

**Registered number: 08848567**

**Malwine Solar SPV 1 Limited**

**Directors' report and financial statements**

**For the year ended 31 December 2016**

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## **Malwine Solar SPV 1 Limited**

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**Malwine Solar SPV 1 Limited**

**Company Information**

**Directors**

T Rosser (appointed 20 June 2016)  
A D K Brierley (appointed 5 May 2017)  
K A Shenton (appointed 5 May 2017)

**Company secretary**

S Ludlow (appointed 14 June 2017)

**Registered number**

08848567

**Registered office**

6th Floor  
33 Holburn  
London  
EC1N 2HT

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Central Square South  
Orchard Street  
Newcastle upon Tyne  
NE1 3AZ

**Bankers**

Royal Bank of Scotland  
280 Bishopsgate  
London  
EC2M 4RB

**Solicitors**

Shakespeare Martineau LLP  
No. 1 Colmore Square  
Birmingham  
B4 6AA

## **Malwine Solar SPV 1 Limited**

### **Directors' report For the year ended 31 December 2016**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2016.

This is the first year the company has adopted FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland." Details of the transition have been presented in note 19 of the financial statements.

#### **Principal activity**

The Company is a wholly owned subsidiary of a group of companies of which the principal activities are that of construction and operation of solar plants and the generation of solar power.

#### **Going concern**

The financial statements have been prepared on the going concern basis. The directors have prepared forecasts and reviewed capital requirements for twelve months from the date of approving these financial statements, which indicate the business can continue to trade for at least twelve months.

#### **Results and dividends**

The loss for the financial year amounted to £1,260,261 (2015 - loss £915,609).

No interim dividends were paid out during the year (2015 - £nil). The director's have not proposed a final dividend (2015 - £nil).

#### **Directors**

The directors who served during the year and up to the date of signing the financial statements were:

A D K Briefley (appointed 5 May 2017)  
K A Shenton (appointed 5 May 2017)  
P S Latham (appointed 20 June 2016 and resigned 5 May 2017)  
S Goss (appointed 20 June 2016 and resigned 5 May 2017)  
T Rosser (appointed 20 June 2016)  
OCS Services Limited (resigned 20 June 2016)  
M G Setchell (resigned 20 June 2016)

## **Malwine Solar SPV 1 Limited**

### **Directors' report (continued) For the year ended 31 December 2016**

#### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

#### **Statement of disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Small companies' exemption**

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

**Malwine Solar SPV 1 Limited**

**Directors' report (continued)  
For the year ended 31 December 2016**

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Post balance sheet events**

On 5 May 2017, 100% of the share capital of the company was sold to Renewable Energy Income Partnership Holdings Limited, a company incorporated in England.

This report was approved by the board on *27 SEPTEMBER 2017* and signed on its behalf.

A handwritten signature in black ink, appearing to be 'T Rosser', written over a horizontal line.

**T Rosser**  
Director

## **Malwine Solar SPV 1 Limited**

### **Independent auditors' report to the members of Malwine Solar SPV 1 Limited**

## **Report on the financial statements**

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### **Our opinion**

In our opinion Malwine Solar SPV 1 Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

### **What we have audited**

The financial statements, included within the Directors' report and financial statements (the "Annual report") comprise:

- the Statement of financial position as at 31 December 2016;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice), applicable to Smaller Entities.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

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

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

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' report. We have nothing to report in this respect.

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### **Other matters on which we are required to report by exception**

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#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

## **Malwine Solar SPV 1 Limited**

### **Independent auditors' report to the members of Malwine Solar SPV 1 Limited**

We have no exceptions to report arising from this responsibility.

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#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

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#### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies' regime; and take advantage of the small companies' exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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### **Responsibilities for the financial statements and the audit**

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#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities as 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 & Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.



## **Malwine Solar SPV 1 Limited**

### **Independent auditors' report to the members of Malwine Solar SPV 1 Limited**

We have no exceptions to report arising from this responsibility.

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#### **Directors' remuneration**

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We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

**Malwine Solar SPV 1 Limited**

**Independent auditors' report to the members of Malwine Solar SPV 1 Limited**

**What an audit of financial statements involves (continued)**

In addition, we read all the financial and non-financial information in the Directors' report and financial statements (the "Annual report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



Richard Lingwood (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne

Date: 27 September 2017

**Malwine Solar SPV 1 Limited**

**Independent auditors' report to the members of Malwine Solar SPV 1 Limited**

**What an audit of financial statements involves (continued)**

In addition, we read all the financial and non-financial information in the Directors' report and financial statements (the "Annual report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

Richard Lingwood (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne

Date:

**Malwine Solar SPV 1 Limited**

**Statement of comprehensive income  
For the year ended 31 December 2016**

	Note	2016 £	2015 £
Turnover	4	1,088,367	1,403,415
Cost of sales		(989,646)	(986,452)
<b>Gross profit</b>		<b>98,721</b>	<b>416,963</b>
Administrative expenses		(209,538)	(208,090)
<b>Operating (loss)/profit</b>	5	<b>(110,817)</b>	<b>208,873</b>
Interest receivable and similar income		2,600	2,278
Interest payable and similar charges		(1,152,044)	(1,127,864)
<b>Loss on ordinary activities before taxation</b>		<b>(1,260,261)</b>	<b>(916,713)</b>
Tax on loss on ordinary activities	7	-	1,104
<b>Loss for the financial year</b>		<b>(1,260,261)</b>	<b>(915,609)</b>
<b>Other comprehensive expense for the year</b>			
Change in value of hedging instrument		(275,453)	146,702
<b>Other comprehensive expense for the year</b>		<b>(275,453)</b>	<b>146,702</b>
<b>Total comprehensive expense for the year</b>		<b>(1,535,714)</b>	<b>(768,907)</b>

**Malwine Solar SPV 1 Limited**  
**Registered number: 08848567**

**Statement of financial position**  
**As at 31 December 2016**

	Note	2016 £	2016 £	As restated 2015 £	As restated 2015 £
<b>Fixed assets</b>					
Tangible assets	8		15,202,712		15,913,043
<b>Current assets</b>					
Debtors: amounts falling due within one year	9	601,196		980,046	
Cash at bank and in hand		616,731		729,357	
		<u>1,217,927</u>		<u>1,709,403</u>	
Creditors: amounts falling due within one year	10	(1,856,174)		(781,799)	
<b>Net current (liabilities)/assets</b>			<u>(638,247)</u>		<u>927,604</u>
<b>Total assets less current liabilities</b>			<u>14,564,465</u>		<u>16,840,647</u>
Creditors: amounts falling due after more than one year	11		(17,588,384)		(18,328,862)
<b>Net liabilities</b>			<u>(3,023,919)</u>		<u>(1,488,215)</u>
<b>Capital and reserves</b>					
Called up share capital	13		10		-
Cash flow hedge reserve			(705,642)		(430,189)
Retained deficit			(2,318,287)		(1,058,026)
<b>Total shareholders' deficit</b>			<u>(3,023,919)</u>		<u>(1,488,215)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on <sup>27</sup> ~~SEPTEMBER~~ 2017



**T Rosser**  
Director

The notes on pages 11 to 22 form part of these financial statements.

**Malwine Solar SPV 1 Limited**

**Statement of changes in equity  
For the year ended 31 December 2016**

	<b>Called up share capital</b>	<b>Other reserves</b>	<b>Retained deficit</b>	<b>Total shareholders' deficit</b>
	£	£	£	£
<b>At 1 January 2015 (as restated)</b>	-	(576,891)	(142,417)	(719,308)
<b>Comprehensive expense for the year</b>				
Loss for the financial year	-	-	(915,609)	(915,609)
Change in value of hedging instrument	-	146,702	-	146,702
<b>Other comprehensive expense for the year</b>	-	146,702	-	146,702
<b>Total comprehensive expense for the year</b>	-	146,702	(915,609)	(768,907)
<b>At 1 January 2016 (as restated)</b>	-	(430,189)	(1,058,026)	(1,488,215)
<b>Comprehensive expense for the year</b>				
Loss for the financial year	-	-	(1,260,261)	(1,260,261)
Change in value of hedging instrument	-	(275,453)	-	(275,453)
<b>Other comprehensive expense for the year</b>	-	(275,453)	-	(275,453)
<b>Total comprehensive expense for the year</b>	-	(275,453)	(1,260,261)	(1,535,714)
Shares issued during the year	10	-	-	10
<b>At 31 December 2016</b>	10	(705,642)	(2,318,287)	(3,023,919)

## **Malwine Solar SPV 1 Limited**

### **Notes to the financial statements For the year ended 31 December 2016**

#### **1. General information**

Malwine Solar SPV 1 Limited is a private company, limited by shares, incorporated in and domiciled in the United Kingdom, registration number 08848567. The registered office is 6th Floor, 33 Holburn, London, EC1N 2HT.

The Company is a wholly owned subsidiary of a group of companies of which the principal activities are that of construction and operation of solar plants and the generation of solar power.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention except for financial instruments which are held at fair value and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 19.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### **2.2 Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, required under section 7 of FRS 102 and para 3.17(d), on the basis that it is a small company;
- from disclosing the Company's key management personnel compensation as required by FRS 102 para 33.7; and
- from disclosing related party transactions that are wholly owned within the same group under paragraph 33.1A from the provisions of FRS 102, on the grounds that at 31 December 2016 it was a wholly owned subsidiary

##### **2.3 Going concern**

The financial statements have been prepared on the going concern basis. The directors have prepared forecasts and reviewed capital requirements for the twelve months from the date of approving these financial statements, which indicate the business can continue to trade for at least twelve months.

## **Malwine Solar SPV 1 Limited**

### **Notes to the financial statements For the year ended 31 December 2016**

#### **2. Accounting policies (continued)**

##### **2.4 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **2.5 Tangible assets**

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, .

Depreciation is provided on the following basis:

Long-term leasehold property	- 4% straight line
Plant and machinery	- 4% and 10% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

##### **2.6 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **2.7 Related party transactions**

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.



## **Malwine Solar SPV 1 Limited**

### **Notes to the financial statements For the year ended 31 December 2016**

#### **2. Accounting policies (continued)**

##### **2.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### **2.9 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

##### **2.10 Financial instruments**

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

##### **2.11 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

## **Malwine Solar SPV 1 Limited**

### **Notes to the financial statements For the year ended 31 December 2016**

#### **2. Accounting policies (continued)**

##### **2.12 Operating leases**

Rentals under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

##### **2.13 Hedge accounting**

The Company uses variable to fixed interest rate swaps to manage its exposure to fair value risk on its financial instruments. These derivatives are measured at fair value at each balance sheet date.

To the extent the cash flow hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the year.

Gains and losses on the hedging instruments and the hedged items are recognised in profit or loss for the year. When a hedged item is an unrecognised firm commitment, the cumulative hedging gain or loss on the hedged item is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

##### **2.14 Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **2.15 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

##### **2.16 Borrowing costs**

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

##### **2.17 Current taxation**

Tax is recognised in the Statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

##### **2.18 Contingent Liabilities**

Contingent liabilities, arising out of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

## Malwine Solar SPV 1 Limited

### Notes to the financial statements For the year ended 31 December 2016

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *(a) Critical judgements in applying the Company's accounting policies*

There are no critical judgements in applying the entity's accounting policies.

##### *(b) Critical accounting estimates and assumptions*

The fair value of derivative financial instruments is considered to be a critical accounting estimate. This valuation is made in conjunction with the mark-to-market confirmations supplied by the derivative counterparties.

#### 4. Turnover

The whole of the turnover is attributable to the Company's main activity which is carried out in the United Kingdom.

No analysis of turnover is presented as the directors consider such disclosure to be seriously prejudicial to the interests of the Company.

#### 5. Operating (loss)/profit

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

	2016 £	2015 £
Depreciation of tangible assets	675,408	678,908
Auditors' remuneration	1,910	1,855
Auditors' remuneration - accounts preparation	625	605
Auditors' remuneration - taxation compliance services	725	695
Operating lease charge	83,352	82,205

#### 6. Employees and directors' remuneration

The Company has no employees other than the directors, who did not receive any remuneration (2015 - £nil).

**Malwine Solar SPV 1 Limited**

**Notes to the financial statements  
For the year ended 31 December 2016**

**7. Tax on loss on ordinary activities**

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on losses for the year	-	-
Adjustments in respect of previous periods	-	(1,104)
<b>Total current tax</b>	<u>-</u>	<u>(1,104)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before taxation	<u>(1,260,261)</u>	<u>(916,713)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -20%)	<u>(252,052)</u>	<u>(183,343)</u>
<b>Effects of:</b>		
Utilisation of tax losses	<u>252,052</u>	<u>182,239</u>
<b>Total tax charge for the year</b>	<u>-</u>	<u>(1,104)</u>

**Factors that may affect future tax charges**

The Company has no tax liability for the year and there are tax losses of approximately £256,273 (2015 - £130,941) available to carry forward. The Company has not recognised a deferred tax asset in respect of losses available to carry forward due to there being insufficient certainty regarding its recovery.

**Malwine Solar SPV 1 Limited**

**Notes to the financial statements  
For the year ended 31 December 2016**

**8. Tangible assets**

	Long-term leasehold property £	Plant and machinery £	Total £
<b>Cost</b>			
At 1 January 2016	402,336	16,512,168	16,914,504
Disposals	-	(34,923)	(34,923)
At 31 December 2016	<u>402,336</u>	<u>16,477,245</u>	<u>16,879,581</u>
<b>Accumulated depreciation</b>			
At 1 January 2016	15,038	986,423	1,001,461
Charge for the year	16,093	659,315	675,408
At 31 December 2016	<u>31,131</u>	<u>1,645,738</u>	<u>1,676,869</u>
<b>Net book value</b>			
At 31 December 2016	<u>371,205</u>	<u>14,831,507</u>	<u>15,202,712</u>
At 31 December 2015	<u>387,298</u>	<u>15,525,745</u>	<u>15,913,043</u>

**9. Debtors**

	2016 £	2015 £
Trade debtors	106,897	106,103
Amounts owed by group undertakings	104,508	289,230
Prepayments and accrued income	389,781	584,713
Other debtors	10	-
	<u>601,196</u>	<u>980,046</u>

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

**Malwine Solar SPV 1 Limited**

**Notes to the financial statements  
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**10. Creditors: Amounts falling due within one year**

	2016 £	As restated 2015 £
Bank loans and overdrafts	261,368	-
Trade creditors	6,012	2,231
Other creditors including taxation and social security	52,828	151,460
Accruals and deferred income	788,235	154,814
Financial instruments	747,731	473,294
	<u>1,856,174</u>	<u>781,799</u>

Included within bank loans and overdrafts is £261,368 (2015 - £nil) which is secured by a fixed and floating charge over the assets of the company.

Included within accruals and deferred income is an amount of £644,709 (2015 - £nil) related to interest payable on unsecured loans.

**11. Creditors: Amounts falling due after more than one year**

	2016 £	2015 £
Bank loans and overdrafts	9,682,233	10,422,711
Amounts owed to group undertakings	7,906,151	7,906,151
	<u>17,588,384</u>	<u>18,328,862</u>

Included within bank loans and overdrafts is £9,513,955 (2015 - £10,422,711) which is secured by a fixed and floating charge over the assets of the Company. The loan bears interest at 4.87% (2015 - 3.17%). £320,560 (2015 - £261,368) is repayable between one and two years and the balance is repayable within two to five years.

Included within amounts owed to group undertakings are unsecured loans with year end balances totalling £7,906,151 (2015 - £7,906,151). The loans bear interest at 8% (2015 - 8%) and are repayable after more than five years.

**Malwine Solar SPV 1 Limited**

**Notes to the financial statements  
For the year ended 31 December 2016**

**12. Financial instruments**

	2016 £	As restated 2015 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	616,731	729,357
	<u>616,731</u>	<u>729,357</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	18,696,827	18,637,367
Financial liabilities measured at fair value through other comprehensive income	747,731	473,294
	<u>19,444,558</u>	<u>19,110,661</u>

**13. Called up share capital**

	2016 £	2015 £
<b>Allotted and fully paid</b>		
1,000 (2015 - 1) Ordinary shares of £0.01 each	10	-
20 (2015 - 20) Deferred shares of £0.01 each	-	-
	<u>10</u>	<u>-</u>

During the year 999 ordinary shares were issued at a nominal value of £0.01 each for a total consideration of £9.99.

**14. Derivative financial instruments**

The Company enters into interest rate swaps to mitigate interest rate risk on its bank loans. At 31 December 2016 the outstanding contracts have a maturity in excess of one year. The Company is committed to LIBOR and pay a fixed rate amount.

	2016 £	As restated 2015 £
<b>Carrying amount of financial liabilities</b>		
Measured at fair value through other comprehensive income	747,731	473,294
	<u>747,731</u>	<u>473,294</u>

## Malwine Solar SPV 1 Limited

### Notes to the financial statements For the year ended 31 December 2016

#### 15. Contingent liabilities

The Company has a constructive obligation to return the land on which solar sites are built to its original condition, at the end of the lease. The directors believe that given the nature of the assets, the lessor may wish to either take title of the assets for either continued use or to realise value through selling the assets and as such the directors do not believe that an outflow is probable to settle this restoration obligation. The directors will continue to monitor this situation at each reporting date.

#### 16. Commitments under operating leases

The Company has future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Future minimum lease payments	<u>2,206,376</u>	<u>2,287,879</u>

#### 17. Related party transactions

The Company has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102, on the grounds that at 31 December 2016 it was a wholly owned subsidiary.

The Company has identified the following transactions which fall to be disclosed under the terms of FRS 102 "Related party transactions".

During the year ended 31 December 2016, the Company was charged £36,033 (2015 - £49,884) and £5934 (2015 - £7,391) in respect of management fees and rechargeable expenses respectively by Lightsource Renewable Energy Holdings Limited, a related party due to its significant influence over the entity. At the year end, an amount of £nil (2015 - £7,121) was outstanding which is included in trade debtors.

During the year, monitoring fees of £76,052 (2015 - £80,545) were charged by Octopus Investments Limited, a related party due to its significant influence over the entity. At the year end, no amount was outstanding (2015 - £nil).

During the year, the Company's parent company, Malwine Solar Limited met expenditure of £nil (2015 - £148,254) on behalf of the Company. The Company was also charged interest of £644,622 (2015 - £588,611) by its parent company. At the year end, a total of £8,446,352 (2015 - £7,616,921) was outstanding of which £104,508 (2015 - £289,230) is included within debtors and £8,550,860 (2015 - £7,906,151) is included within creditors.

During the year 999 ordinary shares were issued at a nominal value of £0.01 each for a total consideration of £9.99 to Malwine Solar Limited.

#### 18. Immediate and ultimate parent undertaking and controlling party

Malwine Solar Limited is the immediate parent company and ultimate parent undertaking. The directors do not consider the Company to have an ultimate controlling party, by virtue of a split holding in its shares. The results of the Company are not consolidated within any other company.



**Malwine Solar SPV 1 Limited**

**Notes to the financial statements  
For the year ended 31 December 2016**

**19. Transition to FRS 102**

This is the first year that the Company has presented its results under FRS 102. The last financial statements under UK GAAP were for the year ended 31 December 2015. The date of transition to FRS 102 was 1 January 2015. Set out below are the changes in accounting policies which reconcile loss for the financial year ended 31 December 2015 and the total equity as at 1 January 2015 and 31 December 2015 between UK GAAP as previously reported and FRS 102.

**Transition exemptions**

The Group and Company have taken the following transition exemption in preparing its first financial statements under FRS 102.

- (i) The Company has taken advantage of the exemption under paragraph 35.10(f) of FRS 102 to measure investments in subsidiaries, associates and jointly controlled entities in its separate opening balance sheet at cost.

In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided as below:

**Reconciliation of loss for the financial year**

	<b>As restated 31 December 2015 £</b>
Loss for the financial year as previously reported under UK GAAP	<b>(915,609)</b>
Adjustment on transition	<b>146,702</b>
<b>Loss for the financial year as reported under FRS 102</b>	<b><u>(768,907)</u></b>

**Malwine Solar SPV 1 Limited**

**Notes to the financial statements  
For the year ended 31 December 2016**

**Reconciliation of equity**

	<b>As restated 1 January 2015 £</b>	<b>As restated 31 December 2015 £</b>
Total shareholders' deficit as previously reported under UK GAAP	<b>(142,417)</b>	<b>(1,058,026)</b>
Adjustment on transition	<b>(576,891)</b>	<b>(430,189)</b>
<b>Total shareholders' deficit as reported under FRS 102</b>	<b><u>(719,308)</u></b>	<b><u>(1,488,215)</u></b>

**Adjustments on transition**

- (1) Interest rate swaps have been revalued to fair value at each relevant balance sheet date and derivative assets and liabilities recognised where required. These are accounted for via cash flow hedge accounting. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period.