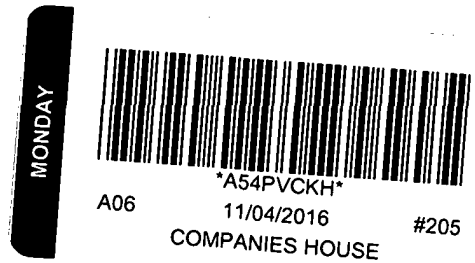


Registered No: 08396602

Annual Report and  
Financial Statements for the Period Ended 31 December 2015  
for  
Stowbridge Solar 1 Ltd (formerly FCP Solar 1 Limited)



Stowbridge Solar 1 Ltd

Contents of the Financial Statements  
for the Period Ended 31 December 2015

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Stowbridge Solar 1 Ltd

Company Information  
for the Period Ended 31 December 2015

**DIRECTORS:**

L Di Rico  
A M Shaffran

**SECRETARY:**

Quintas Energy UK Ltd

**REGISTERED OFFICE:**

c/o Quintas Energy UK Ltd  
Suite C, 3rd Floor  
3 Harbour Exchange Square  
London  
E14 9GE

**REGISTERED NUMBER:**

08396602 (England and Wales)

**AUDITOR:**

KPMG LLP  
Arlington Business Park  
Theale  
READING  
RG7 4SD

Stowbridge Solar 1 Ltd

Report of the Directors  
for the Period Ended 31 December 2015

The directors present their report with the financial statements of the company for 15 months ended on 31 December 2015.

Comparative figures represent a short period of account for 9 months ended 30 September 2014.

**PRINCIPAL ACTIVITY**

The principal activity of the company during the period was the generation of electricity using solar technology.

**BUSINESS REVIEW**

During the period the company made a loss of £2,329,594.

The directors do not propose a dividend.

**IFRS TRANSITION**

The company is preparing their financial statements in accordance with Adopted IFRS for the first time; previous accounts were prepared in accordance with UK GAAP. An explanation of how the transition has affected the reported financial position, financial performance and cash flows is provided in note 24.

**DIRECTORS**

The directors who have held office during the period from 1 October 2014 to the date of this report are as follows:

L Di Rico - appointed 4 November 2014  
A M Shaffran - appointed 4 November 2014  
J J Axtell - resigned 4 November 2014  
R Castiglioni - resigned 4 November 2014  
J B Milne - resigned 7 October 2014  
A G Palmer - resigned 24 October 2014  
L D Palmer - resigned 24 October 2014  
K H E Petherick - resigned 24 October 2014  
S J Speight – resigned 4 November 2014

**GOING CONCERN**

Having reviewed the company's current position and cash flow projections for the next twelve months, the directors believe the company is well placed to manage its business risks despite the net liabilities position.

Additionally, the ultimate parent of the Company, Magnetar Financial LLC, have confirmed that for at least 12 months from the date of approval of the financial statements, it does not intend to seek repayment of the amounts currently loaned to the company, if repayment of these amounts would result in the company being unable to meet its obligations. Accordingly, they adopt the going concern basis in preparation of the financial statements.

**SMALL COMPANY EXEMPTION**

The directors have taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 from the requirement to prepare a strategic report.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

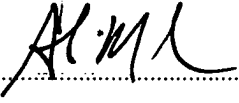
Stowbridge Solar 1 Ltd

Report of the Directors - continued  
for the Period Ended 31 December 2015

**AUDITOR**

The auditor, KPMG LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



Director: .....  
**Alan Shaffran**  
Director

Date: 05/04/16

**REGISTERED OFFICE ADDRESS**

Stowbridge Solar 1 Ltd  
c/o Quintas Energy UK Ltd  
Suite C, 3rd Floor  
3 Harbour Exchange Square  
London  
E14 9GE

Stowbridge Solar 1 Ltd

Statement of Directors' Responsibilities  
for the Period Ended 31 December 2015

The directors are responsible for preparing the Report of the Directors 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 International Financial Reporting Standards as adopted by the European Union. 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 they have been prepared in accordance with IFRS, as adopted by the EU; 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.

## Report of the Independent Auditor to the Members of Stowbridge Solar 1 Limited

We have audited the financial statements of Stowbridge Solar 1 Limited for the period ended 31 December 2015 set out on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2015 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

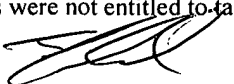
### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period 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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

  
**James Ledward (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Arlington Business Park  
Theale  
Reading  
RG7 4SD

7 April 2016

Stowbridge Solar 1 Ltd

Statement of comprehensive income  
for the period ended 31 December 2015

		15 Months Ended 31-Dec-15 £	9-Months Ended 30-Sep-14 £
	Notes		
Revenue		3,138,941	1,813,452
Cost of sales		<u>(427,268)</u>	<u>(168,173)</u>
<b>GROSS PROFIT</b>		2,711,673	1,645,279
Administrative expenses		<u>(2,705,831)</u>	<u>(605,008)</u>
<b>OPERATING PROFIT</b>		5,842	1,040,271
Finance costs	6	<u>(2,942,400)</u>	<u>(650,088)</u>
<b>(LOSS)/PROFIT BEFORE INCOME TAX</b>	4	(2,936,558)	390,183
Income tax	7	<u>606,964</u>	<u>(108,167)</u>
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		(2,329,594)	282,016
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<u><u>(2,329,594)</u></u>	<u><u>282,016</u></u>

The accompanying notes form an integral part of the financial statements

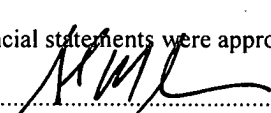


**Stowbridge Solar 1 Ltd**

**Statement of Financial Position**  
**31 December 2015**

	Notes	31-Dec-15 £	30-Sep-14 £	01-Jan-14 £
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	8	25,660,710	26,818,487	650,000
Deferred tax	16	440,521	-	-
		<u>26,101,231</u>	<u>26,818,487</u>	<u>650,000</u>
<b>CURRENT ASSETS</b>				
Trade and other receivables	9	1,197,173	6,213,902	-
Cash and cash equivalents	20	1,719,053	50,002	776
		<u>2,916,226</u>	<u>6,263,904</u>	<u>776</u>
<b>TOTAL ASSETS</b>		<u><u>29,017,457</u></u>	<u><u>33,082,391</u></u>	<u><u>650,776</u></u>
<b>EQUITY</b>				
<b>SHAREHOLDERS' EQUITY</b>				
Called up share capital	10	1,333	1,333	1,333
Retained deficit	11	(2,079,274)	250,320	(31,696)
<b>TOTAL EQUITY</b>		<u><u>(2,077,941)</u></u>	<u><u>251,653</u></u>	<u><u>(30,363)</u></u>
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Provisions	15	229,810	-	-
Trade and other payables	12	-	735,776	-
Deferred Tax	16	-	108,167	-
<b>CURRENT LIABILITIES</b>				
Trade and other payables	12	344,658	847,214	681,139
Interest bearing loans and borrowings	13	30,520,930	31,139,581	-
		<u>30,865,588</u>	<u>31,986,795</u>	<u>681,139</u>
<b>TOTAL LIABILITIES</b>		<u><u>31,095,398</u></u>	<u><u>32,830,738</u></u>	<u><u>681,139</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>29,017,457</u></u>	<u><u>33,082,391</u></u>	<u><u>650,776</u></u>

The financial statements were approved by the Board of Directors on 05/04/16 and were signed by:

Director:   
Registered No: 08396602 **Alan Shaffran**  
Director

The accompanying notes form an integral part of the financial statements

Stowbridge Solar 1 Ltd

Statement of Changes in Equity  
for the period Ended 31 December 2015

	Called up share capital £	Retained deficit £	Total equity £
<b>Balance at 31 December 2013</b>	<u>1,333</u>	<u>(31,696)</u>	<u>(30,363)</u>
Total comprehensive income	<u>-</u>	<u>282,016</u>	<u>282,016</u>
<b>Balance at 30 September 2014</b>	<u>1,333</u>	<u>250,320</u>	<u>251,653</u>
Total comprehensive loss	<u>-</u>	<u>(2,329,594)</u>	<u>(2,329,594)</u>
<b>Balance at 31 December 2015</b>	<u><u>1,333</u></u>	<u><u>(2,079,274)</u></u>	<u><u>(2,077,941)</u></u>

The accompanying notes form an integral part of the financial statements

**Stowbridge Solar 1 Ltd**

**Statement of Cash Flows**  
**for the period Ended 31 December 2015**

		15 Months Ended 31-Dec-15 £	9 Months Ended 30-Sep-14 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	19	5,882,507	(3,704,557)
Interest paid		(841,904)	(34,748)
Interest received		-	255
Net cash from operating activities		<u>5,040,603</u>	<u>(3,739,050)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		<u>-</u>	<u>(26,735,709)</u>
Net cash from investing activities		<u>-</u>	<u>(26,735,709)</u>
<b>Cash flows from financing activities</b>			
Proceeds from new loans		27,811,620	31,402,687
Repayment of borrowings		(30,523,985)	(878,702)
Short term loan to parent company		<u>(659,187)</u>	<u>-</u>
Net cash from financing activities		<u>(3,371,552)</u>	<u>30,523,985</u>
<b>Increase in cash and cash equivalents</b>		1,669,051	49,226
<b>Cash and cash equivalents at beginning of the</b>	20	50,002	776
<b>Cash and cash equivalents at end of period</b>	20	<u>1,719,053</u>	<u>50,002</u>

The accompanying notes form an integral part of the financial statements

## **1 GENERAL INFORMATION**

Stowbridge Solar 1 Ltd is a private limited company incorporated and domiciled in England. The address of the company's registered office is Suite C 3<sup>rd</sup> Floor, 3 Harbour Exchange Square, London, E14 9GE.

On 18 November 2014, the company name was changed from FCP Solar Limited to Stowbridge Solar 1 Limited.

The principal activity of the company during the period was the generation of electricity using solar technology.

## **2 ACCOUNTING POLICIES**

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at 1 January 2014 for the purposes of the transition to Adopted IFRSs.

### **IFRS Transition**

The company is preparing their financial statements in accordance with Adopted IFRS for the first time; previous accounts were prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP). An explanation of how the transition has affected the reported financial position, financial performance and cashflows is provided in note 24.

### **Measurement convention**

The financial statements have been prepared under the historical cost convention.

### **Adopted IFRSs not yet applied**

The following Adopted IFRSs have been issued but, not being effective for the financial period ended 31 December 2015, have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements.

- IFRS 9 Financial Instruments.
- IFRS 15 Revenue from Contracts with Customers.
- Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38.

The directors do not anticipate that the adoption of the above standards and interpretations will have a material impact on the company's financial statements in the period of initial application.

### **Going concern**

Having reviewed the company's current position and cash flow projections for the next twelve months, the directors believe the company is well placed to manage its business risks despite the net liabilities position.

Additionally, the ultimate parent of the company, Magnetar Financial LLC, have confirmed that for at least 12 months from the date of approval of the financial statements, it does not intend to seek repayment of the amounts currently loaned to the company, if repayment of these amounts would result in the company being unable to meet its obligations. Accordingly, they adopt the going concern basis in preparation of the financial statements.

**2 ACCOUNTING POLICIES - continued**

**Revenue recognition**

Revenue represents income from the generation of energy from the operational solar park during the period. Any income not invoiced is accrued in the period in which it has been generated.

Revenue is stated net of value added tax and is generated entirely within the United Kingdom.

**Revenue relating to the accrued income for ROCs and LECs**

The number of Renewable Obligations Certificates (ROCs) and Levy Exempt Certificates (LECs) are calculated each month based on the number of mega-watts of power exported. The ROC price is fixed for each Compliance Period and is published in advance by Ofgem. The LEC is an exemption to the Climate Change Levy (CCL) which is published in advance of the tax year by HMRC. The ROC recycle price is not published until September following the accounting year end and thus management estimate the price. Management monitor the total UK renewable generation on a quarterly basis to ensure this assumption remains reasonable.

Effective 31 July 2015, no revenue was accrued or recognised for LECs following the Government's revocation of the Climate Change Levy (LECs) from which LECs were derived.

**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs directly attributable to assets under construction and which meet the recognition criteria in IAS 23 are not capitalised as part of the cost of the asset as construction is completed within a short period. Items of property, plant and equipment are depreciated to their estimated residual values on a straight line basis over their expected useful lives as follows:

Solar Photovoltaic (PV) assets - over 25 years

The depreciation methods, estimated remaining useful lives and residual values are reviewed at each reporting date, taking account technological innovations and asset maintenance programmes. A change resulting from the review is treated as a change in accounting estimate. The depreciation expense is recognised in the income statement.

**Provisions**

A provision is recognised in the balance sheet when the company 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 determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Liabilities for decommissioning costs are recognised when the company has an obligation to dismantle and remove the solar PV equipment and to restore the land on which it is located. Liabilities may arise upon construction of such facilities, upon acquisition or through a subsequent change in legislation or regulations. The amount recognised is the estimated present value of expenditure determined in accordance with local conditions and requirements. A corresponding tangible item of property, plant and equipment equivalent to the provision is also created.

Any changes in the present value of the estimated expenditure is added to or deducted from the cost of the asset to which it relates. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. The unwinding of the discount on the decommissioning provision is included as a finance cost.

Notes to the Financial Statements - continued  
for the Period Ended 31 December 2015

**2 ACCOUNTING POLICIES - continued**

**Impairment of non-financial assets**

Carrying value of non-financial assets is reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated.

A previously recognised impairment will be revised insofar as estimates change as a result of an event occurring after the impairment was recognised. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the income statement.

After the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted in the future periods to allocate the asset's revised carrying amount, less its residual value, on a systematic basis over its useful life.

**Financial instruments**

Financial instruments recognised on the balance sheet include trade and other receivables, cash and cash equivalents, accounts payable and other financial liabilities.

***Initial recognition and measurement***

Financial assets and financial liabilities are recognised on the balance sheet when the company becomes party to the contractual provisions of the instrument. Financial instruments are initially recorded at fair value plus, in the case of a financial asset of financial liability not at fair value through profit or loss, directly attributable transaction costs. Subsequent measurement and impairment for each classification is specified in the sections below.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the company commits to purchase or sell the financial assets.

***De-recognition of financial assets and liabilities***

A financial asset, or apportion of a financial asset, is derecognised where:

- The rights to receive cash flows from the asset have expired;
- The company retains the right to receive the cash flow from the asset, but has assumed an obligation to pay them in full without material delay to a third party under "pass-through" arrangement, or
- The company has transferred the rights to receive cash flows from the asset and either:
  - (i) has transferred substantially all the risks and rewards of ownership of the asset or
  - (ii) has neither transferred nor retained substantially all the risks and rewards of ownership of the asset but has transferred control of the asset.

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or has expired.

**2 ACCOUNTING POLICIES - continued**

***Trade and other receivables***

Trade and other receivables reflected on the balance sheet are net of an allowance for uncollectible amounts.

***Financial liabilities***

Loans and accounts payables are classified as financial liabilities and are subsequently measured at amortised cost. Gains and losses are recognised in income when the financial liabilities are derecognised or impaired as well as through the amortisation process.

Finance costs and gains or losses relating to financial liabilities are included in the income statement. 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 features meeting the definition of financial liability then such capital is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

***Leases***

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

***Impairment of financial assets***

The company's financial assets are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether or not there is any indication of impairment.

***Taxation***

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. It also includes any adjustments in relation to prior periods.

Provision is made at current rates for deferred tax in respect of all timing differences that have originated but not reversed at the period end. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

***Equity***

Equity comprises the following

- "Share capital" represents the nominal value of ordinary equity shares.
- "Retained deficit" include all current results as disclosed in the income statement.

***Cash and cash equivalents***

Cash and cash equivalents include cash at bank at reporting date.

## **2 ACCOUNTING POLICIES - continued**

### **Capital risk management**

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

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. The loan balances represent inter-company loans.

### **Significant accounting estimates and assumptions**

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values that are not readily apparent from other sources. Actual values may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The most critical accounting policies and estimates in determining the financial condition and results of the company are those requiring a greater degree of subjective or complete judgement.

### ***Capitalisation and depreciation of property, plant and equipment, including decommissioning costs.***

As part of the measurement and recognition of assets and liabilities in 2015, the company has recognised a provision for decommissioning obligations associated with the solar park. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs. The carrying amount of the provision as at 31 December 2015 was £ 229,810.

### ***Deferred tax***

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the net effect of future tax planning strategies.

### ***Revenue relating to the accrued income for ROCs and LECs***

The number of Renewable Obligations Certificates (ROCs) and Levy Exempt Certificates (LECs) are calculated each month based on the number of mega-watts of power exported. The ROC price is fixed for each Compliance Period and is published in advance by Ofgem. The LEC is an exemption to the Climate Change Levy (CCL) which is published in advance of the tax year by HMRC. The ROC recycle price is not published until September following the accounting year end and thus management estimate the price. Management monitor the total UK renewable generation on a quarterly basis to ensure this assumption remains reasonable.

Effective 31 July 2015, no revenue was accrued or recognised for LECs following the Government's revocation of the Climate Change Levy (LECs) from which LECs were derived.



Notes to the Financial Statements - continued  
for the Period Ended 31 December 2015

**3 REVENUE**

100% of the revenue is generated in the UK.

**4 LOSS BEFORE INCOME TAX**

The loss before income tax is stated after charging:

	15 Months Ended 31-Dec-15	9 Months Ended 30-Sep-14
	£	£
Depreciation - owned assets	1,376,569	567,222
Auditor's remuneration	<u>5,000</u>	<u>7,500</u>

**5 EMPLOYEES AND DIRECTORS**

The company has no employees, hence there were no staff costs for the period ended 31 December 2015(2014: £nil).

**Directors Remuneration:**

None of the directors received remuneration in the period ended 31 December 2015 (2014 :£nil).

**6 NET FINANCE COSTS**

	15 Months Ended 31-Dec-15	9 Months Ended 30-Sep-14
	£	£
Interest expense	<u>2,942,400</u>	<u>650,088</u>

Interest relates to amounts due to group undertakings and is charged at 8% per annum.

Notes to the Financial Statements - continued  
for the Period Ended 31 December 2015

7 INCOME TAX

<b>Tax charges in income statement</b>	<b>2015</b>
	<b>£</b>
<b>Current tax</b>	
Current year tax expense	58,276
Over/(under) provided in prior years	-
Current tax (expense) / income	<u>-</u>
	<u>58,276</u>
<b>Deferred tax</b>	
Recognition of net operating losses	-
Origination and reversal of temporary differences	538,815
Changes in tax rates	9,873
Recognition of previously unrecognized losses brought forward	-
Deferred tax (expense) / income	<u>548,688</u>
<b>Total tax charges in income statement</b>	<b>606,964</b>

<b>Reconciliation of the effective tax rate</b>	<b>2015</b>
	<b>£</b>
Loss before taxation	(2,936,558)
Tax using the UK corporation tax rate of 20.4%	(599,058)
Reduction of tax rate on deferred tax balances	(74,546)
Non-deductible expenses	66,640
Tax exempt revenues	-
Recognition of previously unrecognised losses brought forward	-
Current year losses for which no deferred tax asset was recognised	-
Over/(under) provided in prior years	-
Total tax expenses	<u>(606,964)</u>

**Factors affecting current and future tax charge**

Reduction in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2015 has been calculated based on these rates.

A further rate reduction to 17%, effective from 1 April 2020, was announced on 16<sup>th</sup> March 2016. Whilst this will reduce the company's tax liability in future it has not been substantively enacted and so deferred tax has been calculated in line with the 18% rate.

## **Stowbridge Solar 1 Ltd**

### **Notes to the Financial Statements - continued** **for the Period Ended 31 December 2015**

#### **8 PROPERTY, PLANT AND EQUIPMENT**

	Plant and machinery £	Decommissioning assets £	Totals £
<b>COST</b>			
At 1 October 2014	27,385,709	-	27,385,709
Additions	-	218,792	218,792
At 31 December 2015	<u>27,385,709</u>	<u>218,792</u>	<u>27,604,501</u>
<b>DEPRECIATION</b>			
At 1 October 2014	567,222	-	567,222
Charge for period	1,365,534	11,035	1,376,569
At 31 December 2015	<u>1,932,756</u>	<u>11,035</u>	<u>1,943,791</u>
<b>NET BOOK VALUE</b>			
At 31 December 2015	<u>25,452,953</u>	<u>207,757</u>	<u>25,660,710</u>
At 30 September 2014	<u>26,818,487</u>	<u>-</u>	<u>26,818,487</u>

#### **9 TRADE AND OTHER RECEIVABLES**

	31-Dec-15 £	30-Sep-14 £
Current:		
Warranty bond	-	1,070,000
VAT	69,566	4,198,513
Prepayments and accrued income	410,144	945,197
Other debtors	-	192
Trade debtors	58,276	-
Amounts owed by group undertaking	<u>659,187</u>	<u>-</u>
	<u>1,197,173</u>	<u>6,213,902</u>

#### **10 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number	Class	Amount paid per share (£)	31-Dec-15 £	30-Sep-14 £
1333	Ordinary shares	1	<u>1,333</u>	<u>1,333</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Stowbridge Solar 1 Ltd

Notes to the Financial Statements - continued  
for the Period Ended 31 December 2015

**11 RESERVES**

	Retained deficit £
At 1 October 2014	250,320
Loss for the period	<u>(2,329,594)</u>
At 31 December 2015	<u><u>(2,079,274)</u></u>

**12 TRADE AND OTHER PAYABLES**

	31-Dec-15 £	30-Sep-14 £
<i>Current:</i>		
Amounts due to group undertakings	78,100	-
Trade creditors	58,836	42,877
Deferred consideration EPC	200,777	735,777
Shareholder loan interest	6,782	-
Accruals	<u>163</u>	<u>68,560</u>
	<u><u>344,658</u></u>	<u><u>847,214</u></u>
<i>Non Current:</i>		
Deferred consideration EPC - Long term	<u>-</u>	<u><u>735,776</u></u>

**13 INTEREST BEARING LOANS AND BORROWINGS**

	31-Dec-15 £	30-Sep-14 £
<i>Current:</i>		
Interest bearing loans and borrowings	<u><u>30,520,930</u></u>	<u><u>31,139,581</u></u>

Financial liabilities represent unsecured amounts due to group undertakings by the company at 31 December 2015 from Magnetar Intermediate Solar Luxembourg s.a.r.l an intermediary holding company, who is also a related party.

The loan is repayable on demand or on 25 November 2034 whichever is earlier. Interest is accruing at 8% per annum. The year end balance includes interest of £2,709,312.

Stowbridge Solar 1 Ltd

Notes to the Financial Statements - continued  
for the Period Ended 31 December 2015

**14 OPERATING LEASES**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	Land and Buildings 31-Dec-15 £	Land and Buildings 30-Sep-14 £
Within one period	101,376	-
Between one and five periods	405,503	-
In more than five periods	<u>1,889,477</u>	<u>100,113</u>
	<u>2,396,356</u>	<u>100,113</u>

**15 PROVISIONS**

	Decommissioning liability £
At 1 October 2014	-
Provided during the period	218,792
Accretion Charge for period	<u>11,018</u>
At 31 December 2015	<u>229,810</u>

**16 DEFERRED TAX**

	31-Dec-15 £	30-Sep-14 £
Deferred tax asset on accumulated losses	<u>440,521</u>	<u>(108,167)</u>

The company is expected to generate future taxable profits against which the deferred tax assets can be utilised.

Notes to the Financial Statements - continued  
for the Period Ended 31 December 2015

**17 FINANCIAL INSTRUMENTS**

**Fair value category**

The financial assets and liabilities held by the Company for both 31 December 2015 and 30 September 2014 were categorised under loans and receivables.

**Fair value measurement**

The fair values of the financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Carrying Amount	Carrying	Fair Value	Fair Value
	31-Dec-15	30-Sep-14	31-Dec-15	30-Sep-14
	£	£	£	£
Financial assets:				
Trade and other receivables	1,197,173	6,213,902	1,197,173	6,213,902
Financial liabilities:				
Trade and other payables	344,658	1,582,990	344,658	1,582,990
Owing to group company	30,520,930	31,139,581	30,520,930	31,139,581

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Trade receivables and Trade payables approximate their carrying amounts largely due to the short-term maturities of the instruments.

Notes to the Financial Statements - continued  
for the Period Ended 31 December 2015

**18 FINANCIAL RISK MANAGEMENT**

The company's principal financial assets and liabilities comprise trade receivables, cash, interest bearing loans and trade payables.

The company has exposure to the following risks from its use of financial instruments:

- Market risk, including foreign currency, commodity price, interest rate, inflation rate risks
- Credit risk
- Liquidity risk

This note presents information about the company's exposure to each of the above risks and the company's objectives, policies and processes for assessing and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

**(a) Market risk**

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

The company is not exposed to significant foreign currency risk as the majority of all payables and receivables are denominated in pounds sterling which is the functional currency in which the company operates.

The company has limited exposure to interest rate risk. The company is fully funded by the parent company and has no floating rate interest bearing loans or borrowings at 31 December 2015 or 30 September 2014. The company does not intend to hold cash for the purpose of generating interest income. The company does not currently consider it necessary to actively manage interest rate risk.

**(b) Credit risk**

The company's policies are aimed at minimising losses as a result of a counterparty's failure to honour its obligations. Exposure to credit risk arises as a result of the transactions with counterparties. The counterparties used by the company are considered by management to be of appropriate credit rating. At each balance sheet date, the company's financial assets were neither impaired nor past due. The maximum credit exposure at reporting date are the carrying value of the credit balances if any.

**(c) Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company monitors its risk of a shortage of funds using projected cash flows and by monitoring the maturity of both its financial assets and liabilities.

Period ended 31 December 2015	On demand	Less than 3	3 to 12	1 to 5	>5	Total
	£	£	£	periods	periods	
				£	£	£
<b>Financial Liabilities</b>						
Trade and other payables	-	344,658	-	-	-	344,658
Owing to group company	30,520,930	-	-	-	-	30,520,930
						<u>30,865,588</u>

Notes to the Financial Statements - continued  
for the Period Ended 31 December 2015

18 FINANCIAL RISK MANAGEMENT - continued

Period ended 30 September 2014

	On demand	Less than 3	3 to 12	1 to 5	>5	Total
	£	£	£	£	£	£
<b>Financial Liabilities</b>						
Trade and other payables	-	847,214	-	735,776	-	1,582,990
Owing to group company	31,139,581	-	-	-	-	31,139,581
						<u>32,722,571</u>

(d) Capital management

Management considers capital to consist of equity plus net debt as disclosed in the balance sheet. The primary objective of the company's capital management is to ensure healthy capital ratios in order to support its business and maximise shareholder value. The company's financial instruments comprise cash and liquid resources and various items, such as receivables and trade payables that arise directly from its operations. The company's policy is to finance its operations through group borrowings. It is the company's policy not to hold financial instruments for speculative purposes.

At 31 December 2015, the company had amounts due to group undertakings. It had no financial assets other than other loan receivables and cash at bank. The fair value of trade payables approximated to their book value. Refer to note 17 for further detail.



Notes to the Financial Statements - continued  
for the Period Ended 31 December 2015

**19 RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	15 Months Ended 31-Dec-15 £	9 Months Ended 30-Sep-14 £
Loss before income tax	(2,936,558)	390,183
Depreciation charges	1,376,569	567,222
Accretion charge for year	11,018	-
Finance costs	<u>2,942,400</u>	<u>650,088</u>
	1,393,429	1,607,493
Decrease/(Increase) in trade and other receivables	5,734,192	(6,213,902)
(Decrease)/Increase in trade and other payables	<u>(1,245,114)</u>	<u>901,852</u>
Cash generated from operations	<u><u>5,882,507</u></u>	<u><u>(3,704,557)</u></u>

**20 CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

	31-Dec-15 £	30-Sep-14 £
Cash and cash equivalents	<u><u>1,719,053</u></u>	<u><u>50,002</u></u>

**21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT**

	31-Dec-15 £	30-Sep-14 £
(Loss)/Profit for the financial period	(2,329,594)	282,016
Share Capital Issues	<u>-</u>	<u>-</u>
<b>Net (reduction)/addition to shareholders' deficit</b>	(2,329,594)	282,016
Opening shareholders' funds	<u>251,653</u>	<u>(30,363)</u>
<b>Closing shareholders' deficit</b>	<u><u>(2,077,941)</u></u>	<u><u>251,653</u></u>

## **22 RELATED PARTY DISCLOSURES**

Included in note 12 is Management Services Fees payable to Magnetar Solar (UK) Ltd of £78,100 under the management services agreement dated 19 November 2014.

Included in note 13 are unsecured amounts due to Magnetar Intermediate Solar Luxembourg, S.A.R.L. of £30,520,930. Interest is accruing on the loan balance at 8% with £2,709,312 incurred this period. The loan is repayable on demand or on 25 November 2034 whichever is earlier.

Included in note 9 is an unsecured loan of £659,187 due from Magnetar Solar (UK) Ltd. This loan was interest free and is repayable on demand.

## **23 CONTROLLING PARTY**

At the date of issuing these accounts, the Company's immediate parent company is Magnetar Solar (UK) Ltd and the Company's ultimate holding company is Magnetar Financial LLC which is incorporated in the United States of America.

The smallest group for which group financial statements are drawn up and of which the company is member is Magnetar Solar (UK) Ltd. Its registered office and the address from which group financial statements can be obtained is 3rd Floor, 3 Harbour Exchange Square, London, United Kingdom, E14 9GE.

The largest group for which group financial statements are drawn up and of which the company is member is Magnetar Financial LLC. Its registered office and the address from which group financial statements can be obtained is 1603 Orrington Avenue., Evanston, Illinois, 60201, United States of America.

## **24 IMPACT OF IFRS TRANSITION**

The first time adoption of IFRS did not have an impact on the reported financial position or financial performance of the company and therefore no adjustments were made to the equity position as at 1 January 2014 and 30 September 2014 or to the total comprehensive income for the period ended 30 September 2014.

Under UK GAAP, the company was exempt under FRS1 from the requirement to prepare a cash flow statement; a cash flow statement including comparatives has been prepared this year in accordance with IFRS.