

REGISTERED NUMBER: 08396602 (England and Wales)

Report of the Directors and
Financial Statements for the Year Ended 31 December 2016
for
Stowbridge Solar 1 Limited

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Stowbridge Solar 1 Limited

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for the Year Ended 31 December 2016

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Stowbridge Solar 1 Limited

Company Information
for the Year Ended 31 December 2016

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)

AUDITORS:

KPMG LLP
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

Stowbridge Solar 1 Limited (Registered number: 08396602)

Report of the Directors
for the Year Ended 31 December 2016

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

Comparative figures represent the long period of account from 1 October 2014 to 31 December 2015.

PRINCIPAL ACTIVITY

The principal activity during the year under review was the generation of electricity using solar technology.

BUSINESS REVIEW

During the period under review the company made a loss of £1,583,776.

The directors do not propose a dividend.

DIRECTORS

The directors shown below have held office during the year to the date of this report.

L Di Rico
A M Shaffran

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.

The ultimate parent company, Magnetar Financial LLC, and the intermediate parent company, Perpetual Power (UK) Limited, 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO 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 the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITORS


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

SMALL COMPANY EXEMPTION

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

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:


.....
A M Shaffran - Director

Date: 31st March 2017

Stowbridge Solar 1 Limited

Statement of Directors' Responsibilities for the Year Ended 31 December 2016

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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) 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 estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the Independent Auditors to the Members of
Stowbridge Solar 1 Limited (Registered number: 08396602)

We have audited the financial statements of Stowbridge Solar 1 Limited for the year ended 31 December 2016 set out on pages 5 to 25. 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 auditors

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

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.

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 2016 and of its loss for the year 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Report of the Directors:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

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, or;
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



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

Date: 5 April 2017

Stowbridge Solar 1 Limited

Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 December 2016

		Year Ended 31/12/16 £	Period 1/10/14 to 31/12/15 £
	Notes		
CONTINUING OPERATIONS			
Revenue		2,171,416	3,138,941
Cost of sales		(348,752)	(427,268)
GROSS PROFIT		1,822,664	2,711,673
Administrative expenses		(1,488,265)	(2,705,831)
OPERATING PROFIT		334,399	5,842
Net finance costs	4	(2,031,886)	(2,942,400)
LOSS BEFORE INCOME TAX	5	(1,697,487)	(2,936,558)
Income tax	6	113,711	606,964
LOSS FOR THE YEAR		(1,583,776)	(2,329,594)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(1,583,776)	(2,329,594)


The notes form part of these financial statements

Statement of Financial Position

31 December 2016

	Notes	31/12/16 £	31/12/15 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	24,556,626	25,660,710
Deferred tax	16	515,158	440,521
		<u>25,071,784</u>	<u>26,101,231</u>
CURRENT ASSETS			
Trade and other receivables	8	1,210,713	1,197,173
Cash and cash equivalents	9	397,950	1,719,053
		<u>1,608,663</u>	<u>2,916,226</u>
TOTAL ASSETS		<u><u>26,680,447</u></u>	<u><u>29,017,457</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	10	1,333	1,333
Retained deficit	11	(3,663,050)	(2,079,274)
TOTAL EQUITY		<u>(3,661,717)</u>	<u>(2,077,941)</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Provisions	15	238,451	229,810
CURRENT LIABILITIES			
Trade and other payables	12	308,723	344,658
Financial liabilities - borrowings			
Interest bearing loans and borrowings	13	29,794,990	30,520,930
		<u>30,103,713</u>	<u>30,865,588</u>
TOTAL LIABILITIES		<u>30,342,164</u>	<u>31,095,398</u>
TOTAL EQUITY AND LIABILITIES		<u><u>26,680,447</u></u>	<u><u>29,017,457</u></u>

The financial statements were approved by the Board of Directors on 31st March 2017 and were signed on its behalf by:



 A M Shaffran - Director

The notes form part of these financial statements

Stowbridge Solar 1 Limited

Statement of Changes in Equity
for the Year Ended 31 December 2016

	Called up share capital £	Retained deficit £	Total equity £
Balance at 1 October 2014	1,333	250,320	251,653
Changes in equity			
Total comprehensive income	-	(2,329,594)	(2,329,594)
Balance at 31 December 2015	1,333	(2,079,274)	(2,077,941)
Changes in equity			
Total comprehensive income	-	(1,583,776)	(1,583,776)
Balance at 31 December 2016	1,333	(3,663,050)	(3,661,717)

The notes form part of these financial statements

Stowbridge Solar 1 Limited

Statement of Cash Flows
for the Year Ended 31 December 2016

		Year Ended 31/12/16 £	Period 1/10/14 to 31/12/15 £
Cash flows from operating activities			
Cash generated from operations	1	683,205	5,882,507
Interest paid		(136,599)	(841,904)
Cash for group relief surrender		97,350	-
Net cash from operating activities		643,956	5,040,603
Cash flows from financing activities			
Proceeds from new loans		20,613,576	27,811,620
Loan repayments in year		(22,578,635)	(31,183,172)
Net cash from financing activities		(1,965,059)	(3,371,552)
(Decrease)/increase in cash and cash equivalents		(1,321,103)	1,669,051
Cash and cash equivalents at beginning of year	2	1,719,053	50,002
Cash and cash equivalents at end of year	2	397,950	1,719,053

The notes form part of these financial statements

Notes to the Statement of Cash Flows
for the Year Ended 31 December 2016

1. **RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	Year Ended 31/12/16 £	Period 1/10/14 to 31/12/15 £
Loss before income tax	(1,697,487)	(2,936,558)
Depreciation charges	1,104,084	1,376,569
Accretion charge for the year/period	8,641	11,018
Net finance costs	2,031,886	2,942,400
	<u>1,447,124</u>	<u>1,393,429</u>
(Increase)/decrease in trade and other receivables	(562,934)	5,734,192
Decrease in trade and other payables	(200,985)	(1,245,114)
	<u>683,205</u>	<u>5,882,507</u>
Cash generated from operations	<u>683,205</u>	<u>5,882,507</u>

2. **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:

Year ended 31 December 2016

	31/12/16 £	1/1/16 £
Cash and cash equivalents	<u>397,950</u>	<u>1,719,053</u>

Period ended 31 December 2015

	31/12/15 £	1/10/14 £
Cash and cash equivalents	<u>1,719,053</u>	<u>50,002</u>

1. GENERAL INFORMATION

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

The principal activity of the company during the year under review was the generation of electricity using solar technology.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared and approved by the directors in accordance with the International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and the requirements of the Companies Act 2006. The accounting policies set out below have, unless otherwise stated, been applied consistently in all periods presented in these financial statements. The financial statements have been prepared under historical cost convention.

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.

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 are expensed as incurred as they do not meet the capitalisation criteria under IAS 23, as the construction of the related assets does not require a substantial period of time. 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 of 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 Profit and Loss statement.

2. ACCOUNTING POLICIES - continued

Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Provision

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.

Impairment of non financial assets

Carrying amount 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.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. ACCOUNTING POLICIES - continued

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 or 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.

Derecognition 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 derecognised when the obligation under the liability is discharged, cancelled or has expired.

Trade and other receivables

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

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Financial liabilities

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Finance costs and gains or losses relating to financial liabilities are included in the Statement of Profit & Loss. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

2. ACCOUNTING POLICIES - continued

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.

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 on a straight-line basis over the period of the lease.

Cash and cash equivalents

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

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 Profit and Loss statement.

Where financial instruments issued by the company 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.

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 intercompany loans.

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 current liabilities position.

The ultimate parent company, Magnetar Financial LLC, and the intermediate parent company, Perpetual Power (UK) Limited, 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.

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.

2. ACCOUNTING POLICIES - continued

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. These are discussed below:

Capitalisation and depreciation of property, plant and equipment, including decommissioning costs

As part of the measurement and recognition of assets and liabilities in 2016, 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.

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

The number of Renewable Obligations Certificates (ROCs) 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 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.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The company intends to adopt these standards, if applicable, when they become effective,

- IAS 12	Amendments to recognition of Deferred Tax Assets	1 January 2017
- IAS 7	Disclosure Amendments	1 January 2017
- IFRS 9	Financial Instruments	1 January 2018
- IFRS 15	Revenue from Contracts with Customers	1 January 2018
- IFRS 16	Leases	1 January 2019
- Clarification of Acceptable Methods of Depreciation and Amortization - 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, except for IFRS 16 where the impact is still to be determined.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

3. **EMPLOYEES AND DIRECTORS**

The company has no employees, hence there were no staff costs for the year ended 31 December 2016.

Directors' Remuneration:

The directors of the company are remunerated by other group companies and do not have qualifying service for this company.

4. **NET FINANCE COSTS**

	Year Ended 31/12/16 £	Period 1/10/14 to 31/12/15 £
Finance costs:		
Intercompany interest	2,017,350	2,942,400
Amortisation of financing fees	14,536	-
	<u>2,031,886</u>	<u>2,942,400</u>
Finance income:		
Interest income	-	-
	<u>-</u>	<u>-</u>

5. **LOSS BEFORE INCOME TAX**

The loss before income tax is stated after charging:

	Year Ended 31/12/16 £	Period 1/10/14 to 31/12/15 £
Depreciation - owned assets	1,104,084	1,376,569
Auditor's remuneration	5,070	5,000
	<u>1,109,154</u>	<u>1,381,569</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

6. INCOME TAX

Recognised in the income statement

	Year ended 31/12/16 £	Period 1/10/14 to 31/12/15 £
Current tax		
Current year tax	-	58,276
Under / (over) provided in prior years	(39,074)	-
Current tax expense / (credit)	(39,074)	58,276
Deferred tax		
Origination and reversal of temporary differences	(294,449)	538,815
Changes in tax rates	58,883	9,873
Under/(over) provided in prior years	160,929	-
Deferred tax expense / (credit)	(74,637)	548,688
Total tax expense / (credit) charges in income statement	(113,711)	606,964

Reconciliation of the tax expense / (credit)

	Year Ended 31/12/16 £	Period 1/10/14 to 31/12/15 £
Loss before taxation	(1,697,487)	(2,936,558)
Tax using the UK corporation tax rate of 20% / 20.30%	(339,497)	(599,058)
Reduction of tax rate on deferred tax balances	58,883	(74,546)
Non-deductible expenses	45,048	66,640
Over/(under) provided in prior years	121,855	-
Total tax income	(113,711)	(606,964)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was 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, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on these rates.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

7. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery £	Decommissioning assets £	Totals £
COST			
At 1 October 2014	27,385,709	-	27,385,709
Additions	-	218,792	218,792
At 31 December 2015	27,385,709	218,792	27,604,501
At 1 January 2016	27,385,709	218,792	27,604,501
Additions	-	-	-
At 31 December 2016	27,385,709	218,792	27,604,501
DEPRECIATION			
At 1 October 2014	567,222	-	567,222
Charge for the period	1,365,534	11,035	1,376,569
At 31 December 2015	1,932,756	11,035	1,943,791
At 1 January 2016	1,932,756	11,035	1,943,791
Charge for the year	1,095,428	8,656	1,104,084
At 31 December 2016	3,028,184	19,691	3,047,875
NET BOOK VALUE			
At 31 December 2016	24,357,525	199,101	24,556,626
At 31 December 2015	25,452,953	207,757	25,660,710

8. TRADE AND OTHER RECEIVABLES

	31/12/16 £	31/12/15 £
Current:		
Trade debtors	-	58,276
VAT	13,813	69,566
Intercompany receivables	1,133,154	659,187
Prepayments and accrued income	63,746	410,144
	<u>1,210,713</u>	<u>1,197,173</u>

9. CASH AND CASH EQUIVALENTS

	31/12/16 £	31/12/15 £
Bank accounts	<u>397,950</u>	<u>1,719,053</u>

Stowbridge Solar 1 Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2016

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	31/12/16	31/12/15
Number:	Class:		£	£
1,333	Ordinary	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.

11. RESERVES

	Retained deficit £
At 1 January 2016	(2,079,274)
Loss for the year	<u>(1,583,776)</u>
31 December 2016	<u><u>(3,663,050)</u></u>

12. TRADE AND OTHER PAYABLES

	31/12/16 £	31/12/15 £
Current:		
Trade creditors	20,502	58,836
Intercompany payable	81,317	78,100
Intercompany interest payable	171,831	6,782
Accruals and Deferral	<u>35,073</u>	<u>200,940</u>
	<u><u>308,723</u></u>	<u><u>344,658</u></u>

13. FINANCIAL LIABILITIES - BORROWINGS

	31/12/16 £	31/12/15 £
Current:		
Interest bearing loans and borrowings:		
Magnetar Intermediate Solar Luxembourg s.a.r.l	8,876,319	30,520,930
Perpetual Power (UK) Limited	<u>20,918,671</u>	<u>-</u>
	<u><u>29,794,990</u></u>	<u><u>30,520,930</u></u>

Financial liabilities represent unsecured amounts due to group undertakings by the company at 31 December 2016 from Magnetar Intermediate Solar Luxembourg s.a.r.l ('MISL') an intermediate holding company and Perpetual Power (UK) Limited ('PPUK'), the immediate parent company. The MISL loan is repayable on demand or on 13 November 2034, whichever is earlier with interest accruing at 8% per annum. The PPUK loan is repayable on demand with interest accruing at 3% per annum.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

14. LEASING AGREEMENTS

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

	31/12/16	31/12/15
	£	£
Within one year	102,133	101,376
Between one and five years	408,532	405,503
In more than five years	1,801,177	1,889,477
	<u>2,311,842</u>	<u>2,396,356</u>

The operating lease agreement shown above is in connection to land & buildings.

15. PROVISIONS

Decommissioning provision	31/12/16	31/12/15
	£	£
Opening provision	229,810	-
Addition	-	218,792
Accretion charge for the year/period	8,641	11,018
	<u>238,451</u>	<u>229,810</u>
Closing Provision		

16. DEFERRED TAX

Recognised deferred tax assets and liabilities:

	Assets		Liabilities	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	£	£	£	£
Property, plant and equipment			(311,105)	(362,685)
Tax value of loss carry-forwards	826,263	803,206		
Net tax assets	<u>515,158</u>	<u>440,521</u>		

The deferred tax asset at 31 Dec 2016 has been calculated based on the rate of 17% substantively enacted at the balance sheet date. All movements in deferred tax during the year have been recognised in the income statement. 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 Year Ended 31 December 2016

17. FINANCIAL INSTRUMENTS

Fair value category

The Financial assets held by the company at 31 December 2016 are categorised as Loans and Receivables and Financial Liabilities are categorised as accounts payable and other financial liabilities.

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 31/12/16 £	Fair Value 31/12/16 £	Carrying amount 31/12/15 £	Fair Value 31/12/15 £
Financial assets:				
Trade and other receivables	1,210,713	1,210,713	1,197,173	1,197,173
Financial liabilities				
Trade and other payables	308,723	308,723	344,658	344,658
Interest-bearing borrowings due to group companies	29,794,990	29,794,990	30,520,930	30,520,930

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.

18. FINANCIAL INSTRUMENTS

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 2016.

(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.

At the date of issuing these financial statements, the Group meets all covenants required for the subordinated loan agreement. As part of these covenants, the Group updates the financial model semi-annually and each new version is approved by the lenders.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

18. FINANCIAL RISK MANAGEMENT - continued

Period ended 31 December 2015

	On demand £	Less than 3 months £	3 to 12 months £	1 to 5 Periods £	>5 periods £	Total £
Financial Liabilities						
Trade and other payables	-	344,658	-	-	-	344,658
Interest-bearing borrowings due to group companies	30,520,930	-	-	-	-	30,520,930

Year ended 31 December 2016

	On demand £	Less than 3 months £	3 to 12 months £	1 to 5 Periods £	>5 periods £	Total £
Financial Liabilities						
Trade and other payables	-	308,723	-	-	-	308,723
Interest-bearing borrowings due to group companies	29,794,990	-	-	-	-	29,794,990

(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 2016, the company had amounts due to group undertakings. The loan borrowings were with a related party. 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.

Stowbridge Solar 1 Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2016

19. RELATED PARTY DISCLOSURES

Due to	Due from	Transaction details	Transactions in the year Income/ (Expense) £	Amount as at 31/12/16 (Payable)/ Receivable £
Magnetar Solar (UK) Ltd	Stowbridge Solar 1 Limited	Magnetar Solar (UK) Ltd provides management services under the Management Services Agreement dated 19 November 2014 to Stowbridge Solar 1 Limited. Included in note 12 are unsecured amounts payable as at 31 December for the Management Services Fees to Magnetar Solar (UK) Ltd. No interest is charged on amounts due.	(208,392)	(31,488)
Magnetar Intermediate Solar Luxembourg, S.A.R.L	Stowbridge Solar 1 Limited	Included in note 13 are unsecured amounts due to Magnetar Intermediate Solar Luxembourg, S.A.R.L which are repayable on demand or on 13 November 2034, whichever is earlier.	-	(8,876,319)
Magnetar Intermediate Solar Luxembourg, S.A.R.L	Stowbridge Solar 1 Limited	Interest is payable on the loan with Magnetar Intermediate Solar Luxembourg, S.A.R.L at 8%. Included in note 12 within Intercompany interest payable are unsecured amounts repayable on demand. No interest is charged on amounts due.	(1,725,024)	(1,996)
Perpetual Power (UK) Limited	Stowbridge Solar 1 Limited	Included in note 13 are unsecured amounts due to Perpetual Power (UK) Limited which are repayable on demand. Transactions in the year represent the amortized loan transaction fees incurred.	(14,536)	(20,918,671)
Perpetual Power (UK) Limited	Stowbridge Solar 1 Limited	Interest is payable on the loan with Perpetual Power (UK) Limited at 3.131%. Included in note 12 within Intercompany interest payable are unsecured amounts repayable on demand. No interest is charged on amounts due.	(292,327)	(169,836)

Stowbridge Solar 1 Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

19. RELATED PARTY DISCLOSURES - continued

Due to	Due from	Transaction details	Transactions in the year Income/ (Expense) £	Amount as at 31/12/16 (Payable)/ Receivable £
Perpetual Power (UK) Limited	Stowbridge Solar 1 Limited	Included in note 12 within Accruals are amounts due to Perpetual Power (UK) Ltd for facility commitment fees relating to the PPUK loan. Transactions in the year represent the facility commitment fee incurred. These are unsecured amounts which are repayable on demand. No interest is charged on amounts due.	(4,722)	(2,932)
Stowbridge Solar 1 Limited	Perpetual Power (UK) Limited	Included in note 8 within Intercompany receivable are amounts due to Stowbridge Solar 1 Limited from Perpetual Power (UK) Limited under the loan agreement. This is cash not yet distributed to Stowbridge Solar 1 Limited. These are unsecured amounts which are receivable on demand. No interest is charged on amounts due.	-	405,729
Stowbridge Solar 1 Limited	Perpetual Power (UK) Limited	Perpetual Power (UK) Limited purchases the generation of energy from Stowbridge Solar 1 Limited. Included in note 8 within Intercompany receivable are unsecured amounts which are receivable on demand. No interest is charged on amounts due.	966,875	747,425

19. RELATED PARTY DISCLOSURES - continued

Due to	Due from	Transaction details	Transactions in the year Income/ (Expense) £	Amount as at 31/12/16 (Payable)/ Receivable £
Perpetual Power (UK) Limited	Stowbridge Solar 1 Limited	Included in note 12 within Intercompany payable are amounts due to Perpetual Power (UK) Limited as Stowbridge Solar 1 Limited is part of the Perpetual Power (UK) Limited VAT group. These are unsecured amounts which are repayable on demand. No interest is charged on amounts due.	-	(27,238)

20. CONTROLLING PARTY

At the date of issuing these accounts, the company's immediate parent company is Perpetual Power (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 Perpetual Power (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 Solar (UK) Limited. 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.