

# **EQUITIX ESI RETROFIT FINANCE LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**



**Registered Number: 09242012**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

| <b>CONTENTS</b>   | <b>Page</b> |
|---|-------------|
| Directors and advisers  | 1           |
| Strategic Report  | 2           |
| Directors' Report   | 3           |
| Statement of Directors' responsibilities  | 4           |
| Independent auditor's report to the members of Equitix ESI Retrofit Finance Limited | 5-7         |
| Statement of Comprehensive Income   | 8           |
| Statement of Financial Position   | 9           |
| Statement of Changes in Equity  | 10          |
| Statement of Cash Flows   | 11          |
| Notes to the Financial Statements   | 12-18       |

**DIRECTORS AND ADVISERS**

**Directors**

E D Archer (resigned 8 April 2019)  
B M Cashin (resigned 8 April 2019)  
J C Smith (appointed 8 April 2019)  
D J Harding (appointed 8 April 2019)

**Registered office**

Welken House  
10-11 Charterhouse Square  
London  
EC1M 6EH

**Auditor**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

## STRATEGIC REPORT

### BUSINESS MODEL

The principal activities of Equitix ESI Retrofit Finance Limited (the "Company") are to invest in and hold Project Shares in accordance with the Shareholders' respective investment policies and the "Green Criteria" applicable to Energy Saving Investments LP and Equitix Energy Efficiency Fund LP, provide debt to the project companies and to manage the Company's investments in project companies.

### REVIEW OF THE PERIOD

The Company's direct subsidiaries are held at fair value on the Statement of Financial Position with movements recorded through the Statement of Comprehensive Income as explained in note 2. In order to determine the fair value of these investments, the Company takes into consideration the fair value of all the underlying portfolio companies and intermediate holding companies.

The Directors have considered a number of potential outcomes arising from the UK's exit from the European Union in 2019 and believe that the Company has sufficient reserves and business controls to address any financial impact of these outcomes for the foreseeable future and have decided not to make a specific provision in the accounts.

### KEY PERFORMANCE INDICATORS

The key performance indicators for the Company are primarily client and financially focused; including those listed below:

- tracking the performance and delivery of the services in conjunction with the KPIs set by local authorities;
- the progress of the individual project companies;
- the comparison of actual cash flows costs to those that have been forecast;
- the value of investments held in the company portfolio in association with the expected future cash flows; and
- that all operational projects are performing within the restrictions of all project documentation.

The latest operational models show the values of the current portfolio of projects are performing in line with expectations and the project documentation with no material or significant unavailability deductions being suffered in the period.

### FUTURE DEVELOPMENTS

The Director of the Company is not aware of any circumstances by which the principal activity of the Company would alter or cease; the Company will continue to invest in and hold Project Shares and to manage the Company's investments in Project Companies. The Company will continue to acquire investment stakes in green energy technology projects with robust clients; the Company will continue to assess and evaluate all opportunities presented by the Manager and invest in projects that best fit the Fund's investment objectives.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Company's main concerns are attributable to the sound operation of the underlying non domestic energy efficiency infrastructure assets, ensuring that the modelled cash flows, made up of dividends and other fees are received. The Company will monitor actual and projected cash flows to ensure that the returns are as expected. In addition, the Company will also look to optimise returns from the underlying non domestic energy efficiency infrastructure assets through achieving efficiencies at project level.

By order of the Board



J C Smith  
Director  
07 June 2019

## DIRECTORS' REPORT

The Directors submit the annual report and the audited financial statements for the year to 31 December 2018. No strategic report has been prepared in accordance with the special provisions relating to small companies under s417 Companies Act 2006. The Directors' report has been prepared in accordance with the special provisions relating to small companies under s415a of the Companies Act 2006.

## DIRECTORS

The Directors who served during the year, are shown on page 1.

## PRINCIPAL ACTIVITY

Equitix ESI Retrofit Finance Limited is the funding company for all Energy Saving Companies (refer to note 15) in which Equitix ESI Retrofit Limited holds shares. The company subscribes for loan stock issued by the Energy Saving Companies. Equitix ESI Retrofit Finance Limited is a finance company jointly owned by Energy Saving Investments LP (49%) and Equitix Energy Efficiency Fund Holdco Limited (51%).

## RESULTS AND DIVIDENDS

The Company's performance reflects the position under the various inter-company and inter-group agreements that have been put in place during the year. The results for the year ended 31 December 2018 are shown on page 8 in the Statement of Comprehensive Income. This shows a loss of £293k (2017: £nil). The Directors do not recommend payment of a dividend (2017: £nil). The Directors of the Company are not aware of any circumstances by which the principal activity of the Company would alter or cease in the foreseeable future.

## GOING CONCERN

The Company's forecasts and projections, taking account of reasonable possible changes in trading performance show that the Company should be able to operate within the level of its current resources. The Directors of the Company have had regard in this assessment to the support available from other companies within the Energy Saving Investments LP and Equitix Energy Efficiency Fund LP group and their ability to provide this support. As a consequence, the Director believe the Company is well placed to manage its risks successfully despite the current economic uncertainties and the economic outlook. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, period of at least 12 months from the date of financial statements, taking into account both the loss incurred in the period and the net liabilities position at the period end. Accordingly, the going concern basis continues to be adopted in preparing the annual report and accounts.

## FINANCIAL RISK MANAGEMENT

The Directors' report has been prepared in accordance with the special provisions relating to small companies under s417 Companies Act 2006. As such the Company is exempt from including financial risk management disclosures in the Directors' Report.

## AUDITOR

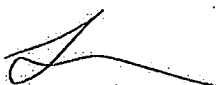
The persons who are Directors at the date of approval of this report confirm that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves 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.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



J C Smith  
Director  
07 June 2019

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU).

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 its profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and Directors' Report that complies with that law and those regulations.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUITIX ESI RETROFIT FINANCE LIMITED

**1 Our opinion is unmodified**

We have audited the financial statements of Equitix ESI Retrofit Finance Limited ("the Company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting standards as adopted by the European Union; and
- 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

We have fulfilled our ethical responsibilities under, and we are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard.

**2 Key audit matters: our assessment of risks of material misstatement**

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

|  | The risk  | Our response   |
|--|---|--|
| <b>The impact of uncertainties due to the UK exiting the European Union on our audit</b>   | <p><b>Unprecedented levels of uncertainty</b><br/>All audits assess and challenge the reasonableness of estimates, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the Company's future prospects and performance.</p> <p>Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.</p>   | <p>We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included:</p> <ul style="list-style-type: none"> <li>- <b>Our Brexit knowledge</b> – We considered the directors' assessment of Brexit-related sources of risk for the Company's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks.</li> <li>- <b>Sensitivity analysis</b> – When addressing the recoverability of loans to related parties and other areas that depend on forecasts, we reviewed the directors' analysis and challenged where appropriate to assess whether or not the analysis encompassed a range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty.</li> <li>- <b>Assessing transparency</b> – As well as assessing individual disclosures as part of our procedures to assess the recoverability of loans to related parties, we considered all of the Brexit related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks.</li> </ul> |
| <p><b>Loans to related parties</b> (£5.4 million, 2017: £5.1 million)</p> <p>Refer to page 13 (accounting policy) and page 15 (financial disclosures).</p> | <p>The Company's fellow subsidiary companies invest in Special Purpose Vehicle companies (SPVs) that hold contracts to develop and operate infrastructure, PFI and PPP projects. The Company provides debt finance to these SPVs which can also include interest accrued on the principal outstanding.</p> <p>There is a risk that the SPVs will not generate sufficient cash flows to repay the debt owed to the Company.</p> <p>The carrying amount of the loans to related parties represents 78.1% of the Company's total assets. Its recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the Company's financial statement, this is considered to be the area that had the greatest effect on our overall Company audit.</p> | <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>- <b>Third party confirmation:</b> We agreed initial and subsequent drawdowns to loan agreements, and verified any material repayments of loan principal and accrued interest to bank statements.</li> <li>- <b>Recoverability:</b> As part of our audit of the ultimate investee entities, Equitix Energy Efficiency Fund LP and Energy Saving Investments LP, we considered the recoverability and fair value of the SPV equity and loans. This includes an assessment as to whether the cash flows from the SPV are sufficient to meet their loan obligations.</li> </ul>  |

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUITIX ESI RETROFIT FINANCE LIMITED****3 Our application of materiality and an overview of the scope of our audit (continued)**

Materiality for the financial statements as a whole was set at £54,000 (2017: £68,000), determined with reference to a benchmark of net assets, of which it represents 0.75% (2017:1%).

In addition, we applied materiality of £41,000 (2017: £51,000) to identify items for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the Company.

We agreed to report any corrected or uncorrected identified misstatements exceeding £3,000 (2017: £3,000) in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed at the Company's head office in London.

**4 We have nothing to report on going concern**

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Company's available financial resources over this period was the Company's ability to make interest payments to its lenders.

As this risk could potentially cast significant doubt on the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Company's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the Directors' statement in Note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial

We have nothing to report in this respect, and we did not identify going concern as a key audit matter.

**5 We have nothing to report on the other information in the Annual Report**

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

*Strategic report and directors' report*

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**6 We have nothing to report on the other matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUITIX ESI RETROFIT FINANCE LIMITED

**7 Respective responsibilities**

*Directors' responsibilities*

As explained more fully in their statement set out on page 4, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditor's responsibilities*

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**8 The purpose of our audit work and to whom we owe our responsibilities**

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.



**Henry Todd (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
15 Canada Square  
London, E14 5GL

07 June 2019

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

|   | Notes | Year ended<br>31 December<br>2018<br>£ | Period ended<br>31 December<br>2017<br>£ |
|---|-------|--|--|
| Interest income   | 7     | 699,871                                | 510,190                                  |
| Impairment loss on trade and other receivables            |       | (293,496)                              |  |
| <b>Profit from operations</b>                             |       | <b>406,375</b>                         | <b>510,190</b>                           |
| Finance cost  | 8     | (699,871)                              | (510,190)                                |
| <b>(Loss)/result from operating activities before tax</b> | 5     | <b>(293,496)</b>                       | <b>-</b>                                 |
| Tax   | 9     | -                                      | -  |
| <b>(Loss)/result after tax from continuing operations</b> |       | <b>(293,496)</b>                       | <b>-</b>                                 |

All the above items relate to continuing operations.

The notes on pages 12 to 18 form part of these financial statements.

The Company has no recognised gains or losses other than reported above, and therefore no separate statement of total recognised gains and losses has been presented.

**EQUITIX ESI RETROFIT FINANCE LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

|                                | Notes | 31 December 2018<br>£     | 31 December 2017<br>£     |
|--------------------------------|-------|---------------------------|---------------------------|
| <b>Non-current Assets</b>      |       |                           |                           |
| Loans to related parties       | 10    | <u>5,435,035</u>          | <u>5,087,363</u>          |
|                                |       | <b>5,435,035</b>          | <b>5,087,363</b>          |
| <b>Current assets</b>          |       |                           |                           |
| Loans to related parties       | 10    | 281,553                   | 513,725                   |
| Trade and other receivables    | 10    | <u>1,245,497</u>          | <u>1,089,122</u>          |
|                                |       | <b>1,527,050</b>          | <b>1,602,847</b>          |
| <b>Total assets</b>            |       | <u><b>6,962,085</b></u>   | <u><b>6,690,210</b></u>   |
| <b>Current liabilities</b>     |       |                           |                           |
| Payables                       | 11    | <u>(1,820,546)</u>        | <u>(1,602,847)</u>        |
|                                |       | <b>(1,820,546)</b>        | <b>(1,602,847)</b>        |
| <b>Net current liabilities</b> |       | <u><b>(293,496)</b></u>   | <u><b>-</b></u>           |
| <b>Non-current liabilities</b> |       |                           |                           |
| Borrowings                     | 12    | <u>(5,434,935)</u>        | <u>(5,087,263)</u>        |
|                                |       | <b>(5,434,935)</b>        | <b>(5,087,263)</b>        |
| <b>Total liabilities</b>       |       | <u><b>(7,255,481)</b></u> | <u><b>(6,690,110)</b></u> |
| <b>Net liabilities</b>         |       | <u><b>(293,396)</b></u>   | <u><b>100</b></u>         |
| <b>Equity</b>                  |       |                           |                           |
| Share capital                  | 13    | 100                       | 100                       |
| Shareholders' funds            |       | <u>(293,496)</u>          | <u>-</u>                  |
|                                |       | <b>(293,396)</b>          | <b>100</b>                |
| <b>Total (deficit)/equity</b>  |       | <u><b>(293,396)</b></u>   | <u><b>100</b></u>         |

The notes on pages 12 to 18 form part of these financial statements.

The financial statements of Equitix ESI Retrofit Finance Limited, registered number 09242012, were approved by the Board and authorised for issue on 7 June 2019 and were signed on its behalf by:



J C Smith  
Director

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

|                              | Share capital<br>£ | Retained<br>earnings<br>£ | Total<br>£ |
|------------------------------|--------------------|---------------------------|------------|
| Balance as at 1 April 2017   | 100                | -                         | 100        |
| Result for the period        | -                  | -                         | -          |
| Balance as 31 December 2017  | 100                | -                         | 100        |
| Balance as at 1 January 2018 | 100                | -                         | 100        |
| Loss for the year            | -                  | (293,496)                 | (293,496)  |
| Balance as 31 December 2018  | 100                | (293,496)                 | (293,396)  |

The notes on pages 12 to 18 form part of these financial statements.

**EQUITIX ESI RETROFIT FINANCE LIMITED**

**STATEMENT OF CASH FLOWS**

**31 December 2018**

**31 December 2017**

**£**

**£**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

**Cash flows from operating activities**

Loss after tax

**(293,496)**

**-**

Interest income

**(699,871)**

**(510,190)**

Finance cost

**699,871**

**510,190**

**Cash flows from operations**

**-**

**-**

**Net cash flows generated from operating activities**

**-**

**-**

**Investing activities**

Loan principal receivable

**(115,500)**

**(424,719)**

**Net cash used in investing activities**

**(115,500)**

**(424,719)**

**Financing activities**

Issue of Ordinary Share Capital

**-**

**-**

Loan principal

**115,500**

**424,719**

**Net cash from financing activities**

**115,500**

**424,719**

**Net increase in cash and cash equivalents**

**-**

**-**

**Cash and cash equivalents at start of year/period**

**-**

**-**

**Cash and cash equivalents at end of year/period**

**-**

**-**

The notes on pages 12 to 18 form part of these financial statements.

## Notes to the financial statements for the year ended 31 December 2018

**1 GENERAL INFORMATION**

Equitix ESI Retrofit Finance Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic report on page 2 and the Directors' report on page 3. These financial statements are presented in pounds sterling, being the currency of the primary economic environment in which the company operates. All figures stated in the financial statements have been rounded to the closest British Pound (£), unless stated otherwise.

**2 ACCOUNTING POLICIES****a) Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs"). A summary of the principal accounting policies, all of which have been applied consistently throughout the current and prior year are set out below. The Company has taken advantage of the small companies exemption under section S398 of the Companies Act 2006.

The Company has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB. This includes the adoption of IFRS 15 'Revenue from Contracts with Customers' ("IFRS 15") and IFRS 9 'Financial Instruments' ("IFRS 9"). Given the nature of the business activities in which the Company operates, IFRS 15 does not have a material impact on the Company. The requirements of IFRS 9 represent a significant change from IAS 39. The key changes to the Company's accounting policies resulting from its adoption of IFRS 9 are summarised below.

**Classification of financial assets and liabilities**

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. The financial assets and liabilities of the Company are now classified as amortised cost or fair value through profit or loss. Classification is based on the characteristics of the financial asset. All disclosures have been updated where applicable to reflect the requirements of IFRS 9.

**Impairment of financial assets**

IFRS 9 replaces the "incurred loss" model in IAS 39 with an expected credit loss ("ECL") model. The new impairment model also applies to certain loan commitments and financial guarantee contracts, but not to equity investments. The new impairment model applies to debt instruments and financial guarantee contracts issued that are not measured at FVTPL. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The Company has determined that the application of IFRS 9's impairment requirements had no material impact on the allowance for impairment.

**b) Going concern**

Notwithstanding net current liabilities of £293k and net liabilities of £293k as at 31 December 2018, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons. The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through its borrowings from its parents, to meet its liabilities as they fall due for that period. Those forecasts are dependent on the parent entities not seeking repayment of the amounts currently due to the group, which at 31 December 2018 amounted to £7,255k, and providing additional financial support during that period. The parent entities indicated their intention to continue to make available such funds as are needed by the Company, and that they do not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**c) Borrowings**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**d) Cash and cash equivalents**

Cash and cash equivalents comprise on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The transactions shown in the statement of cash flows have been funded through intercompany loan balances.

## Notes to the financial statements for the year ended 31 December 2018

## 2 ACCOUNTING POLICIES (CONTINUED)

e) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. It is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

f) Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

g) Accruals and provisions

Accruals and provisions are recognised in the statement of comprehensive income in the period in which they are incurred.

h) Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

*Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

*Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affect neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are recognised for temporary differences arising on investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and the rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same taxable company, and the Company intends to settle its current tax assets and liabilities on a net basis.

i) Financial Instruments

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of an instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with IFRS 9 'Financial Instruments'.

j) Financial assets

Financial assets, including loans to project companies are classified as 'amortised cost'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

k) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

l) Loans and receivables

Trade receivables, loans and other receivables that are non-derivative financial assets and that have fixed or determinable payments that are not quoted in an active market are classified as 'amortised cost'. Loans and other receivables are measured at amortised cost using the effective interest method, less any impairment. They are included in current assets, except where maturities are in greater than 12 months after the balance sheet date which are classified as non current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

## Notes to the financial statements for the year ended 31 December 2018

## ACCOUNTING POLICIES (CONTINUED)

m) Impairment of financial assets

Financial Assets are assessed for impairment under the expected credit loss model ("ECL"). Assessment for impairment is based on a three-stage approach based on changes in credit risk since initial recognition, with each stage representing a change in the credit risk of Financial Assets. If a significant increase in credit risk is identified, the financial instrument is moved from stage one to stage two but is not yet deemed to be credit impaired; financial instruments that are deemed to be credit impaired are moved to stage three. The expected credit loss for stage one financial instruments is equal to the portion of lifetime expected credit losses that result from default events within the next twelve months. The expected credit loss for stage two and three financial instruments is equal to expected credit losses on a lifetime basis. ECLs are recognised in the Statement of Comprehensive Income. Amounts receivable from Financial Assets are written off, when the Company concludes that there is no longer any realistic prospect of recovery of part or all of the receivable. Amounts receivable from Financial Assets are reviewed regularly and write off will be prompted by insolvency, adverse changes in operations and similar events associated with the Financial Asset.

n) Financial liabilities and equity

Debt instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. Financial liabilities, including borrowings, are classified as 'amortised cost' and are initially measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

o) Financial risk management

The Company had loans from Equitix Energy Efficiency Fund LP and Energy Saving Investments LP, the Company's joint owners, with fixed interest rates, which were transferred to EEEF Holdco Limited and ESI Holdco Limited respectively on 8 December 2017. The amount of the loan shown on the balance sheet represents the fair value of the loan on that date. The Company does not have any other borrowings, loans or overdrafts that expose the Company to financial risks.

p) Assessable risksCredit risk

The Company is not susceptible to significant credit risk as diversification is being realised as each project developer is different, different boiler installers, different boiler technology providers and different fuel providers are being used, together with a significant proportion of the portfolio that is not directly exposed to any fuel stock risk. Each counterparty is scored for credit worthiness before contracts are entered into. In addition, between 15% -100% of the income from projects is underpinned through government subsidy rather than derived from the client end user which also reduces credit risk exposure. Credit risk is subsumed in overall performance risk of the underlying project company.

Liquidity risk

The Company adopts a prudent approach to liquidity management and maintains sufficient cash reserves at group level to meet its obligations.

Foreign exchange risk

The Company does not currently have any exposure to foreign currency exchange risk, nor does it have any immediate plans to geographically deviate its focus.

q) Share capital

Ordinary shares are classified as equity.

r) Expenses

All expenses are accounted for on an accruals basis. The Company's fees, finance costs and all other expenses are charged through the statement of comprehensive income.

3 **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions in certain circumstances that affect reported amounts. The judgements, 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 outlined below.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

i) Loans, receivables, and payables

The carrying value less impairment provision of trade receivables and payables are assumed to approximate to their fair values.

ii) Borrowings

Intercompany loans are held at amortised cost. Carrying amount of borrowings are assumed to approximate their fair values.

4 **INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") - ADOPTION OF NEW AND REVISED STANDARDS**

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 16 Leases (January 2019)
- Annual Improvements to IFRS Standards - 2014-2016 Cycle (January 2016)

5 **RESULT ON OPERATING ACTIVITIES BEFORE TAX**

The result from operating activities before tax of the Company is attributable to the principal activity of the Company, all of which was carried out in the United Kingdom.

The audit fee for Equitix ESI Retrofit Finance Limited of £2,700 (2017: £2,600) has been shared between Energy Saving Investments LP and Equitix Energy Efficiency Fund Holdco LP, Company's joint owners, who will not seek compensation from the Company. There were no non-audit fees (2017: none).



## Notes to the financial statements for the year ended 31 December 2018

**6 DIRECTORS' REMUNERATION**

No staff were directly employed by the Company (2017: none). No Directors received any remuneration for services to the Company during the year (2017: none). The Company is managed by secondees from Equitix Limited. No recharge for services rendered has been made during the year (2017: none).

**7 INTEREST INCOME**

|   | 31 December 2018<br>£ | 31 December 2017<br>£ |
|---|-----------------------|-----------------------|
| Interest income on loans to Project companies | 699,871               | 510,190               |
| Total interest income                         | 699,871               | 510,190               |

**8 FINANCE COSTS**

|   | 31 December 2018<br>£ | 31 December 2017<br>£ |
|---|-----------------------|-----------------------|
| Interest expense on loans from joint owners | (699,871)             | (510,190)             |
| Total finance cost                          | (699,871)             | (510,190)             |

**9 TAX ON LOSS FROM ORDINARY ACTIVITIES**

Taxation is based on the result for the year and comprises:

The charge for the year can be reconciled to the result per the income statement as follows:

|   | 31 December 2018<br>£ | 31 December 2017<br>£ |
|---|-----------------------|-----------------------|
| UK corporation tax at a rate of 19% (2017: 19%) | -                     | -                     |
| Current tax                                     | -                     | -                     |

The differences between the total current tax shown above and the amount calculated by applying the average rate of UK corporation tax to the loss before tax are as follows:

|   | 31 December 2018<br>£ | 31 December 2017<br>£ |
|---|-----------------------|-----------------------|
| Loss on ordinary activities before tax  | 293,496               | -                     |
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19%) | 55,764                | -                     |
| Losses not utilised in the period   | (55,764)              | -                     |
| Total current tax expense for the period  | -                     | -                     |

A deferred tax asset has not been recognised in respect of timing differences relating to excess management expenses for the period as there is insufficient evidence that the asset will be recovered. A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

**10 RECEIVABLES**

|  | 31 December 2018<br>£ | 31 December 2017<br>£ |
|--|-----------------------|-----------------------|
| Loan principal receivable from Project Companies | 5,716,488             | 5,600,988             |
| Interest receivable from Project Companies       | 1,245,497             | 1,089,122             |
| Other receivables                                | 100                   | 100                   |
| Total receivables                                | 6,962,085             | 6,690,210             |
| Included on the balance sheet as follows:        |                       |                       |
| Current  | 1,527,050             | 1,602,847             |
| Non-current                                      | 5,435,035             | 5,087,363             |
|  | 6,962,085             | 6,690,210             |

Interest receivable represents accrued interest on subordinated debt loans to the Project Companies listed in note 16.

The interest due from underlying investments is as follows; £1,054,421 (2017: £696,745) which is 13% interest on a year end loan balance of £3,988,104 (2017: £3,872,604) from Boxed Esco Services Ltd, £230,929 (2017: £214,788) which is 12% interest on a year end loan balance of £967,839 (2017: £967,839) from Equitix ESI Retrofit (lighting) Ltd, £253,643 (2017: £177,589) which is 10% interest on a year end loan balance of £760,545 (2017: £760,545) from Sharc (Caledonia) Ltd.

The original value of the interest receivable assets was adjusted for an impairment loss resulting in the net recoverable position presented above. The carrying value of these assets approximates their fair value. Expected credit loss analysis was performed as per IFRS 9 and due to uncertainty over realisation of cash flow optimisations, the following provision has been made:

|                 | 31 December 2018<br>£ | 31 December 2017<br>£ |
|-----------------|-----------------------|-----------------------|
| Opening balance | -                     | -                     |
| Additions       | -                     | -                     |
| Closing balance | (293,496)             | -                     |
|                 | (293,496)             | -                     |

## Notes to the financial statements for the year ended 31 December 2018

## 11 PAYABLES

|   | 31 December 2018 | 31 December 2017 |
|---|------------------|------------------|
|   | £                | £                |
| Interest payable to joint owners          | 1,820,546        | 1,602,847        |
|   | <u>1,820,546</u> | <u>1,602,847</u> |
| Included on the balance sheet as follows: |                  |                  |
| Current                                   | 1,820,546        | 1,602,847        |
|   | <u>1,820,546</u> | <u>1,602,847</u> |

Interest payable to joint owners in the current and prior year represents accrued interest on loan note borrowings from EEEF Holdco Limited and ESI Holdco Limited (note 16). The carrying amount of these liabilities approximates their fair value.

## 12 BORROWINGS

|   | 31 December 2018   | 31 December 2017   |
|---|--------------------|--------------------|
|   | £                  | £                  |
| Loans from Parent Company                 | (5,434,935)        | (5,087,263)        |
|   | <u>(5,434,935)</u> | <u>(5,087,263)</u> |
| Included on the balance sheet as follows: |                    |                    |
| Non-current                               | (5,434,935)        | (5,087,263)        |
|   | <u>(5,434,935)</u> | <u>(5,087,263)</u> |

Amounts owing comprise of £5,435k of Eurobond Loan Notes, listed on the The International Stock Exchange on 22 December 2018, and subscribed to by EEEF Holdco Limited and ESI Holdco Limited. The loan note agreements fix the loan interest coupon between 10% and 13% and are due for repayment on 25 April 2023.

## 13 SHARE CAPITAL

|                                 | 31 December 2018 | 31 December 2017 |
|---------------------------------|------------------|------------------|
|                                 | £                | £                |
| Allotted, called up and unpaid: |                  |                  |
| 100 Ordinary shares of £1 each  | 100              | 100              |

During the period there were 49 Shares of £1 each issued to Energy Saving Investments LP and 51 Shares of £1 each were issued to Equitix Energy Efficiency Fund Holdco Limited.

All shares in issue are of the same class.

## 14 FINANCIAL INSTRUMENTS

*Capital risk management*

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt. The capital structure of the Company borrowings are as disclosed in note 16, equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 13 and 15. The Company is not subject to any externally imposed capital requirements.

*Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.

The following table details the Company's expected maturity for its non-derivative financial assets. The table below has been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

| Assets                      | Less than 1 year | 1-2 years | 3-5 years | 5+ years | Total        |
|-----------------------------|------------------|-----------|-----------|----------|--------------|
|                             | £'000            | £'000     | £'000     | £'000    | £'000        |
| 2018                        |                  |           |           |          |              |
| Trade and other receivables | 1,527            | -         | -         | -        | 1,527        |
| Loans to related parties    | -                | -         | 5,435     | -        | 5,435        |
|                             | <u>1,527</u>     | <u>-</u>  | <u>-</u>  | <u>-</u> | <u>6,962</u> |

## Notes to the financial statements for the year ended 31 December 2018

## 14 FINANCIAL INSTRUMENTS (CONTINUED)

| a) <u>Categories of financial instruments</u>  | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
| <b>Financial assets</b>                        | £                | £                |
| Loans and receivables at amortised cost        |                  |                  |
| Loan principal                                 | 5,716,488        | 5,600,989        |
| Interest receivable from Project companies     | 1,245,497        | 1,089,121        |
| Other receivables                              | 100              | 100              |
|  | <u>6,962,085</u> | <u>6,690,210</u> |
| <b>Financial liabilities at amortised cost</b> |                  |                  |
| Borrowings                                     | 5,434,935        | 5,087,263        |
| Interest payable to joint owners               | 1,820,546        | 1,602,847        |
|  | <u>7,255,481</u> | <u>6,690,110</u> |

The carrying amount of the loans approximates their fair value.

b) Financial risk management objectives*Risk management objectives*

The Directors provide advice to the Company on all risks faced and manage the financial risks relating to the operations of the Company through internal risk reports which analyse the exposures faced by degree and magnitude of risk consequences. These risks include market risk, credit risk and liquidity risk.

The Company does not enter into financial derivative contracts.

*Market risk*

The Company's activities expose it primarily to the financial risks of interest rates.

*Interest rate risk management*

The Company has limited exposure to interest rate risk as loans held with EEEF Holdco Ltd and ESI Holdco Ltd have fixed interest rates of between 10% and 13%. The fixed rate borrowings are carried at amortised cost and hence not exposed to fair value movements due to changes in interest rates.

*Performance risk management*

Performance risk management refers to the risk that the underlying project companies will not perform in line with expectations, and as such the Company will not receive forecast cashflows as expected. To mitigate this risk, the projects are closely managed by the asset management team and risks of non-performance are passed on to service providers and subcontractors by the PFI contract structure, leaving the PFI investment insulated from issues of non-performance.

*Credit risk management*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. For cash and cash equivalents the Company only transacts with entities that are rated the equivalent to investment grade and above. Other financial assets consist of amounts receivable from related parties. Credit risk is generated through the overall performance risk of the projects, deterioration of which might impact their ability to service equity payments. This risk is mitigated through the PFI contract structure, whereby deductions are passed down to the facilities management and construction sub contractors.

The Company only transacts with creditworthy PFI / PPP concession companies that have a cash flow derived from projects in agreement with government or semi-government authorities.

*Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

## Notes to the financial statements for the year ended 31 December 2018

## 15 TRANSACTIONS WITH RELATED PARTIES

Profit and loss account transactions

| Related party                                 | Transaction description | 31 December 2018 |                  | 31 December 2017 |                  |
|---|-------------------------|------------------|------------------|------------------|------------------|
|   |                         | Interest income  | Interest expense | Interest income  | Interest expense |
|   |                         | £                | £                | £                | £                |
| Boxed Esco Services Limited                   | Interest Receivable     | 507,676          | -                | 352,173          | -                |
| Equitix ESI Retrofit (Lighting) Limited       | Interest Receivable     | 116,141          | -                | 101,163          | -                |
| Sharc (Caledonia) Limited                     | Interest Receivable     | 76,054           | -                | 56,854           | -                |
| Energy Saving Investments LP                  | Interest Payable        | -                | -                | -                | (227,579)        |
| Equitix Energy Efficiency Fund Holdco Limited | Interest Payable        | -                | -                | -                | (236,869)        |
| ESI Holdco Limited                            | Interest Payable        | -                | (342,937)        | -                | (22,414)         |
| EEEF Holdco Limited                           | Interest Payable        | -                | (356,934)        | -                | (23,328)         |
|   |                         | <b>699,871</b>   | <b>(699,871)</b> | <b>510,190</b>   | <b>(510,190)</b> |

Balance sheet items

| Related party                                 | Transaction description | 31 December 2018                |                                 | 31 December 2017                |                                 |
|---|-------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|   |                         | Amounts owed by related parties | Amounts owed to related parties | Amounts owed by related parties | Amounts owed to related parties |
|   |                         | £                               | £                               | £                               | £                               |
| Boxed Esco Services Limited                   | Interest debtor         | 1,054,421                       | -                               | 696,745                         | -                               |
| Equitix ESI Retrofit (Lighting) Limited       | Interest debtor         | 230,929                         | -                               | 214,788                         | -                               |
| Sharc (Caledonia) Limited                     | Interest debtor         | 253,643                         | -                               | 177,589                         | -                               |
| Boxed Esco Services Limited                   | Loan note debtor        | 3,988,104                       | -                               | 3,872,604                       | -                               |
| Equitix ESI Retrofit (Lighting) Limited       | Loan note debtor        | 967,839                         | -                               | 967,839                         | -                               |
| Sharc (Caledonia) Limited                     | Loan note debtor        | 760,545                         | -                               | 760,545                         | -                               |
| Energy Saving Investments LP                  | Interest creditor       | -                               | 619                             | -                               | 619                             |
| Equitix Energy Efficiency Fund Holdco Limited | Interest creditor       | -                               | 644                             | -                               | 644                             |
| ESI Holdco Limited                            | Interest creditor       | -                               | (754,725)                       | -                               | (534,288)                       |
| EEEF Holdco Limited                           | Interest creditor       | -                               | (785,530)                       | -                               | (556,096)                       |
| ESI Holdco Limited                            | Loan note creditor      | -                               | (2,801,079)                     | -                               | (2,744,484)                     |
| EEEF Holdco Limited                           | Loan note creditor      | -                               | (2,915,410)                     | -                               | (2,856,505)                     |
| Energy Saving Investments LP                  | Loan note creditor      | -                               | -                               | -                               | -                               |
| Equitix Energy Efficiency Fund Holdco Limited | Loan note creditor      | -                               | -                               | -                               | -                               |
| Energy Saving Investments LP                  | Share capital           | 49                              | -                               | 49                              | -                               |
| Equitix Energy Efficiency Fund Holdco Limited | Share capital           | 51                              | -                               | 51                              | -                               |
|   |                         | <b>7,255,581</b>                | <b>(7,255,481)</b>              | <b>6,690,210</b>                | <b>(6,690,110)</b>              |

Energy Saving Investments LP and Equitix Energy Efficiency Fund Holdco Limited are both related parties of Equitix ESI Retrofit Finance Limited as they have joint control over the Company.

Boxed Esco Services Limited, Equitix ESI Retrofit (Lighting) Limited and Sharc (Caledonia) Limited are all subsidiaries of Equitix ESI Retrofit Finance Limited and therefore related parties of the Company.

## 16 ULTIMATE PARENT

The Company's joint owners are Equitix Energy Efficiency Fund LP (the ultimate parent of Equitix Energy Efficiency Fund Holdco Limited a company incorporated in the United Kingdom) and Energy Saving Investments LP, a limited partnership registered in England and Wales. Copies of whose accounts can be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

## 17 POST BALANCE SHEET EVENTS

There were no post balance sheet events to report.