

Registered number: 09195335

CANADIAN SOLAR UK PROJECTS LTD
REVISED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 29 AUGUST 2014 TO 31 DECEMBER 2015

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COMPANIES HOUSE

Sayers Butterworth LLP

CANADIAN SOLAR UK PROJECTS LTD

Company Information

Directors	R Scognamiglio (appointed 11 December 2015) D Giannoulakis (appointed 6 August 2015) G Prearo (appointed 20 June 2017)
Company secretary	JD Secretariat Limited
Registered number	09195335
Registered office	1 Lumley Street London W1K 6TT
Independent auditor	Deloitte LLP 2 New Street Square London United Kingdom EC4A 3BZ
Accountants	Sayers Butterworth LLP 3rd Floor 12 Gough Square London EC4A 3DW

CANADIAN SOLAR UK PROJECTS LTD

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CANADIAN SOLAR UK PROJECTS LTD

Directors' report For the Period Ended 31 December 2015

The directors present their revised annual report and the audited financial statements for the period ended 31 December 2015.

Organisation and principal activity

Candian Solar UK Projects Ltd (the 'Company') was incorporated on 29 August 2014 (Companies House registration number 09195335) and is a holding company.

At the period end, the Company is a wholly-owned subsidiary of Canadian Solar International Limited and Canadian Solar Inc., the ultimate parent undertaking.

Revised financial statements

The revised financial statements replace the original financial statements for the period ended 31 December 2015 which were approved and authorised for issue on 20 July 2016. They are now the statutory financial statements of the Company for the financial period. In accordance with the Companies Act 2006 ('the Act'), the financial statements have been revised as at the date of the original financial statements and not as at the date of this revision. Accordingly they do not deal with events between those dates.

The original financial statements approved and authorised for issue on 20 July 2016 failed to comply with the requirements of the Companies Act as they were based on estimates rather than actuals. Accordingly, all balances in the statement of comprehensive income, balance sheet, statement of changes in equity, and related notes have been corrected and the directors report has been revised to correct inaccurate disclosures.

Change of accounting period end

The accounting period end was changed to 31 December 2015 from 31 August 2015 resulting in a period of sixteen months.

Results and dividends

The loss for the period, after taxation, amounted to £7,827,573.

No dividends were paid during the period.

Directors

The directors who served during the period and subsequently were:

F Spucches (appointed 3 December 2014, resigned 5 August 2015)
S Pflug (appointed 29 August 2014, resigned 4 December 2014)
J Kuerschner (appointed 29 August 2014, resigned 4 December 2014)
A Doda (appointed 3 December 2014, resigned 11 December 2015)
R Scognamiglio (appointed 11 December 2015)
D Giannoulakis (appointed 6 August 2015)
G Prearo (appointed 20 June 2017)

CANADIAN SOLAR UK PROJECTS LTD

Directors' report (continued) For the Period Ended 31 December 2015

Future developments and going concern

Canadian Solar UK Projects Ltd operates as a holding company for entities which either own, or have a controlling interest in the shares of entities that own assets in solar farms; as such the nature of Canadian Solar UK Projects Ltd's business is predictable and not subject to material change. The directors see no reason as to why the nature of Canadian Solar UK Projects Ltd will materially change in the foreseeable future.

The Company will continue to exist as a going concern and there are no plans to liquidate the Company. Further details in respect of going concern are provided in note 2.5 to the financial statements.

Financial instruments

Objectives and policies

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the Company is presented as a liability in the balance sheet.

Price risk, credit risk, liquidity risk and cash flow risk

The business' principal financial instruments comprise bank balances, trade debtors and creditors. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the timing of collecting debts and payments of liabilities. All of the business' cash balances are held in such a way that achieves a competitive rate of interest.

Trade debtors are managed in respect of cash flow risk by the regular monitoring of amounts outstanding.

Creditors liquidity is managed by ensuring sufficient funds are available to meet amounts due.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Post balance sheet events

There have been no significant events affecting the Company between 31 December 2015 and 20 July 2016, the date the estimated original financial statements were approved.

CANADIAN SOLAR UK PROJECTS LTD

**Directors' report (continued)
For the Period Ended 31 December 2015**

Auditor

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

This Director's report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption and accordingly no Strategic report has been presented.

This report was approved by the board on 20 December 2017 and signed on its behalf.

G Prearo
Director



CANADIAN SOLAR UK PROJECTS LTD

Directors' responsibilities statement For the Period from 29 August 2014 to 31 December 2015

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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Under section 454 of the Act the directors have authority to revise annual financial statements and directors' report if they do not comply with the Act. The revised financial statements and reports must be amended in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and in accordance therewith do not take account of events which have taken place after the date on which the original financial statements were approved. The Regulations require that the revised financial statements show a true and fair view as if they were prepared and approved by the directors as at the date of the original financial statements.

CANADIAN SOLAR UK PROJECTS LTD

Independent auditor's report to the shareholders of Canadian Solar UK Projects Ltd

We have audited the revised financial statements of Canadian Solar UK Projects Ltd for the period 29 August 2014 to 31 December 2015, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These revised financial statements replaced the original financial statements approved by the Directors on 20 July 2016. The revised financial statements have been prepared under The Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

This report is made solely to the Company's members, as a body, in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008. 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 under those regulations and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the revised 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 revised financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standards for Auditors.

Scope of the audit of the revised financial statements

An audit involves obtaining evidence about the amounts and disclosures in the revised 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 revised financial statements. In addition, we read all the financial and non-financial information in the revised annual report to identify material inconsistencies with the revised 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.

The audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

Opinion on financial statements

In our opinion the revised financial statements:

- give a true and fair view, seen as at the date the original financial statements were approved, of the state of the Company's affairs as at 31 December 2015 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice seen as at the date the original financial statements were approved; and

CANADIAN SOLAR UK PROJECTS LTD

Independent auditor's report to the shareholders of Canadian Solar UK Projects Ltd (continued)

- have been prepared in accordance with the provisions of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulation 2008.

Emphasis of matter - revision of financial statements

In forming our opinion on the revised financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2.1 to these revised financial statements concerning the use to revise the financial statements. The original financial statements were approved on 20 July 2016. We have not performed a subsequent events review for the period from the date when the original financial statements were approved to the date of this report.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the original financial statements for the period ended 31 December 2015 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the statement contained in note 2.1 to these revised financial statements.

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the revised Directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the revised financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the revised Directors' report.

David Paterson
David Paterson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor

London, United Kingdom
20 December 2017

CANADIAN SOLAR UK PROJECTS LTD

**Revised statement of comprehensive income (incorporating the profit and loss account)
For the Period from 29 August 2014 to 31 December 2016**

		Period 29 August 2014 to 31 December 2016 £
	Note	
Administrative expenses		(7,088,712)
Operating loss	4	(7,088,712)
Impairment of investments	4	(1,210,000)
Interest receivable	6	449,139
Loss before tax		(7,827,573)
Tax on loss	7	-
Loss for the period		(7,827,573)
Total comprehensive loss for the period		(7,827,573)

The notes on pages 10 to 20 form part of these financial statements.

CANADIAN SOLAR UK PROJECTS LTD
Registered number:09195335

**Revised balance sheet
As at 31 December 2015**

	Note	2015 £
Fixed assets		
Investments	8	116,957
		<u>116,957</u>
Current assets		
Stocks	9	1,484,724
Debtors: amounts falling due within one year	10	53,238,147
Cash at bank and in hand		1,051,412
		<u>55,774,283</u>
Creditors: amounts falling due within one year	11	(63,718,313)
Net current liabilities		<u>(7,944,030)</u>
Total assets less current liabilities		<u>(7,827,073)</u>
Net liabilities		<u><u>(7,827,073)</u></u>
Capital and reserves		
Called up share capital	12	500
Profit and loss account		(7,827,573)
		<u><u>(7,827,073)</u></u>

The revised financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 December 2017.

These accounts are revised and correct the original accounts which were authorised for issue on 20 July 2016. These revised accounts represent the statutory accounts of the company under section 454 of the Companies Act 2006 and correct the original accounts referred to above. These revised accounts have been prepared as at the date of the approval of the original accounts, being 20 July 2016, and not as at the date of the revision and accordingly do not deal with events between 20 July 2016 and 20 December 2017.

G Prearo
Director

The notes on pages 10 to 20 form part of these financial statements.



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**Revised statement of changes in equity
For the Period from 29 August 2014 to 31 December 2015**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Comprehensive loss for the period			
Loss for the period	-	(7,827,573)	(7,827,573)
Total comprehensive loss for the period	-	(7,827,573)	(7,827,573)
Shares issued during the period	500	-	500
Total transactions with owners	500	-	500
At 31 December 2015	500	(7,827,573)	(7,827,073)

CANADIAN SOLAR UK PROJECTS LTD

Notes to the financial statements For the period from 29 August 2014 to 31 December 2015

1. General information

Canadian Solar UK Projects Ltd is a private company limited by shares and is incorporated in the United Kingdom and registered in England and Wales. The Company is a holding company.

The Company's registered office is 1 Lumley Street, Mayfair, London, W1K 6TT and its principal place of business is 3rd Floor, 78 Pall Mall, London, SW1Y 5ES.

2. Accounting policies

2.1 Revised financial statements

The original financial statements authorised for issue on 20 July 2016 failed to comply with the requirements of the Companies Act as they were based on estimated financial information rather than actuals. Accordingly, all balances in the statement of comprehensive income, balance sheet, statement of changes in equity, and related notes, have been amended to reflect the actual position of the Company at the period end. These revised accounts represent the statutory accounts of the Company under section 454 of the Companies Act 2006.

2.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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, including the early adoption of the July 2015 amendments. The Company has taken advantage of the disclosure exemptions allowed under this standard. The Company's ultimate parent company, Canadian Solar Inc., was notified of and did not object to the use of these exemptions.

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015. These financial statements are for the Company's first period of account.

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

The following principal accounting policies have been applied:

2.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Canadian Solar Inc. as at 31 December 2015 and these financial statements may be obtained from 545 Speedvale Avenue West, Guelph, Ontario, Canada, N1K 1E6, which is its registered office.

CANADIAN SOLAR UK PROJECTS LTD

Notes to the financial statements For the period from 29 August 2014 to 31 December 2015

2. Accounting policies (continued)

2.4 Consolidated financial statements

The Company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The Company and its subsidiaries are consolidated into the financial statements of Canadian Solar Inc., the ultimate parent undertaking.

2.5 Going concern

The financial statements have been prepared on a going concern basis despite an excess of total liabilities over total assets of £7,827,073. The directors consider this to be appropriate as it is the intention of the ultimate parent undertaking, Canadian Solar Inc., to provide financial support for at least twelve months from the date of the approval of these financial statements.

2.6 Valuation of Investment

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments are evaluated for impairment when facts or circumstances indicate that the fair value of the investment is less than its carrying value. An impairment is recognised when a decline in fair value is determined to be other-than-temporary. The Company reviews several factors to determine whether a loss is other-than-temporary. These factors include, but are not limited to, the: (i) nature of the investment; (ii) cause and duration of the impairment; (iii) extent to which fair value is less than the cost; (iv) financial conditions and near term prospects of the affiliates; and (v) ability to hold the security for a period of time sufficient to allow for any anticipated recovery in fair value.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 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.

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, where applicable, are shown within borrowings in current liabilities.

CANADIAN SOLAR UK PROJECTS LTD

Notes to the financial statements For the period from 29 August 2014 to 31 December 2015

2. Accounting policies (continued)

2.10 Financial Instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet 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.

The Company did not have any derivatives during the period.

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.

CANADIAN SOLAR UK PROJECTS LTD

Notes to the financial statements For the period from 29 August 2014 to 31 December 2015

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.13 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.14 Interest income

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

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Notes to the financial statements For the period from 29 August 2014 to 31 December 2015

2. Accounting policies (continued)

2.15 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge 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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

Estimates and judgments 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.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

Critical judgments

In preparing these financial statements, the following significant judgments have been made:

(i) Impairment of investments

Determine whether there are indicators of impairment of the Company's investments in subsidiary undertakings and associates. Factors taken into consideration include the stage of the subsidiary undertaking or associate's operating life cycle, current period operating profits or losses, the net asset/liability position at the year end and future expected performance of the undertaking.

There are no critical estimates in applying the Company's accounting policies.

CANADIAN SOLAR UK PROJECTS LTD

**Notes to the financial statements
For the period from 29 August 2014 to 31 December 2015**

4. Operating loss

The operating loss is stated after charging:

	Period 29 August 2014 to 31 December 2015 (Revised) £
Impairment of fixed asset investments	1,210,000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	6,900
Exchange differences	(83,747)
Operating lease payments	9,309
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During the year the investment in White Solar Light was impaired. Please refer to note 8.

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration in respect of services to the entity in the period.

6. Interest receivable

	Period 29 August 2014 to 31 December 2015 (Revised) £
Interest receivable from group undertakings	449,139
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Interest receivable refers to interest received on a shareholder loan agreement with Canadian Solar UK Intermediate Limited. Please refer to note 10 for further details.

CANADIAN SOLAR UK PROJECTS LTD

**Notes to the financial statements
For the period from 29 August 2014 to 31 December 2015**

7. Taxation

Period 29
August 2014
to
31
December
2015
(Revised)
£

Total tax

-

Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 20%. The differences are explained below:

Period 29
August 2014
to
31
December
2015
(Revised)
£

Loss on ordinary activities before tax

(7,827,573)

Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20%

(1,565,515)

Effects of:

Unrelieved tax losses carried forward

1,565,515

Total tax charge for the period

-

Factors that may affect future tax charges

Subject to approval from HMRC, the Company has trading losses of approximately £7,800,000 that can be offset against future trading profits.

The Company has not recognised a deferred tax asset in respect of the tax losses as there is insufficient evidence of future taxable profits.

On 18 November 2015, proposals to reduce the main rate of corporation tax from the current 20% to 19% from 1 April 2017 and to 18% from 1 April 2020 were enacted into UK law. Revised legislation was introduced in the Finance Bill 2016 to reduce the main rate of corporation tax for all non-ring fence profits to 17% instead of 18% from 1 April 2020.

CANADIAN SOLAR UK PROJECTS LTD

Notes to the financial statements
For the period from 29 August 2014 to 31 December 2015

8. Fixed asset investments

	Investments in subsidiary companies (Revised) £	Other fixed asset investments (Revised) £	Total (Revised) £
Cost or valuation			
Additions	1,259,106	67,851	1,326,957
At 31 December 2015	1,259,106	67,851	1,326,957
Impairment			
Charge for the period	1,210,000	-	1,210,000
At 31 December 2015	1,210,000	-	1,210,000
Net book value			
At 31 December 2015	49,106	67,851	116,957

During the year the option to acquire the grid connection in White Solar Light Limited, a wholly owned subsidiary was cancelled, meaning that the Company no longer has access to build the solar farm. Based on this, the asset under construction that had been capitalised by White Solar Light Limited is now not considered recoverable and as a result the corresponding investment in the entity has been fully impaired at the year end.

CANADIAN SOLAR UK PROJECTS LTD

**Notes to the financial statements
For the period from 29 August 2014 to 31 December 2015**

8. Fixed asset investments (continued)**Direct subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Canadian Solar Mozambique Projects Limited	United Kingdom	Ordinary	96 %	Trade of electricity
Canadian Solar UK Intermediate Limited	United Kingdom	Ordinary	100 %	Holding company
White Solar Light Limited	United Kingdom	Ordinary	100 %	Production of electricity
Pantymoch Farm Community Solar Project C.I.C.	United Kingdom	Ordinary	100 %	Dormant company
Wick Road Community Solar Project C.I.C.	United Kingdom	Ordinary	100 %	Dormant company
Royston Community Solar Project C.I.C.	United Kingdom	Ordinary	100 %	Dormant company

The registered office address for all of the above subsidiary companies is 1 Lumley Street, Mayfair, London, W1K 6TT.

Equity investments

The following were equity investments of the Company:

Name	Country of incorporation	Class of shares	Holding
Canarde Group Consortium SAE	Egypt	Ordinary	10 %
Delta for Renewable Energy SAE	Egypt	Ordinary	10 %

9. Stocks

	2015 (Revised) £
Modules	1,484,724
	1,484,724

CANADIAN SOLAR UK PROJECTS LTD

**Notes to the financial statements
For the period from 29 August 2014 to 31 December 2015**

10. Debtors

	2015 (Revised) £
Amounts owed by group undertakings	50,901,695
VAT recoverable	2,265,097
Prepayments	71,355
	<u>53,238,147</u>

Amounts owed by group undertakings relates to an unsecured loan to Canadian Solar UK Intermediate Limited. Interest is charged at 4% and the loan is repayable on demand.

11. Creditors: Amounts falling due within one year

	2015 (Revised) £
Trade creditors	620,078
Amounts owed to group undertakings	63,098,215
Other creditors	20
	<u>63,718,313</u>

There is a fixed charge in the form of a standard, formal security over cash in favour of National Westminster Bank Plc. The charge was taken as a condition of sanction to enable the bank to issue bonds on behalf of the Company.

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

12. Share capital

	2015 (Revised) £
Shares classified as equity	
Authorised, allotted, called up and fully paid	
500 Ordinary shares of £1 each	<u>500</u>

On 29 August 2014, the Company issued 500 ordinary subscriber shares for consideration of £1 per share.

CANADIAN SOLAR UK PROJECTS LTD

**Notes to the financial statements
For the period from 29 August 2014 to 31 December 2015**

13. Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 (Revised) £
Not later than 1 year	40,392
Later than 1 year and not later than 5 years	572
	<hr/> 40,964 <hr/>

14. Related party transactions

The Company has adopted the exemption permitted by paragraph 33.1A of FRS 102 and has not disclosed transactions with other group members, which are wholly-owned subsidiaries.

There were no transactions with any other related parties.

15. Post balance sheet events

There were no events between 31 December 2015 and 20 July 2016, the date the original accounts were approved, which require adjustment to, or disclosure in, these financial statements.

16. Controlling party

At the period end, the immediate parent undertaking is Canadian Solar International Limited, a company incorporated in Hong Kong.

At the period end, the ultimate parent undertaking is Canadian Solar Inc., a company incorporated in Canada. The parent undertaking of the largest and smallest group of which the Company is a member and consolidated financial statements are prepared is Canadian Solar Inc. Copies of consolidated financial statements can be obtained from 545 Speedvale Avenue West, Guelph, Ontario, Canada, N1K 1E6, which is its registered address.