

Carina Renewable Limited

Report and Financial Statements

Year ended

31 December 2020

Company Number 08532816

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Carina Renewable Limited

Company information

Directors

L Heintz
E Barros Merino
J B Doyle
B Lynch

Company number

08532816

Registered office

5 Fleet Place, London, EC4M 7RD

Independent auditor

Ernst & Young LLP, 1 More London Place, London, SE1 2AF

Bankers

Barclays Bank PLC, 1 Churchill Place, London, E14 5HP

Country of incorporation

United Kingdom

Carina Renewable Limited

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Carina Renewable Limited

Strategic report for the year ended 31 December 2020

The directors present their Strategic report for Carina Renewable Limited ("the company") for year ended 31 December 2020. The directors, in preparing this Strategic report, have complied with 414C of the Companies Act 2006.

Principal activities

The company is an investment holding company. Its subsidiaries include entities which are holding investments, as well as entities which acquire, build, own and operate wind power projects in Chile.

Results

The Statement of profit or loss and other comprehensive income is set out on page 11. The company's result for the financial year was a loss of \$41,046 (2019 – loss of \$9,971).

Fair review of the business

The company and its subsidiaries' financial statements are consolidated by the immediate parent company Aquila Renewable Limited (together "the group"). The group recorded a net profit of \$471,633 for the year ended 31 December 2020 (2019 – loss \$3,186,796).

During 2020, the group had 3 wind farm projects in operations Aela Eólica Negrete SpA, Aela Eólica Llanquihue and Aela Eólica Sarco SpA.

In 2014, Aela Eólica Negrete SpA, Aquila's first project located in the Biobío region in Chile, went into operation. With an installed capacity of 33MW, this wind farm accounted for the largest capacity factor at national level during its first year of operation and the second largest during the following year.

The Aurora Wind Farm is located in the municipality of Llanquihue, Los Lagos Region, Chile; and has a rated capacity of 129 MW. The project entered in operation during 2019.

The Sarco Wind Farm is located in the municipality of Freirina, Atacama Region, Chile and has a capacity of 170 MW. The project entered in operation during 2020.

In total Aquila has a portfolio of three geographically distributed projects that add up to 332 MW, positioning it among the largest non-conventional renewable energy generators in Chile.

The company is permanently evaluating projects in operation or in advanced stages of development that meet its technical and economic standards to include them in its project portfolio.

The group seeks to meet the energy needs of the country's regulated customers and free consumers in the retail, mining, industry and residential fields that require secure and competitively priced supply. This is possible thanks to its experienced team of executives, the quality of its projects and international standing of its partners.

Carina Renewable Limited

Strategic report for the year ended 31 December 2020 (continued)

Principal risks and uncertainties

Financial risks

The group is exposed to interest rate risk. The group's policy is to use financial instruments to reduce exposure to interest rate volatility. The group does not enter into or trade financial instruments, including derivatives, for speculative purposes.

Project delivery risk

The ability of the company to pursue its projects is dependent on a robust investment framework and the appropriate funding being in place.

Each project of this nature follows specific project management practices including local governance procedures. All significant projects are also subject to central monitoring reviews.

Health and safety risk

The health and safety of all its employees, contractors, agency staff and the public are a key risk given the nature of the group's business. To minimise this risk, the group is committed to creating a culture that views safe work practices as the only way of working and to reviewing all its processes and procedures to ensure they deliver this. Training is provided to managers to ensure they understand their responsibility for the safety and well-being of the employees that they set to work.

Taxation risk

Taxation risk is the risk that the group suffers arising from additional tax charges, financial penalties or reputational damage. These risks could arise from failure to comply with procedures required by tax authorities, the interpretation of tax law, or changes in tax law. The group has mitigated this risk by the implementation of effective, well documented and controlled processes to ensure compliance with tax disclosure and filing obligations. This is further supported by the use of appropriate advice from reputable professional firms.

COVID-19

In December 2019, a novel coronavirus strain (COVID-19) emerged globally and on 11 March 2020 the World Health Organisation declared COVID-19 a global pandemic and recommended containment measures worldwide. This has led to significant restrictions on the movement and gathering of individuals, travel of all forms and has had an unprecedented impact on the levels of economic activity in most countries globally, with significant implications for most UK and Chile based business activity. As of the date of signing these financial statements these restrictions continue to have a major impact on economic activity, as new lockdown measures were decided by several countries, including the United Kingdom on 4 January 2021. This lockdown is to be reduced in stages with complete removal of restrictions provisionally set at 21 June 2021.

The directors are continually reviewing plans and forecasts in consideration of the effects of COVID-19 and the potential impact it may cause on the ability of the company to continue as a going concern. They have modelled potential future scenarios and have concluded that the going concern basis is appropriate.

Carina Renewable Limited

Strategic report for the year ended 31 December 2020 (continued)

Statement by directors in accordance with s172(i) Companies Act 2006

In accordance with Section 172 of the Companies Act 2006, the directors of the group have acted in a way they consider to be in good faith and would be most likely to promote the success of the group for the benefit of its members as a whole. In doing so they have regard to the factors noted below:

- The likely consequences of any decision in the long term;
- The interests of the group's employees;
- The need to foster the group's business relationships with suppliers, customers and others;
- The impact of the group's operations on the community and the environment;
- The desirability of the group maintaining a reputation for high standards of business conduct; and;
- The need to act fairly as between members of the group

The group's business model and strategy is designed to have a long-term, beneficial impact on the group's success by providing electricity to meet the energy needs of Chile. Directors are permanently evaluating projects that meet its technical and economic standards to include them in its project portfolio.

The group's employees are the cornerstone of its business and the group ensures its common values are shared and spread. To meet standards of excellence, the health, safety and well-being of the group's employees are key. The directors are dedicated to developing all employees' talents in order to reach the group's goal and meet on a regular basis with employees to provide assistance. Directors also agree and oversee required training, including health and safety.

The group's services are provided in a highly regulated environment. The group aims to act responsibly and fairly and directors, together with management, engages with its regulators, investors and suppliers. Directors are regularly updated by management on developments in market regulations which allows them to make informed decisions.

The group is motivated by the generation of clean energy, transforming the energy mix and taking care of the environment. This underpins the group's aim to develop projects in a sustainable way and to be an active member in the local communities. Directors are committed to the generation of clean energy by participating in the implementation of the projects.

Directors and management operate the business in a responsible manner by maintaining high standards of business conduct and considering all members of the Group equally and fairly.

Key performance indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is necessary for an understanding of the development, performance or position of the business. Please refer to the financial statements of Aquila Renewable Limited for further details.

Approved by the Board and signed on its behalf by:



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L Heintz

Director

Date: 29 April 2021

Carina Renewable Limited

Directors' report for the year ended 31 December 2020

The directors present their report together with the audited financial statements of the company for the year ended 31 December 2020.

Results and dividends

The Statement of profit or loss and other comprehensive income is set out on page 11. The company's result for the financial year was a loss of \$41,046 (2019 – loss of \$9,971).

No dividends have been paid to Aquila Renewable Limited during the year (2019 - \$Nil).

Board of directors

The directors of the company during the year were:

L Heintz
E Barros Merino (appointed 17 June 2020)
M R Karlsson (resigned 17 June 2020)
J B Doyle
B Lynch

No director had any beneficial interest in the share capital of the company at any time during the year.

Indemnification of directors

All the directors are employed by other group companies and as part of their employment are indemnified against liabilities incurred as a result of acting as a director of the company.

Going concern

The financial statements have been prepared on a going concern basis. The company recognised a loss of \$41,046 for the year ended 31 December 2020 (2019 – loss of \$9,971) and had net assets at year end of \$212,127,123 (2019 – net assets of \$212,267,299) and net current liabilities of \$96,445 (2019 – net current liabilities of \$85,399). Although the company is in a net current liability position, the majority of the liabilities are due to subsidiary undertakings and repayment is within control of the company.

The response to the impact of COVID-19 is set out in the Principal risks and uncertainties section above. The directors, to the best of their current knowledge, consider that COVID-19 will not have a material adverse impact on the company's ability to continue as a going concern.

After making enquiries and reviewing cash flow forecasts up to April 30, 2022, the directors have formed the judgement that there is a reasonable expectation that the group and the company has adequate resources to continue in operational existence for the foreseeable.

Carina Renewable Limited

Directors' report for the year ended 31 December 2020 (continued)

Financial risk management

The group is exposed to interest rate risk. The group's policy is to use financial instruments to reduce exposure to interest rates volatility. The group does not enter into or trade financial instruments, including derivatives, for speculative purposes. For more information please refer to the Strategic report on pages 2-4.

Future developments

The group may consider acquiring further construction and/or operational projects from third parties. The group will continue its normal activities for the foreseeable future.

Events after the reporting year

At the date of authorisation of these financial statements there were no events after the reporting year.

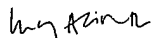
Statement of disclosure of information to auditors

The current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the auditors for the purposes of their audit and to establish that the auditors are aware of this information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Reappointment of auditors

Ernst & Young LLP are deemed to be re-appointed in accordance with section 487 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



**L Heintz
Director**

Date: 29 April 2021

Carina Renewable Limited

Statement of directors' responsibilities for the year ended 31 December 2020

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 year.

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 international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements: 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.

Carina Renewable Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARINA RENEWABLE LIMITED

Opinion

We have audited the financial statements of Carina Renewable Limited ('the company') for the year ended 31 December 2020 which comprise the Statement of profit or loss and other comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Carina Renewable Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARINA RENEWABLE LIMITED

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Carina Renewable Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARINA RENEWABLE LIMITED

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (International Financial Reporting Standards, Companies Act 2006, Bribery Act 2010 and relevant tax compliance regulations in the jurisdiction in which the Company operates).
- We understood how the Company is complying with those frameworks by making enquiries of management and observing the oversight of those charged with governance. We corroborated our enquiries through the review of the following documentation:
 - all minutes of board meetings held during the year and post year end;
 - any relevant correspondence with local tax authorities.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by gaining an understanding of the entity level controls and policies that the Company applies.
- Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with laws and regulations identified above. Our procedures involved testing of journal entries, with a focus on journals indicating large or unusual transactions or meeting our defined risk criteria based on our understanding of the business, enquiries of management and review of management reports to the Audit Committee of the Company's parent undertaking.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Ernst & Young LLP

William Testa (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
30 April 2021

Carina Renewable Limited

Statement of profit or loss and other comprehensive income for the year ended 31 December 2020

	Note	2020 \$	2019 \$
Administrative expenses		(40,411)	(9,369)
Loss from operations		(40,411)	(9,369)
Finance costs		(173)	(373)
Finance income		3	1,352
Foreign exchange variation		(465)	(1,581)
Loss for the period before tax		(41,046)	(9,971)
Tax expense	5	-	-
Loss for the period		(41,046)	(9,971)
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Net (loss)/gain on revaluation of investments	6	(4,751,130)	922,606
Total comprehensive (loss)/income, net of tax		(4,792,176)	912,635

All amounts relate to continuing activities.

There are no other recognised gains or losses for the year other than those disclosed in the statement of profit or loss and other comprehensive income.

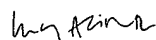
The notes on pages 15 to 31 form part of these financial statements.

Carina Renewable Limited

Statement of financial position as at 31 December 2020

Company number 08532816	Note	2020	2020	2019	2019
		\$	\$	\$	\$
Assets					
Non-current assets					
Investments in subsidiaries	6	212,223,245			212,352,375
Receivables from related parties	7	323			323
Current assets					
Cash and cash equivalents	16	54,527		50,695	
			54,527		50,695
Total assets			212,278,095		212,403,393
Current liabilities					
Trade and other payables	8	115,715		115,715	
Accruals	8	35,257		20,379	
			150,972		136,094
Total liabilities			150,972		136,094
Net assets			212,127,123		212,267,299
Issued capital and reserves attributable to the owners of the company					
Share capital	11		182,171,216		177,519,216
Retained earnings	12		44,402,448		44,443,494
Revaluation reserve	6,12		(14,446,541)		(9,695,411)
Total equity			212,127,123		212,267,299

The financial statements on pages 11 to 31 were approved and authorised for issue by the Board of directors and were signed on its behalf by:



L Heintz

Director

Date: 29 April 2021

The notes on pages 15 to 31 form part of these financial statements.

Carina Renewable Limited

Statement of cash flows for the year ended 31 December 2020

	Note	2020 \$	2020 \$	2019 \$	2019 \$
Cash flows from operating activities					
Loss for the year		(41,046)			(9,971)
Increase in trade and other receivables	7	-		-	
Increase in trade and other payables	8	14,878		596	
			14,878		596
Net cash flows used in operating activities			(26,168)		(9,375)
Investing activities					
Additions in investment in subsidiaries	6	(4,622,000)		(104,917,457)	
Cash used in investing activities			(4,622,000)		(104,917,457)
Financing activities					
Capital contribution from the company's shareholder	11	4,652,000		104,970,983	
Cash generated from financing activities			4,652,000		104,970,983
Net increase in cash and cash equivalents			3,832		44,151
Cash and cash equivalents at the start of the year	16		50,695		6,544
Cash and cash equivalents at the end of the year	16		54,527		50,695

The notes on pages 15 to 31 form part of these financial statements.

Carina Renewable Limited

Statement of changes in equity for the year ended 31 December 2020

	Notes	Share capital \$	Retained earnings \$	Revaluation reserve \$	Total equity \$
Balance at 1 January 2019		72,548,233	44,453,465	(10,618,017)	106,383,681
Total comprehensive income for the year					
Loss for the year	12	-	(9,971)	-	(9,971)
Other comprehensive income	6	-	-	922,606	922,606
Contributions by and distribution to owners					
Issue of ordinary share capital	11	104,970,983	-	-	104,970,983
Balance at 31 December 2019	11,12	<u>177,519,216</u>	<u>44,443,494</u>	<u>(9,695,411)</u>	<u>212,267,299</u>
Balance at 1 January 2020		177,519,216	44,443,494	(9,695,411)	212,267,299
Total comprehensive income for the year					
Loss for the year	12	-	(41,046)	-	(41,046)
Other comprehensive expense	6	-	-	(4,751,130)	(4,751,130)
Contributions by and distribution to owners					
Issue of ordinary share capital	11	4,652,000	-	-	4,652,000
Balance at 31 December 2020	11,12	<u>182,171,216</u>	<u>44,402,448</u>	<u>(14,446,541)</u>	<u>212,127,123</u>

The notes on pages 15 to 31 form part of these financial statements.

Carina Renewable Limited

Notes forming part of the financial statements for the year ended 31 December 2020

1 Accounting policies

General information

The company is an investment holding company. Its subsidiaries acquire, build, own and operate wind and solar power projects in Chile.

The company is a private company limited by shares which is incorporated in England & Wales and domiciled in the United Kingdom.

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise indicated.

These financial statements are presented in US dollars, which is the company's functional currency.

These financial statements contain information about Carina Renewable Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is itself a subsidiary undertaking and is fully consolidated in the financial statements, prepared in accordance with IFRS, of its immediate parent company, Aquila Renewable Limited, a company incorporated in the United Kingdom.

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The preparation of financial statements in compliance with adopted international accounting standards in conformity with the requirements of the Companies Act 2006 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement applying the group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect is disclosed in note 2.

Basis of measurement

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

Going concern

The financial statements have been prepared on a going concern basis. The company recognised a loss of \$41,046 for the year ended 31 December 2020 (2019 – loss of \$9,971) and had net assets at year end of \$212,127,123 (2019 – net assets of \$212,267,299) and net current liabilities of \$96,445 (2019 – net current liabilities of \$85,399). Although the company is in a net current assets position, the majority of the liabilities are due to subsidiary undertakings and repayment is within control of the company.

The response to the impact of COVID-19 is set out in the Principal risks and uncertainties section above. The directors, to the best of their current knowledge, consider that COVID-19 will not have a material adverse impact on the company's ability to continue as a going concern.

Carina Renewable Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

1 Accounting policies (continued)

Going concern (continued)

After making enquiries and reviewing cash flow forecasts up to April 30, 2022, the directors have formed the judgement that there is a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable .

Changes in accounting policies

a) New standards, interpretations and amendments adopted from 1 January 2020

New standards that have been adopted in the annual financial statements for the year ended 31 December 2020, but have not had a significant effect on the Company are:

- Definition of a Business (Amendments to IFRS 3);
- Interest Rate Benchmark Reform – IBOR ‘phase 2’ (Amendments to IFRS 9, IAS 39 and IFRS 7);
- COVID-19-Related Rent Concessions (Amendments to IFRS 16);
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative - Definition of Material); and
- Revisions to the Conceptual Framework for Financial Reporting.

b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the company has decided not to adopt early. The most significant of these which are all effective for the period beginning 1 January 2022 are:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

Carina Renewable Limited has progressed its projects dealing with the implementation of these key new accounting standards and management are assessing the impact on the financial statements, however the impacts are not expected to be material.

Carina Renewable Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

1 Accounting policies (continued)

Significant accounting policies

Foreign currency

The company's functional currency is the U.S. Dollar (\$).

Transactions in foreign currencies are translated to U.S. Dollars (\$) at the prevailing exchange rate at the transaction date. Monetary assets and liabilities denominated in currencies different from US\$ are retranslated at the closing exchange rates of the financial statements.

Non-monetary assets and liabilities denominated in currencies different from US\$ that are measured at fair value are retranslated to US\$ at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in currency different from the company's functional currency are translated using the average exchange rate at the month of the transaction.

At the year end the exchange rate ruling was £1 = \$1.3577 (2019 - £1 = \$1.3248).

Income and expenses

Income and expenses are included in profit or loss on an accruals basis. All of the group's income and expenses are derived from continuing operations.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account deferred taxation where transactions or events give rise to temporary differences between the treatment of certain items for taxation and for accounting purposes. A provision is made in full for deferred tax liabilities. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the benefit can be realised.

Current tax is provided at the amounts expected to be paid or recovered under the tax rates that have been enacted or substantively enacted by the statement of financial position date.

The charge for taxation is based on the profit or loss for the year and takes into account deferred taxation where transactions or events give rise to temporary differences between the treatment of certain items for taxation and for accounting purposes. A provision is made in full for deferred tax liabilities. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the benefit can be realised.

Carina Renewable Limited

**Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)**

Significant accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries are designated as equity instruments and stated at fair value less transaction costs that are directly attributable to the acquisition of the investments. Equity investments that are not held for trading are elected to classify at Fair Value through Other Comprehensive Income (FVTOCI) as permitted under IFRS 9. All fair value changes in respect of those assets are recognised in Other Comprehensive Income, accumulated in the Revaluation reserve, and will not be subsequently recycled through profit or loss.

The company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. Objective evidence would include a significant or prolonged decline in the fair value of the investment below its original cost. The determination of what is 'significant' or 'prolonged' requires judgement. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

There was no impairment recognised during the year (2019 - \$Nil).

Financial assets

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the company's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The company's financial assets measured at amortised cost comprise receivables from related parties and cash and cash equivalents in the consolidated statement of financial position.

Carina Renewable Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

1 Accounting policies (continued)

Significant accounting policies (continued)

Financial assets (continued)

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Financial liabilities

The company classifies its financial liabilities as other than financial liabilities in a qualifying hedging relationship. The company does not have any liabilities held for trading nor has it designated any financial liabilities as being fair value through profit or loss.

Unless otherwise indicated, the carrying amounts of the company's financial liabilities are a reasonable approximation of their fair values.

Other financial liabilities include trade payables. These liabilities are initially recognised at fair value and subsequently at amortised cost using the effective interest method. The effect of discounting on these financial instruments is not considered to be material.

The effect of discounting on these financial instruments is not considered to be material.

Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments.

Carina Renewable Limited

**Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)**

2 Critical accounting estimates and judgements

Estimates and assumptions

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Income taxes

During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the company recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when, despite the company's belief that its tax return positions are supportable, the company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The company believes that its accruals for tax liabilities are adequate based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the year in which such determination is made.

Fair value of equity instruments

Fair value has been estimated using discounted cash flow models. The valuation requires management to make certain assumptions about the models inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for unquoted equity investments.

Carina Renewable Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (*continued*)

3 Auditors' remuneration

The auditors' remuneration fee has been borne by another group company and has not been recharged to the company.

The company did not receive any non-audit services from the auditor in the year.

4 Employee benefit expense and key management personnel

Employees

The company did not have any employees during the year (2019 - None).

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, including the directors of the company listed on page 5. None of the directors were remunerated for their services as the directors of this company.

5 Tax expense

	2020 \$	2019 \$
Current tax expense		
Current tax on losses for the year	-	-
Deferred tax expense		
Deferred tax expense for the year	-	-
	<hr/>	<hr/>
Total tax expense	-	-
	<hr/>	<hr/>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom of 19.00% (2019 – 19.00%) applied to profit for the year are as follows:

Carina Renewable Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)

5 Tax expense (continued)

	2020 \$	2019 \$
Loss for the year	(41,046)	(9,971)
Income tax expense	-	-
	<hr/>	<hr/>
Loss before income taxes	(41,046)	(9,971)
Tax using the company's domestic rate tax rate of 19.00% (2019 – 19.00%)	(7,799)	(1,894)
Expenses not deductible for tax purposes	(2,255)	-
Change in deferred tax rate	(2,701)	199
Unrecognised losses carried forward	-	-
Deferred tax not recognised	12,755	1,695
Other	-	-
	<hr/>	<hr/>
Total tax expense	-	-
	<hr/>	<hr/>

The effects of changes to the corporation tax rates, substantively enacted as part of the Finance Act 2016 on 15 September 2016, made a reduction of UK corporation tax to 17% effective 1 April 2020. On 11 March 2020, it was announced that this change was to be reversed and the rate remains at 19% from 1 April 2020. This change was substantively enacted on 17 March 2020. Deferred taxes at the reporting date have been measured and reflected in these financial statements using the substantively enacted tax rate at the year end of 19%.

There were no other factors that may affect future tax charges.

	2020 \$	2019 \$
Unrecognised DTA	35,709	22,954
	<hr/>	<hr/>

The company has tax losses of \$187,943 (2019 - \$135,026) for which no deferred tax asset has been recognised. This is on the basis that the company is not expected to generate sufficient taxable profits within the foreseeable future against which these losses can be utilised.

Estimates and assumptions, including uncertainty over income tax treatments

No material uncertain tax positions exist as at 31 December 2020.

Carina Renewable Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)

6 Investments in subsidiaries

The subsidiaries of Carina Renewable Limited, all of which are unlisted, are as follows:

Name of direct subsidiary	Principal activity	Fair Market Value 2020 \$	Fair Market value 2019 \$	Proportion of ownership interest at 31 December 2020 \$	Proportion of ownership interest at 31 December 2019 \$
Aela Energia S.L. [1]	Investment holding company	179,061,405	178,909,911	100%	100%
Aela Generacion S.A.* [2]	Transmitting, generating, purchasing, supplying and selling electricity and related services	33,161,840	33,442,464	15.73%	15.73%
Total investments		212,223,245	212,352,375		
Name of indirect subsidiary					
Aela Negrete S.A.** [2]	Investment holding company			100%	100%
Aela Eólica Llanquihue S.p.A.** [2]	Building, owning and operating solar renewable energy projects			100%	100%
Aela Eólica Sarco S.p.A.** [2]	Building, owning and operating wind renewable energy projects			100%	100%
Aela Eolica Negrete S.p.A.*** [2]	Building, owning and operating wind and solar renewable energy projects			100%	100%
Aela Ficer **** [2]	Investment holding company			100%	100%
Aela Energia S.p.A. **** [2]	Investment holding company			100%	100%
Aela Administration S.p.A.***** [2]	Management company			100%	100%

* Remaining shareholding held through Aela Ficer (84.25%) and Aela Energia S.L (0.02%)

** Shareholding held by Aela Generacion S.A.

*** Shareholding held by Aela Negrete S.A.

**** Shareholding held by Aela Energia S.L.

***** Shareholding held by Aela Energia S.p.A.

[1] C/ Príncipe de Vergara, 112 4ª Planta, 28022, Madrid, Spain

[2] AV. Apoquindo 4800, Of. 1501-B, Las Condes, Santiago, Chile

Carina Renewable Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

6 Investments in subsidiaries (continued)

	2020 \$	2019 \$
Opening balance at 1 January	212,352,375	106,512,312
Additions: capital contribution	4,622,000	104,917,457
Adjustment to Fair Value of Investments	(4,751,130)	922,606
	<hr/>	<hr/>
Closing balance at 31 December	212,223,245	212,352,375
	<hr/>	<hr/>

During the year, the company's investment in Aela Energia S.L. was increased by \$4,622,000 (2019 – increase of \$104,917,457). This related to the contribution made by the shareholders in accordance with the Members Contribution Mechanism (account 118) available for entities registered in Spain.

All equity investments have been designated to be measured at fair value through other comprehensive income.

Fair value measurement and description of significant unobservable inputs to valuation

Fair value of equity instruments is recognised on a recurring basis. The determination of the fair value is considered to be Level 3 fair value measurement, as it is derived from valuation techniques that include inputs that are not based on observable market data.

During 2020, EBITDA margin and the discount rate were not impacted by COVID-19. In case the pandemic continues for a long period of time, any potential changes in the investment value would be reflected in the financial statements for the year ended 31 December 2021.

The significant unobservable inputs used in the fair value measurements, together with a quantitative sensitivity analysis as at 31 December 2020 and 2019 are as shown below:

Valuation technique	Significant unobservable inputs	Value/Range	Sensitivity analysis
Discounted cash flow method	• Average EBITDA margin	• 8.78% (2019 - 11.2%)	0.5% increase/(decrease) in the EBITDA margin over income would result in an increase/decrease in fair value to USD Million \$213.9/207.6 (2019 - USD Million \$215.90 /\$209.30)
	• Discount rate	• Aela Generacion SA Cost of equity 8.78% (2019 - 8.98%)	0.5% increase/(decrease) in the discount rate would result in an increase/decrease in fair value to USD Million \$221.9/\$200.5XXX (2019 - USD Million \$201.2/\$224.9)

Carina Renewable Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (*continued*)

7 Trade and other receivables

	2020 \$	2019 \$
Receivables from related parties (see note 13)	323	323

The carrying amounts of the company's trade and other receivables classified as financial assets measured at amortised cost are a reasonable approximation of their fair values.

8 Trade and other payables

	2020 \$	2019 \$
Payables to related parties (see note 13)	115,715	115,715
Accruals	35,257	20,379
	<u>150,972</u>	<u>136,094</u>

The carrying amounts of the company's trade and other payables classified as financial liabilities measured at amortised cost are a reasonable approximation of their fair values.

Carina Renewable Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

9 Financial instruments - risk management

The company's principal financial instruments comprise cash and cash equivalents and trade and other payables, which arise directly from its operations.

The main risks arising from the company's financial instruments are liquidity risk and credit risk. The policies for managing the risks are summarised below.

Liquidity risk

Liquidity risk arises from the company's management of working capital. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

Due to the dynamic nature of the underlying business, the liquidity risk is monitored regularly by the management. Further funding is available from other group companies.

The maturity analysis of financial instruments at 31 December is as follows:

	On demand and up to 3 months 2020 \$	On demand and up to 3 months 2019 \$
Receivables from related parties	323	323
Total financial assets	323	323
Payables to related parties	115,715	115,715
Total financial liabilities	115,715	115,715

Credit risk

Credit risk arises from exposure of deposits of cash and cash equivalents at banks. The exposure at 31 December 2020 was \$54,527 (2019 – \$50,695).

Carina Renewable Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

10 Capital management

The company's capital consists of share capital and reserves. The company's policy is to ensure that it has sufficient reserves to meet its requirements as a holding company. Additional capital is raised by issuing new share capital.

In addition, the company's policy is to maintain sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements.

The company has policies in place to ensure that deposits are placed with high-credit quality banks. It also only holds levels of cash required to the operation of the company. It has no borrowings.

The table below shows the total capital considered by the company as of 31 December:

	2020 \$	2019 \$
Share capital	182,171,216	177,519,216
Reserves	44,402,448	44,443,494
Revaluation reserve (note 12)	(14,446,541)	(9,695,411)
	<u>212,127,123</u>	<u>212,267,299</u>

11 Share capital

	2020 Number	2019 Number	2020 \$	2019 \$
<i>Ordinary shares of \$1 each</i>				
Authorised, issued and fully paid				
At 1 January	177,519,216	72,548,233	177,519,216	72,548,233
Shares issued during the year	4,652,000	104,970,983	4,652,000	104,970,983
	<u>182,171,216</u>	<u>177,519,216</u>	<u>182,171,216</u>	<u>177,519,216</u>
At 31 December	<u>182,171,216</u>	<u>177,519,216</u>	<u>182,171,216</u>	<u>177,519,216</u>

During the year, Carina Renewable Limited's share capital was increased by a total amount of \$4,652,000 (2019 - \$104,970,983). This related to the issuance of 2,356,000 \$1 ordinary shares in February 2020, 2,296,000 \$1 ordinary shares in July 2020.

Carina Renewable Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (*continued*)

12 Reserves

	Retained earnings 2020 \$	Retained earnings 2019 \$
At 1 January	44,443,494	44,453,465
Loss for the year	(41,046)	(9,971)
At 31 December	44,402,448	44,443,494
	Revaluation Reserves 2020 \$	Revaluation reserves 2019 \$
At 1 January	(9,695,411)	(10,618,017)
Revaluation of investments	(4,751,130)	922,606
At 31 December	(14,446,541)	(9,695,411)

Share capital

Share capital represents the issued and fully paid up equity share capital of the Company.

Revaluation reserve

Revaluation reserve represents fair value adjustments arising on the revaluation of the group's investments

Retained earnings

Retained earnings represents cumulative profits, losses, and total other comprehensive income made by the Company, including distributions to, and contributions from, the owner.

Carina Renewable Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)

13 Related party transactions

During the year the company entered into the following transactions with related parties:

Related Parties	Nature of Transaction	Terms	Transactions for the year ended 31 December 2020 \$	Amounts due (from)/to related parties as of 31 December 2020 \$
Aquila Renewable Limited	On behalf of expense payments	Due on demand	-	(323)
Actis Energy 3 L.P.	Expenses shouldered	Due on demand	-	27,152
Aela Generacion S.A.	Amounts due for purchase of shares	Due on demand	-	10,000
Aela Energia S.P.A. Chile	On behalf of expense payments	Due on demand	-	71,246
Aela Energia S.L. Spain	On behalf of expense payments	Due on demand	-	3,909
Aela Negrete SpA	On behalf of expense payments	Due on demand	-	3,408

Carina Renewable Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 *(continued)*

13 Related party transactions *(continued)*

Related Parties	Nature of Transaction	Terms	Transactions for the year ended 31 December 2019 \$	Amounts due (from)/to related parties as of 31 December 2019 \$
Aquila Renewable Limited	On behalf of expense payments	Due on demand	-	(323)
Actis Energy 3 L.P.	Expenses shouldered	Due on demand	-	27,151
Aela Generacion S.A.	Amounts due for purchase of shares	Due on demand	-	10,000
Aela Energia S.P.A. Chile	On behalf of expense payments	Due on demand	-	71,246
Aela Energia S.L. Spain	On behalf of expense payments	Due on demand	-	3,909
Aela Negrete SpA	On behalf of expense payments	Due on demand	-	3,408

All related party transactions are non-interest bearing and are unsecured.

14 Ultimate parent company and controlling party

The immediate parent undertaking is Aquila Renewable Limited, a company registered in the United Kingdom. The smallest group to consolidate these financial statements is Aquila Renewable Limited. Copies of the consolidated financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The group is ultimately controlled by four limited partnerships: (i) Actis Energy 3 LP, Actis Energy 3A LP, Actis Energy 3C LP each managed by its general partner Actis GP LLP; and (ii) Actis Energy 3 Co-Investment Scheme LP, which is managed by Actis Guernsey GP Limited.

Carina Renewable Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

15 Events after the reporting year

At the date of authorisation of these financial statements there were no events after the reporting year.

16 Notes supporting statement of cash flows

Cash and cash equivalents for the purposes of the statement of cash flows comprises:

	2020	2019
	\$	\$
Cash at bank available on demand	54,527	50,695

There were no significant non-cash transactions during the year.