7821409

ANESCO MID DEVON LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE PERIOD 25TH OCTOBER 2011 TO 31ST DECEMBER 2012

CONTENTS

Company registration number 07821409

REPORT OF THE DIRECTORS

The directors present their first report and the audited financial statements of Anesco Mid Devon Limited "The Company" for the period 25th October 2011 to 31st December 2012

INCORPORATION

The company was incorporated in England & Wales on 25th October 2011

ACTIVITIES

The principal activity of the company is that of owning and operating residential PV solar systems

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Company was formed on 25th October 2011 and started to trade in November 2011, when the first PV solar system was installed At the end of the period the Company had installed 1166 solar PV systems in the South West of England The portfolio has since been performing in line with expectation There are no plans which will significantly change the activities and risks of the company

RESULTS AND DIVIDENDS

The loss for the period amounted to (£36,204)

The directors do not recommend a dividend for the period

DIRECTORS

The directors who served from incorporation and until the signing of these financial statements were

C Campbell - Appointed 25th October 2011
L Moscovitch - Appointed 25th October 2011
A Pike - Appointed 13th February 2012

KEY PERFORMANCE INDICATORS

The Company's activities solely relate to owning and operating residential solar electrical systems The key performance is therefore linked to the performance of the solar systems and the weather Given the nature of the business the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance and position of the business

PRINCIPAL RISKS & UNCERTAINTIES

The Company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business More information on the Company's risks is given in Note 13 to the accounts

GOING CONCERN

The directors have a reasonable expectation that the company has adequate resources in operational existence for the foreseeable future and as a result the financial statements have been prepared on a going concern basis The directors have prepared a detailed business plan and are confident that the company is performing in line with expectation

REPORT OF THE DIRECTORS *(continued)*

AUDITORS

Ernst & Young LLP were appointed as auditors during the period in accordance

Directors' statement as to disclosure of information to auditors

The directors who were members of the Board at the time of approving the directors' report are listed on Page 1 Having made enquiries of fellow directors and of the Company's auditors, each of the directors confirm that

• To the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors were unaware, and

• Each director has taken all steps a directly might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information

REGISTERED OFFICE

The Green Easter Park
Benyon Road
Reading
Berkshire
United Kingdom
RG7 2PQ

BY ORDER OF THE BOARD

Authorised Signatory
Colin Campbell
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the Company's financial statements in accordance with applicable United Kingdom law and regulations

Company Law requires the directors to prepare financial statements for each period Under that law, the directors have elected to prepare the financial statements in accordance with IFRS as adopted by the EU

Under Company Law the directors must not approve the Company's financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the profit and loss of the company for that period In preparing the Company's financial statements the directors are required to

- Present fairly the financial position, financial performance and cashflows of the company
- Select suitable accounting policies in accordance with IAS 8 Accounting policies, Changes in Accounting Estimates and Errors and then apply them consistently,
- 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 as adopted by the EU is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance
- State whether the Company's financial statements have been prepared in accordance with IFRS as adopted by the EU, and
- Make judgements that are reasonable

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANESCO MID DEVON LIMITED

We have audited the financial statements of Anesco Mid Devon Limited for the year ended 31 December 2012 which comprise the Income Statement, Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Shareholder s Equity, Cash Flow Statement and the related notes 1 to 14 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors Responsibilities Statement set out on pages 3, 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 and Ireland) Those standards require us to comply with the Auditing Practices Board s Ethical Standards for Auditors

Scope of the audit of the financial statements

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 In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company s affairs as at 31 December 2012 and of its loss for the period then ended
- have been properly prepared in accordance with IFRSs as adopted by the European Union and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter 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

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

Jeremy Young (Senior Statutory Auditor)
for and behalf of Ernst & Young LLP Statutory Auditor
London
Date 24th June 2013

ANESCO MID DEVON LIMITED

INCOME STATEMENT

FOR THE PERIOD 25TH OCTOBER 2011 TO 31ST DECEMBER 2012

	Note		25/10/2011 to 31/12/2012
REVENUE			
Sales revenue			1,074,343
Penalty payments			5,444
Bank interest received			5,073
			1,084,860
EXPENDITURE			
Depreciation			236,994
Professional fees			227,932
Roof rental and installation costs			193,064
Maintenance costs			64,106
Audit fees			6,500
Consultancy fees			2,083
Bank charges			784
Insurance			10 912
			742,375
FINANCE COSTS			
Arrangement fees			39,366
Loan interest			339,323
			378,689
LOSS FOR THE PERIOD BEFORE TAX			(36,204)
Income Tax Expense	11		-
LOSS FOR THE PERIOD		£	(36,204)

The notes on Pages 10 to 17 form part of these Financial Statements

ANESCO MID DEVON LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2012

	Notes		2012
ASSETS			
Non-current assets			
Plant & Machinery	4		5,956,568
			5,956,568
Current assets			
Trade and other receivables	5		479,572
Cash and Cash equivalents	6		1,005,515
			1,485,087
TOTAL ASSETS		£	7,441,655
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	9		10,000
Share premium	10		1,000,000
Retained earnings			(36,204)
TOTAL SHAREHOLDERS' EQUITY			973,796
Current liabilities			
Trade and other payables	7		516,405
Interest bearing loans and borrowings	8		317,295
			833,700
Non-Current liabilities			
Interest bearing loans and borrowings	8		5,634,159
			5,634,159
TOTAL EQUITY AND LIABILITIES		£	7,441,655

The financial statements were approved by the Board of Directors on the 24 day of June 2013 and were signed on its behalf by

Colin Campbell
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD 25TH OCTOBER 2011 TO 31ST DECEMBER 2012

		25/10/2011 to 31/12/2012
(Loss) for the period		(36,204)
Total comprehensive loss for the period	£	(36,204)

The notes on Pages 10 to 17 form part of these Financial Statements

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD 25TH OCTOBER 2011 TO 31ST DECEMBER 2012

	Share capital account	Share Premium	Retained earnings	Total
Opening balance at 25th October 2011	-	-	-	-
Ordinary shares issued	10,000	1,000,000		1,010,000
Loss for the period	-		(36,204)	(36,204)
As at 31st December 2012	£ 10,000	£ 1,000,000	(36,204)	£ 973,796

The notes on Pages 10 to 17 form part of these Financial Statements

ANESCO MID DEVON LIMITED

CASH FLOW STATEMENT

FOR THE PERIOD 25TH OCTOBER 2011 TO 31ST DECEMBER 2012

		25/10/2011 to 31/12/2012
Cash flows from operating activities		
(Loss) for the period		(36,204)
(Increase) in trade and other receivables		(479,572)
Depreciation		236,994
Increase in trade and other payables		352,503
Bank interest received		(5,073)
Bank interest paid		339,323
Net cash flow from operating activities		407,971
Cash flows from investing activities		
Payments to acquire tangible assets		(6,193 562)
Net cash flows used in investing activities		(6,193,562)
Cash flows from financing activities		
Issue of shares		1,010,000
Proceeds from borrowings		5,951,454
Bank interest received		5,073
Loan interest paid		(175,421)
Net cash flows from financing activities		6,791,106
Net increase in cash and cash equivalents		1,005,515
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	£	1,005,515

The notes on Pages 10 to 17 form part of these Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 25TH OCTOBER 2011 TO 31ST DECEMBER 2012

1 ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union as they apply to the financial statements of the Company for the period ended 31 December 2012

Basis of preparation

The Company's financial statements have been prepared in accordance with IFRS's adopted by the European Union as they apply to the financial statements of the Company for the period ended 31 December 2012 and applied in accordance with the Companies Act 2006 The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 31 December 2012

Functional and presentation currency

The financial statements are in Pound Sterling which is the Company's functional and presentation currency

Borrowing Costs

All borrowing costs are recognised in the Income Statement in the period in which they are incurred

Going concern

The accompanying financial statements have been prepared on the going concern basis, which contemplates that the Company has neither the intention nor the obligation to cease or significantly curtail its activities

The directors have a reasonable expectation that the Company will be able to operate within the terms and conditions of the Company's financing facilities and has and will have adequate resources to continue in operational existence for the foreseeable future For this reason, the directors have adopted the going concern basis in preparing this financial information The financial information does not include any adjustments that would result from the going concern basis of preparation being inappropriate

Property, plant and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and include costs directly attributable to making the asset capable of operating as intended Borrowing costs directly attributable to assets under construction which meet the recognition set out in IAS 23 are capitalised as part of the cost of that asset All other repair and maintenance costs are recognised in the income statement

1 ACCOUNTING POLICIES (CONTINUED)

Depreciation

Depreciation is provided at rates calculated to write off the costs less estimated residual value of each asset over its expected useful life, as follows -

PV Solar Systems	Straight line method over 25

The carrying values of plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate

Use of estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the period Actual results could differ from those estimates

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument Financial assets are derecognised when the Company's contractual right to the cash flow from the asset expires or substantially all the risks and rewards of ownership are transferred Financial liabilities are derecognised when the contractual obligation is discharged, with gains and losses recognised in the income account

Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes Assets are classified as cash equivalents if they are readily convertible to cash and are not subject to significant changes in value The Company has classified short-term bank deposits as cash equivalents

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method

Foreign currency translation

Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date, except where such balances are covered by forward foreign exchange contracts, where the contracted forward rate is used Foreign currency transactions are translated at the rate of exchange ruling at the date of transaction except where such transactions are covered by forward foreign exchange contents, where the contacted forward rate is used

Profits and losses on exchange are dealt with in the Income Statement

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 25TH OCTOBER 2011 TO 31ST DECEMBER 2012

1 ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured Revenue is measured as the fair value of the consideration received or receivable and represents the value of feed in tariff due excluding value added tax

• Feed-in-Tariff Income

Revenue arises wholly in the UK from the Company's principal activity, being the installation of PV Solar products Revenue is recognised at the point the meter is registered with the electricity provider

• Interest Income

Interest income, including deposit interest, is accrued on a time basis, by reference to the principal outstanding and the effect interest rate

Trade and Other Receivables

Trade and other receivables, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount Provisions are made when there is objective evidence that the Group will not be able to recover balances in full Balances are written off when the probability of recovery is assessed as being remote

Other expenses

All other expenses incurred by the Company are recognised on an accruals basis

Segmental Reporting

The Company is exempt from reporting operating segments, under IFRS 8, Operating Segments The Directors also believe that all significant operating decisions are based upon the analysis of the Company as a single segment

Income Taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit

Standards, interpretations and amendments not yet effective

The IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements

- IFRS 9 - Financial Instruments Classification and Measurement	Effective	1 January 2013
- IFRS 10 - Consolidated Financial Statements	Effective	1 January 2013
- IFRS 11 - Joint Arrangements	Effective	1 January 2013
- IFRS 12 - Disclosure of Interests in Other Entities	Effective	1 January 2013
- IAS 16 - Property Plant and Equipment	Effective	1 January 2013
- IAS 1 - Presentation of Financial Statements	Effective	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 25TH OCTOBER 2011 TO 31ST DECEMBER 2012

2 EMPLOYEE INFORMATION

No staff other than the directors were employed by Anesco Mid Devon Limited during the period

3 DIRECTORS EMOLUMENTS

The directors did not receive a payment for services provided to the Company

4 PLANT & MACHINERY

	2012 £ Solar PV Systems
Cost	
Additions during the period	6,193,562
At 31 December 2012	6,193,562
Depreciation	
Charged during the period	236,994
	236,994
Net Book Value	
At 31 December 2012	5,956,568

5 TRADE AND OTHER RECEIVABLES

	2012 £
Trade debtors	334,212
VAT	6,422
Accrued income	85,936
Prepayments	53,002
	479,572

6. CASH AND CASH EQUIVALENTS

	2012 £
Current accounts	1,005,440
Deposit accounts	75
	1,005,515

7 TRADE AND OTHER PAYABLES

	2012 £
Trade creditors	344,982
Accruals	171,423
	516,405

8. NON CURRENT LIABILITIES

	2012
	£
Bank loan	5,288,266
Shareholder loans	663,188
	5,951,454

The shareholder loan of £663,188 is payable to Zouk Sol Sarl, the 100% shareholder of Anesco Mid Devon Limited Interest was payable at 7 5% per annum until 19th August 2012 Since that date no interest has been charged on the loan

The bank loan is secured on the PV Solar Installations and matures over 10 years, interest is charged at 8% and is repaid quarterly and capital repaid annually

Analysis of Loans	£
Due < 1 year	317,295
Due between 1-2 years	339,771
Due between 2-5 years	1,583,836
Due after 5 years	3,710,552
	5,951,454

9 EQUITY SHARE CAPITAL

	2012
	£
ISSUED AND FULLY PAID	
10,000 ordinary shares of £1 each	10,000
	10,000

10 SHARE PREMIUM

	2012
	£
Share premium	1,000,000
	1,000,000

11 TAX ON LOSS ON ORDINARY ACTIVITIES

	2012
On the basis of these financial statements, no provision for corporation tax has been provided	£
(a) Analysis of charge in the year	
Current tax	
UK Corporation tax at 24 73% on loss for the year	-
Total current tax	-

(b) Factors affecting current tax charge for the year

	2012
The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of	£
Loss from continuing operations before taxatior	(36,204)
Tax calculated at a UK apportioned rate of corporation tax of 24 73%	(8,954)
Effects of	
Expenses not deductible for tax purposes	5,458
Capital Allowances in excess of depreciation	(272,118)
Unrelieved tax losses and other deductions arising in the period	275,614
Total tax expense reported in the income statement	-

At 31 December 2012, there are unrecognised deferred tax balances comprising the following

Accelerated capital allowances	253,054
Losses	(256,305)
Total deferred tax	(3,251)

These assets have not been recognised in these financial statements on the basis that management believe that there is currently insufficient evidence to support their recoverability

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 25TH OCTOBER 2011 TO 31ST DECEMBER 2012

12 RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions

Two of the directors of the Company are employees or partners of Zouk Capital LLP, the investment advisor to Zouk Solar Opportunities, which is the ultimate controlling party The directors do not receive remuneration from the Company for the services the they provide, but receive remuneration in their capacity as employees of Zouk Capital LLP

Included in interest bearing loans and receivables, are amounts payable of £663,188 to zSol Sarl, the 100% shareholder of Anesco Mid Devon Limited

13 FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework The Company's risk management policies are established to identify the risks faced by the Company, to review the exposure The Company makes direct investment in residential solar PV installations These investments are made through a combination of equity and debt

The Company is intrinsically exposed to the Solar sector

The Company has broken down the main risks it faces into the following headings

Market Risk

Market risk is the risk that changes in market prices will affect the Company's value of its holdings in financial instruments

The Company's exposure to market risk comes mainly from its fixed rate borrowings

Sovereign Risk

Fundamentally the Company's solar projects depend on Feed-in-Tariffs operated by the UK Government so ultimately the largest risk is due to acts of government interference

Regulatory Risk

Changes in the legislative environment could impact on the returns generated by the systems

Execution Risk

Before execution the Company had exposure to execution risk Most commonly this is most likely to be due to issues around performance by the council under the concession agreement

To address this risk the Company adopts the following strategy

- Aligning all parties with payment milestones relating to actual building of the plant to ensure they are on the ground to resolve issues
- Legal due diligence using recognised firms familiar with the PV sector
- The installer is required to conduct conveyancing of all properties prior to installation
- Active engagement as soon as any issues are identified to find pragmatic and cost efficient solutions This may include legal intervention to preserve the Company's right or enforcement procedures

However, all installations are now complete and there are no further execution risks

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 25TH OCTOBER 2011 TO 31ST DECEMBER 2012

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company The carrying amount of financial assets best represents the maximum exposure at the balance sheet date

Operational Risk

Operational risks arise during the operational phase of the PV project PV systems are inherently perceived as having low operational risks The main risks are as follows

- Irradiation risk (lack of irradiation), nothing can be done although the transaction is structured/sized to allow for extreme irradiation
- Operations and Maintenance, covered by long term O&M agreements and monitored by the appropriate management company Where necessary suitable maintenance reserves are created
- Insurable events, typically extreme weather events or fire are covered by insurance
- Plant degradation, covered by module manufacturers warranties typically for 25 years
- Plant under performance from commissioning will be covered by the EPC contract and testing

14 PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The immediate parent undertaking and ultimate controlling party is Zouk Solar Opportunities Limited, a company incorporated in Jersey, Channel Islands