstanding which is included within creditors. Lightsource Renewable Energy Limited is the holder of the deferred shares in issue.

During the year, monitoring fees of £nil (2014 - £693) and were charged by Octopus Investments Limited, a related party due to its significant influence over the entity. Octopus Investments Limited also recharged expenses totalling £215 (2014 - £526) to the company. At the year end, an amount of £nil (2014 - £200) was outstanding which is included within creditors.

During the year, the company met expenditure of £576,693 (2014 - £5,085,413) and received revenue of £nil (2014 - £507,215) on behalf of its wholly owned subsidiaries, Malakbel SPV1 Limited and Solar Photovoltaic SPV3 Limited. The company also charged interest of £275,662 (2014 - £250,614) to Malakbel SPV1 Limited and Solar Photovoltaic SPV3 Limited. At 31 December 2015, £nil (2014 - £5,919,406) was outstanding which is included within debtors.

**14. Ultimate controlling party**

The directors do not consider the company to have an ultimate controlling party or parent company, by virtue of a split holding in its shares. The results of the company are not consolidated within any other company.