

Borelly Energy Limited

Directors' report and financial statements for the year ended 31 December 2015



Borelly Energy Limited

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Borelly Energy Limited

Company information

Directors	OCS Services Limited (appointed 18 August 2015) C Hill (appointed 24 August 2015)
Company secretary	S Ludlow
Registered number	07817978
Registered office	6th Floor 33 Holborn London EC1N 2HT
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ
Bankers	Coutts & Co 440 Strand London WC2R 0QS
Solicitors	Shakespeare Martineau LLP No. 1 Colmore Square Birmingham B4 6AA

Borelly Energy Limited

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

Prior to its subsidiary disposal, the company began 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 18 August 2015)
C Hill (appointed 24 August 2015)
G La Loggia (resigned 19 June 2015)
A Barrett (appointed 19 June 2015 and resigned 18 August 2015)
M Turner (resigned 21 July 2015)
M G Setchell (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 to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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.

Borelly Energy 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 16 June 2016 and signed on its behalf.



T J Spevack
Signed on behalf of OCS Services Limited
Director

Borelly Energy Limited

Independent auditors' report to the members of Borelly Energy Limited

Report on the financial statements

Our opinion

In our opinion, Borelly Energy 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 applicable to Smaller Entities; 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

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.

Other matters on which we are required to report by exception

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.

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 Borelly Energy Limited

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.

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 set out 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.

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

16 June 2016

Borelly Energy Limited

Profit and loss account for the year ended 31 December 2015

	Note	2015 £	2014 £
Turnover		275	-
Cost of sales		<u>(40,434)</u>	<u>(14,610)</u>
Gross loss		(40,159)	(14,610)
Administrative expenses		(3,257)	(94,209)
Other operating income	2	<u>498,227</u>	<u>-</u>
Operating profit/(loss)	3	454,811	(108,819)
Interest receivable and similar income		374,692	510,602
Interest payable and similar charges		<u>(301,722)</u>	<u>(299,223)</u>
Profit on ordinary activities before taxation		527,781	102,560
Tax on profit on ordinary activities	4	<u>(2,690)</u>	<u>(1,984)</u>
Profit for the financial year	12	<u>525,091</u>	<u>100,576</u>

All amounts above relate to continuing activities.

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.

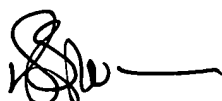
Borelly Energy Limited
Registered number: 07817978

Balance sheet
as at 31 December 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	5		-		29,746
Investments	6		984,908		-
			984,908		29,746
Current assets					
Debtors: amounts falling due after more than one year	7	-		7,525,374	
Debtors: amounts falling due within one year	7	14,218		3,757	
Cash at bank and in hand	8	88,351		400,415	
		102,569		7,929,546	
Creditors: amounts falling due within one year	9	(71,663)		(1,010,307)	
Net current assets			30,906		6,919,239
Total assets less current liabilities			1,015,814		6,948,985
Creditors: amounts falling due after more than one year	10		-		(5,176,182)
Net assets			1,015,814		1,772,803
Capital and reserves					
Called up share capital	11		8,531		19,412
Share premium account	12		801,897		1,824,748
Profit and loss account	12		205,386		(71,357)
Total shareholders' funds	13		1,015,814		1,772,803

The financial statements have been prepared in accordance with the special 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 16 June 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.

Borelly Energy Limited

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 Turnover

Turnover comprises income receivable from the energy generated during the period. Any uninvoiced income is accrued in the period in which it has been generated.

1.5 Tangible assets and depreciation

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

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

Borelly Energy Limited

Notes to the financial statements for the year ended 31 December 2015

1. Accounting policies (continued)

1.7 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.

1.8 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 deducting 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.

1.9 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	14,140	-
Profit on disposal of fixed asset	484,087	-
	<hr/>	<hr/>
	498,227	-
	<hr/>	<hr/>

Borelly Energy Limited

Notes to the financial statements for the year ended 31 December 2015

3. Operating profit/(loss)

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

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the company	1,859	1,751
Auditors' remuneration	465	450
Auditors' remuneration - taxation compliance services	465	450
Auditors' remuneration - accounts preparation	415	405
	<u>2,690</u>	<u>1,984</u>

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

4. Tax on profit on ordinary activities

	2015 £	2014 £
UK corporation tax charge on profit for the year	<u>2,690</u>	<u>1,984</u>

There are tax losses of approximately £nil (2014 - £20,797) available to carry forward. The company has not recognised a deferred tax asset in respect of losses available to carry forward due to there being insufficient certainty regarding its recovery.

5. Tangible assets

	Plant and machinery £
Cost	
At 1 January 2015	37,853
Disposals	(33,000)
At 31 December 2015	<u>4,853</u>
Accumulated depreciation	
At 1 January 2015	8,107
Charge for the year	1,859
On disposals	(5,113)
At 31 December 2015	<u>4,853</u>
Net book value	
At 31 December 2015	-
At 31 December 2014	<u>29,746</u>

Borelly Energy Limited

Notes to the financial statements for the year ended 31 December 2015

6. Fixed asset investments

	Partnership contribution £	Total £
Cost or valuation		
At 1 January 2015	-	-
Partnership contribution	984,908	984,908
At 31 December 2015	984,908	984,908
Net book value		
At 31 December 2015	984,908	984,908
At 31 December 2014	-	-

During the year the company disposed of its investments in 100% of the ordinary share capital of Drapers Farm Limited (formerly Lightsource SPV 16 Limited), a company registered in England and Wales.

During the year, the company contributed £984,908 (2014 - £nil) to Terido LLP, a trading partnership.

7. Debtors

	2015 £	2014 £
Amounts falling due after more than one year		
Amounts owed by group undertakings	-	7,525,374
Amounts falling due within one year		
Trade debtors	-	3,034
Prepayments and accrued income	14,218	79
VAT recoverable	-	644
	14,218	3,757

Included within amounts owed by group undertakings are unsecured loans with year end balances totalling £nil (2014 - £7,525,374). The loans bear interest at 8% (2014 - 8%), and are repayable after more than five years.

8. Restricted cash

An amount of £nil (2014 - £103,798) of the total £88,351 (2014 - £400,415), has been restricted for a specific purpose and is not available for immediate and general use.

Borelly Energy Limited

Notes to the financial statements for the year ended 31 December 2015

9. Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	-	24,434
Amounts owed to group undertakings	-	562,959
Accruals and deferred income	2,823	420,930
Other creditors including taxation and social security	68,840	1,984
	<u>71,663</u>	<u>1,010,307</u>

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

10. Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Debenture loans	-	5,176,182

Included within debenture loans is an amount of £nil (2014 - £5,176,182) which is secured by a fixed and floating charge over the assets of the company. The loan bears interest at 10% (2014 - 10%) and is repayable after more than 5 years.

11. Called up share capital

	2015 £	2014 £
Allotted and fully paid		
853,102 (2014 - 1,941,241) Ordinary shares of £0.01 each	8,531	19,412

The company reduced its share capital by cancelling shares of 1p each and cancellation of the share premium account to the extent of £1,022,851.

12. Reserves

	Share premium account £	Profit and loss account £
At 1 January 2015	1,824,748	(71,357)
Profit for the financial year	-	525,091
Dividends	-	(248,348)
Utilised on redemption of shares	(1,022,851)	-
At 31 December 2015	<u>801,897</u>	<u>205,386</u>

Borelly Energy Limited

Notes to the financial statements for the year ended 31 December 2015

13. Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Opening shareholders' funds	1,772,803	1,672,227
Profit for the financial year	525,091	100,576
Dividends	(248,348)	-
Shares redeemed during the year	(10,881)	-
Share premium utilised on redemption of shares	(1,022,851)	-
Closing shareholders' funds	<u>1,015,814</u>	<u>1,772,803</u>

14. Related party transactions

During the year ended 31 December 2015, the company was charged £nil (2014 - £19,167) and £2,172 (2014 - £18,766) in respect of management fees and rechargeable expenses respectively by Lightsource Renewable Energy Holdings Limited, a related party due to its significant influence over the entity. At the year end, no amount (2014 - £nil) was outstanding. Lightsource Renewable Energy Holdings Limited is the holder of the deferred shares in issue.

During the year, monitoring fees of £nil (2014 - £24,256) were charged by Octopus Investments Limited, a related party due to its significant influence over the entity. Octopus Investments Limited also recharged legal fees totalling £nil (2014 - £nil) to the company. At the year end, no amount (2014 - £nil) was outstanding.

During the year, the company met expenditure of £82,221 (2014 - £2,232,304) and received cash of £111,039 (2014 - £785,900) on behalf of its wholly owned subsidiary, Drapers Farm Limited (formerly Lightsource SPV 16 Limited). The company also charged interest of £374,294 (2014 - £510,028) to Lightsource SPV 16 Limited. At 31 December 2015, £nil (2014 - £6,962,415) was outstanding of which £nil (2014 - £7,525,374) is included in debtors and £nil (2014 - £562,959) is included in creditors.

P S Latham is a director of Terido LLP. During the year a loan totalling £5,446,063 (2014 - £2,300,000) was received from Terido LLP. Interest of £301,879 (2014 - £329,115) has been charged to the company during the year. Repayments of £10,622,245 (2014 - £nil) have been made in the year. The total amount owing to Terido LLP at the end of the year was £nil (2014 - £5,176,182).

15. 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.