Registered in England and Wales: No 09530976

AVIVA INVESTORS PiP SOLAR PV NO.1 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2017

AVIVA INVESTORS PiP SOLAR PV NO.1 LIMITED
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AVIVA INVESTORS PiP SOLAR PV NO.1 LIMITED

DIRECTORS, OFFICERS AND OTHER INFORMATION

Directors
I G Berry
N Tebbutt
S K McLachlan

Company Secretary
Aviva Company Secretarial Services Limited
St Helen's
No. 1 Undershaft
London
EC3P 3DQ

Investment Manager
Aviva Investors Global Services Limited ('Aviva Investors')
St Helen's
1 Undershaft
London
EC3P 3DQ

Independent Auditors
PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Banker
HSBC BANK PLC
INTERNATIONAL BRANCH
60 Fenchurch Street
London
EC3M 4BA

Registered Office
St Helen's
No.1 Undershaft
London
EC3P 3DQ

Company Number
Registered in England and Wales: No. 09530976

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors of the Company present their Strategic Report of the Company for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activity of the Company is that of a holding Company. The Company, together with all its subsidiary undertakings as set out in Note 9 is referred as the "Group". The principal activity of the Group is that of investment in a portfolio of solar panel assets. This will continue to be the principal activity of the Group for the foreseeable future.

REVIEW OF THE COMPANY'S BUSINESS

Objective and strategy

The objective of the Company is to achieve investment returns from investments in Solar Projects.

COMPANY PERFORMANCE

The financial position of the Company at 31 December 2017 is shown in the Statement of Financial Position on page 13 with the results shown in the Statement of Comprehensive Income on page 12.

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

CAPITAL MANAGEMENT AND OBJECTIVES

In 2017, the Company approved the allotment of 1 ordinary share of £1 (31 December 2016: 4 ordinary share of £1 each) in the Company for £4,299 (31 December 2016. £130,386) to Aviva Investors PiP Solar PV (General Partner) Limited

PURCHASES AND DISPOSALS

During the year, consideration of £3,080,001 was paid for the purchase of three companies. All of these companies operate and maintain portfolios of rooftop Solar PV assets.

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period have been evaluated up to the date the audited financial statements were approved and authorised for issue by the Directors and there are no material events to be disclosed or adjusted for in these audited financial statements.

FUTURE DEVELOPMENTS

The Directors expect the general level of activity to increase in the forthcoming year. This is a result of proposed acquisitions.

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks arising in the company are market, interest rate, credit, operational and liquidity risks which are discussed in more detail below.

The Aviva Group's approach to risk and capital management

Aviva plc and its subsidiaries ("Aviva Group") operates within its own governance structure and priority framework. It also has its own established governance framework, with clear terms of reference for the Board and the Aviva Executive Committee and a clear organisation structure, with documented delegated authorities and responsibilities (largely through role profiles). Aviva has an Audit Committee, which includes shareholder representatives

Management of financial and non-financial risks

The Company's exposure to different types of risk is limited by the nature of its business as follows:

Market risk

The Company is exposed to market risk in relation to impairment of its investments held at cost. If the fair value of the investment is below the cost value an impairment would be required. Market risk is managed by ongoing proactive asset management.

Interest rate risk

The Company's principal exposure to interest rate risk comes from its loan borrowings from the Limited Partnership. The loan borrowings are index linked and issued at fixed rates which expose the Company to fair value interest rate risk. However, the Directors believe that there is minimal interest rate risk as the loan borrowings are with a related party and managed on a group basis.

The table below sets out the carrying amounts, by maturity, of the Company's financial instruments.

	Effective interest rate	Less than 1 year	1-5 years	More than 5 years	Total
	%	£	£	£	£
As at 31 December 2017					
Floating rate					
Cash	0.5	665,779	-	-	665,779
		665,779	-	-	665,779
Fixed rate					
Loan payable - Senior loan	4.0	-	-	17,398,005	17,398,005
Loan payable - Mezzanine loan	8.0	-	-	4,372,101	4,372,101
		-	-	21,770,106	21,770,106

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Interest rate risk (continued)

	Effective interest rate	Less than 1 year	1-5 years	More than 5 years	Total
	%	£	£	£	£
As at 31 December 2016					
Floating rate					
Cash	0.5	1,045,200	-	-	1,045,200
		1,045,200	-	-	1,045,200
Fixed rate					
Loan payable - Senior loan	4.0	-	-	9,732,745	9,732,745
Loan payable - Mezzanine loan	8.0	-	-	3,114,478	3,114,478
		-	-	12,847,223	12,847,223

At 31 December 2017, if interest rates on borrowings had been 10 basis points higher/lower with all other variables held constant, the calculated post-tax profit for the year would have been £21,770 (2016: £12,847) lower/higher.

Credit risk

The Company does not have a significant exposure to credit risk as 1) receivables are mainly intercompany items, 2) the Company's credit investments are managed by agents who have responsibility for the prompt collection of amounts due and 3) cash at bank are held with financial institutions with good credit ratings.

Operational risk

Operational risk arises as a result of inadequate or failed internal processes, people or systems; or from external events. Details of the Aviva Group approach to operational risk are set out in the financial statements of Aviva Investors UK Fund Services Limited, which manages and administers the Company's obligations as and when they fall due.

Liquidity Risk

The Company does not have a significant exposure to liquidity risk. Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business. The Directors monitor the maturity of the Company's obligations as and when they fall due.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Liquidity Risk (continued)

The maturity analysis of the Company's financial assets and liabilities as at 31 December 2017 and at 31 December 2016 was as follows:

As at 31 December 2017	On demand £	1-3 months £	4-12 months £	More than 12 months £	Total £
Financial assets					
Amounts owed by group undertakings	397,421	-	-	-	397,421
VAT receivable	-	64,706	-	-	64,706
Loans receivable	-	-	-	8,794,061	8,794,061
Cash at bank and in hand	665,779	-	-	-	665,779
	1,063,200	64,706	-	8,794,061	9,921,967
Financial liabilities					
Loan interest owed to group undertakings	185,831	-	-	-	185,831
Amounts owed to group undertakings	882,902	-	-	-	882,902
Accruals	23,984	-	-	-	23,984
Loan payable	-	-	-	21,770,106	21,770,106
	1,092,717	-	-	21,770,106	22,862,823

As at 31 December 2016	On demand £	1-3 months £	4-12 months £	More than 12 months £	Total £
Financial assets					
Amounts owed by third parties	3,671	-	-	-	3,671
Amounts owed by group undertakings	32,072	-	-	-	32,072
VAT receivable	-	18,042	-	-	18,042
Amounts owed by group undertakings Loans receivable	-	-	-	2,340,366	2,340,366
Cash at bank and in hand	1,045,200	-	-	-	1,045,200
	1,080,943	18,042	-	2,340,366	3,439,351
Financial liabilities					
Trade creditors	6,669	-	-	-	6,669
Loan interest owed to group undertakings	159,181	-	-	-	159,181
Amounts owed to group undertakings	72,995	-	-	-	72,995
Accruals	15,050	-	-	-	15,050
Loan payable	-	-	-	12,847,223	12,847,223
	253,895	-	-	12,847,223	13,101,118

EMPLOYEES

The Company has no employees (31 December 2016: none). The key management personnel have been identified as the Directors of the Company. The directors received no remuneration (31 December 2016: £nil).

ENVIRONMENTAL

The Company is managed by Aviva Investors, a founding signatory of the UN-backed Principles for Responsible Investment. Aviva Investors follows a Responsible Investment policy, under which a key component of being a responsible business is ensuring good environmental, social and corporate governance principles. In particular as of 31 December 2017, the Directors had no material Health and Safety, Environmental and Governance concerns to report.

On behalf of the board:

N Tebbutt
Director of Aviva Investors PiP Solar PV No.1 Limited

Date: 20 June 2018

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2017.

RESULTS AND DIVIDENDS

The total comprehensive loss for the Company for 2017 was £621,367 (31 December 2016: loss of £847,923). The Directors do not recommend the payment of a dividend for the year ended 31 December 2017 (31 December 2016: £nil).

DIRECTORS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

I G Berry
V Leroy (resigned 6 July 2017)
N Tebbutt (appointed 3 July 2017)
L Monnier (resigned 14 September 2017)
S K McLachlan (appointed 14 September 2017)

FUTURE DEVELOPMENTS

The future developments of the Company are set out in the Strategic Report.

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting financial year are set out in the Strategic Report.

GOING CONCERN

During the year, the Company suffered a loss of £621,367 (2016: loss of £847,923). At the year end, the Company had a net liability position of £1,418,957 (2016: £801,890). Despite this net liability position, the Directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future. Aviva Investors PiP Solar PV Limited Partnership has confirmed that it will not seek repayment of part or all of the amount loaned to the Company for at least twelve months from the date of approval of the Company's financial statements. Accordingly the Directors continue to adopt the going concern basis in preparing these financial statements.

FINANCIAL INSTRUMENTS

The business of the Company includes use of financial instruments. Details of the Company's risk management objectives and policies, and exposures to market risk, interest rate risk, credit risk, operational risk and liquidity risk relating to financial instruments are set out on pages 3 to 5 of the financial statements.

INDEPENDENT AUDITORS

It is the intention of the Directors to reappoint the auditors, PricewaterhouseCoopers LLP, under the deemed appointment rules of Sections 487 of the Companies Act 2006.

QUALIFYING INDEMNITY PROVISIONS

The Directors have the benefit of an indemnity provision contained in the Company's Articles of Association, subject to the conditions set out in the Companies Act 2006. This is a 'qualifying third party indemnity' provision as defined in section 234 of the Companies Act 2006.

Aviva plc granted in 2004 an indemnity to the Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 (which continue to apply in relation to any provision made before 1 October 2007). This indemnity is a 'qualifying third party indemnity' for the purposes of sections 309A to 309C of the Companies Act 1985. These qualifying third party indemnity provisions remain in force as at the date of approving the Directors' Report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement no. 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

STATEMENT OF DISCLOSURE OF INFORMATION TO THE INDEPENDENT AUDITORS

Each person who was a Director of the Company on the date that this report was approved, confirms that:

(a) so far as the Director is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the Company's auditors are unaware; and

(b) each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

On behalf of the board:

N Tebbutt
Director of Aviva Investors PiP Solar PV No.1 Limited

Date: 20 JUNE 2018

Independent auditors' report to the members of Aviva Investors PiP Solar PV No.1 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Aviva Investors PiP Solar PV No.1 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2017; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 June 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Administrative expenses	5	**(22,448)**	(254,699)
Operating loss	6	**(22,448)**	(254,699)
Impairment of investments	10	**(417,979)**	(367,913)
Dividend income		**94,787**	56,600
Interest receivable and similar income	7	**367,886**	143,344
Interest payable and similar expenses	8	**(764,138)**	(425,255)
Loss before taxation		**(741,892)**	(847,923)
Taxation on loss	9	**120,525**	-
Loss for the financial year		**(621,367)**	(847,923)
Other comprehensive income for the year		**-**	-
Total comprehensive loss for the year		**(621,367)**	(847,923)

Continuing operations

All amounts reported in the statement of comprehensive income for the year ended 31 December 2017 and the year ended 31 December 2016 relate to continuing operations.

The notes on pages 15 to 27 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	10	**11,521,899**	8,859,877
Debtors: amounts falling due after more than one year	11	**8,794,061**	2,340,366
		20,315,960	11,200,243
Current assets			
Debtors: amounts falling due within one year	12	**462,127**	53,785
Cash at bank and in hand		**665,779**	1,045,200
		1,127,906	1,098,985
Creditors: amounts falling due within one year	13	**(1,092,717)**	(253,895)
Net current (liabilities) / assets		**35,189**	845,090
Total assets less current liabilities		**20,351,149**	12,045,333
Creditors: amounts falling due after more than one year			
Loan payable	14	**(21,770,106)**	(12,847,223)
Net liabilities		**(1,418,957)**	(801,890)
Capital and reserves			
Called up share capital	15	**6**	5
Share premium		**134,681**	130,382
Accumulated Losses *		**(1,553,644)**	(932,277)
Total Shareholders' deficit		**(1,418,957)**	(801,890)

The financial statements on pages 12 to 27 were approved by the Board of Directors on 20 JUNE 2018 and signed on its behalf by:

N Tebbutt
Director of Aviva Investors PiP Solar PV No.1 Limited

The notes on pages 15 to 27 form an integral part of these financial statements.

AVIVA INVESTORS PiP SOLAR PV NO.1 LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Share premium account	Accumulated losses	Total Shareholders' deficit
	£	£	£	£
Balance at 1 January 2016	**1**	**-**	**(84,354)**	**(84,353)**
Total comprehensive loss for the year	-	-	(847,923)	(847,923)
Called up share capital	4	130,382	-	130,386
Balance at 31 December 2016 and 1 January 2017	**5**	**130,382**	**(932,277)**	**(801,890)**
Total comprehensive loss for the year	-	-	(621,367)	(621,367)
Called up share capital	1	4,299	-	4,300
Balance at 31 December 2017	**6**	**134,681**	**(1,553,644)**	**(1,418,957)**

The notes on pages 15 to 27 form an integral part of these financial statements.

1. General information

Aviva Investors PiP Solar PV No.1 Limited (the "Company") acts as a holding company. This will continue to be the principal activity of the Company the foreseeable future.

The Company is registered as a limited company in England and Wales and its registered office is St Helen's, 1 Undershaft, London, United Kingdom, EC3P 3DQ.

2. Statement of compliance

The Company's financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006

3. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year except where noted below.

3.1 Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 2006, under the historical costs convention and on a going concern basis.

These financial statements have been presented in British Pounds as this is the Company's functional currency, being the primary economic environment in which it operates.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3.2 Going concern basis

During the year, the Company suffered a loss of £621,367 (2016. loss of £847,923). At the year end, the Company had a net liability position of £1,418,957 (2016. £801,890). Despite this net liability position, the Directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future. Aviva Investors PiP Solar PV Limited Partnership has confirmed that it will not seek repayment of part or all of the amount loaned to the Company for at least twelve months from the date of approval of the Company's financial statements. Accordingly the Directors continue to adopt the going concern basis in preparing these financial statements.

3.3 Consolidation

The Company has taken advantage of exemptions under Section 400 of the Companies Act 2006 not to prepare group financial statements as it and its subsidiaries are included in the consolidated financial statements of Aviva Investors PiP Solar PV Limited Partnership.

3.4 Dividend income

Dividends from investments in subsidiaries are recognised when they are approved by the subsidiary.

3. Accounting policies (continued)

3.5 Administrative expenses

Administrative expenses include administration, finance, professional and management expenses and abort fees which are recognised on an accruals basis.

3.6 Interest receivable and similar income

Interest receivable on cash at bank is recognised on an accruals basis. Other interest receivable and similar income is recognised in the Statement of Comprehensive Income using the effective interest rate method.

3.7 Interest payable and similar expenses

Interest payable and similar expenses are recognised on an effective interest rate basis and include loan facility interest.

3.8 Taxation

The tax expense for the year comprises current and deferred tax Tax is recognised in the Statement of Comprehensive Income. The current tax charge is calculated based on the tax laws enacted as at the Statement of Financial Position date where the Company generates its income.

Deferred income tax is recognised on temporary differences arising between bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

3.9 Investments in subsidiary undertakings

Investments in subsidiary undertakings are held at cost less impairment. Acquisition costs are capitalised as incurred and are included in the assets' carrying amount.

3.10 Cash at bank and in hand

Cash at bank and in hand comprise cash and cash on deposit with banks, both of which are immediately available

3.11 Borrowings

Borrowings are recognised at the fair value of the consideration received net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as a finance expense in the Statement of Comprehensive Income.

Borrowings are classified as current liabilities in the financial statements unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

3.12 Share capital

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

3. Accounting policies (continued)

3.13 Cash flow

The Company has taken advantage of exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity under FRS 102 and the Company's cash flows are included in the consolidated statement of cash flows of Aviva Investors PiP Solar PV Limited Partnership.

3.14 Financial instruments

The company has chosen to adopt Sections 11 and 12 of the FRS 102 in respect of financial instruments.

(i) Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

Basic financial assets, including debtors, and cash at bank and in hand, are recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised costs using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate The impairment loss is recognised in the Statement of Comprehensive Income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statement of Comprehensive Income, except investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets that are classified as receivable within one year are measured at the discounted amount of the cash or other consideration expected to be received, net of impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party which has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

3. Accounting policies (continued)

3.14 Financial instruments (continued)

(ii) Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Basic financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value (transaction price excluding transaction costs).

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Commitments which meet the conditions above are measured at cost (which may be nil) less impairment.

Non-current debt instruments which meet the following conditions, are subsequently measured at amortised cost using the effective interest method:

a) Returns to the holder are (i) a fixed amount, or (ii) a fixed rate of return over the life of the instrument, or (iii) a variable return that, throughout the life of the instrument, is equal to a single reference quoted or observable interest rate, or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.

b) There is no contractual provision that could by its terms result in the holder losing the principle amount or any interest attributable to the current period or prior periods

c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder or issuer against changes in relevant taxation or law.

Debt instruments that are classified as payable within one year and which meet the above conditions are measured at the undiscounted amount of cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at amortised cost, using the effective interest rate method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

3. Accounting policies (continued)

3.15 Related party transactions

The Company discloses transactions with related parties which are not wholly owned by Aviva Investors PiP Solar PV Limited Partnership and its subsidiaries ("the Group"). Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Company financial statements.

The Company has taken advantage of the exemption, under FRS 102, from disclosure of transactions with related parties who are wholly owned within the same Group.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts or revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date The estimates and associated assumptions are based on historical experience, expectations of future events and other factors that are considered to be relevant. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.

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.

5. Administrative expenses

	2017	2016
	£	£
Professional fees	**3,000**	216,244
Administration fees	**14,000**	16,169
Auditors' fees - audit services	**5,448**	6,322
Abort fees	-	14,669
Bank fees	-	1,295
	22,448	254,699

6. Operating loss

	2017	2016
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**5,448**	6,322

The Company had no employees in the current year (31 December 2016: none). The Directors received no emoluments for services to the Company for the financial year (31 December 2016: £nil)

7. Interest receivable and similar income

	2017 £	2016 £
Loan interest receivable from subsidiary undertakings	**367,886**	143,094
Other bank interest	**-**	250
	367,886	143,344

8. Interest payable and similar expenses

	2017 £	2016 £
Loans interest payable to parent entity	**764,138**	425,255
	764,138	425,255

9. Tax on loss

The standard rate of corporation tax in the UK changed from 20.00% to 19.00% with effect from 1 April 2017. Accordingly, the Company's losses for this accounting year are taxed at an effective rate of 19.25% (31 December 2016: 20.00%).

	2017 £	2016 £
Corporation tax		
Current tax on loss for the year / period	**(120,525)**	-
UK corporation tax charge on loss for the year	**-**	-
Taxation on loss	**(120,525)**	-

9. Tax on loss (continued)

(a) Tax reconciliation

The tax on the Company's loss before tax differs from (31 December 16: differs from) the theoretical amount that would arise using the tax rate in the United Kingdom as follows:

	2017 £	2016 £
Loss before taxation	**(741,892)**	(847,923)
Loss multiplied by the standard rate of corporation tax in the UK of 19.25% (31 December 2016· 20%)	**(142,789)**	(169,585)
Expenses not deductible for tax purposes	**80,447**	119,466
Deferred tax assets not recognised	**7,803**	52,088
Exempt dividend income	**(18,243)**	(11,320)
Adjust closing deferred tax to average rate of 19.25%	**2,759**	-
Adjust opening deferred tax to average rate of 19.25%	**(1,727)**	-
Changes in tax rates or tax laws	**-**	9,351
Adjustments to tax charge in respect of previous periods	**(48,767)**	-
Other movements	**(8)**	-
Total tax charge/(credit) for the year	**(120,525)**	-

Deferred tax assets of £20,876 (31 December 2016· £54,519) have not been recognised in these financial statements as there is insufficient evidence as to the availability of suitable profits in the foreseeable future.

(b) Deferred tax

At 31 December the company has the following unrecognised deferred tax assets to carry forward indefinitely against future taxable income·

	2017 £	2016 £
Total tax losses	**122,770**	320,701
Deferred tax rate of 17% (2016: 17%)	**20,876**	54,519
Deferred tax charge not recognised	**20,876**	54,519

9. Tax on loss (continued)

The total outstanding amount of unrecognised deferred tax asset was as follows.

	2017 £	2016 £
Opening balance of unrecognised deferred tax assets	**54,519**	2,431
Deferred tax losses for the year	**(33,643)**	52,088
Closing balance of unrecognised deferred tax assets	**20,876**	54,519

The above deferred tax asset has not been provided for as there is insufficient evidence under FRS 102 as to the availability of suitable taxable profits in the foreseeable future.

(c) Factors affecting current tax charge for the year

UK legislation was substantively enacted on 6 September 2016 to reduce the UK corporate rate further to 17% from 1 April 2020. There is no impact on the Company's net assets from the reductions in the rates as the Company does not have any recognised deferred tax balances.

10. Investments

	2017 £	2016 £
Investments in subsidiary undertakings		
At start of the year	**8,859,877**	-
Acquisition of subsidiaries during the year	**3,080,001**	9,227,790
Impairment	**(417,979)**	(367,913)
At end of year	**11,521,899**	8,859,877

The following is a breakdown of the investments as at 31 December 2017 and as at 31 December 2016

	2017 £	2016 £
Renewable Clean Energy 2 Limited	**3,107,399**	3,107,399
Redan Power Ltd	**2,562,384**	2,760,744
Spire Energy Ltd	**1,594,894**	1,718,049
Electric Avenue Ltd	**1,172,800**	1,263,685
Renewable Clean Energy 3 Limited	**25,330**	10,000
2015 Sunbeam Limited	**695,150**	-
Avon Solar Energy Limited	**2,025,901**	-
Westcountry Solar Solutions Limited	**338,041**	-
Total investments	**11,521,899**	8,859,877

10. Investments (continued)

The Company holds directly 100% of ordinary share capital of the following subsidiaries which are incorporated in the United Kingdom and whose principal activity is that of investment in solar panels.

Company	Country of Incorporation	Business Activity
Renewable Clean Energy 2 Limited	United Kingdom	Solar Panel
Redan Power Ltd	United Kingdom	Solar Panel
Spire Energy Ltd	United Kingdom	Solar Panel
Electric Avenue Ltd	United Kingdom	Solar Panel
Renewable Clean Energy 3 Limited	United Kingdom	Solar Panel
2015 Sunbeam Limited	United Kingdom	Solar Panel
Avon Solar Energy Limited	United Kingdom	Solar Panel
Westcountry Solar Solutions Limited	United Kingdom	Solar Panel

The registered office for all of these companies is St Helen's, 1 Undershaft, London, England, EC3P 3DQ.

The Directors believe that the carrying values of the investments are supported by their underlying net assets, which includes an estimate of the fair value of the Solar assets. In the year ended 31 December 2017, the asset valuations have been impacted by changes to key assumptions and this has caused the fair value of the underlying net assets to be less than the carrying value of the investments as at the reporting date. An impairment of the Company's investments in its subsidiaries has been recorded such that the balance as at the reporting date is equal to the fair value of the underlying net assets.

11. Debtors: amounts falling due after more than one year

The following is a breakdown of debtors falling due after more than one year for the year ended 31 December 2017 and the year ended 31 December 2016.

	2017 £	2016 £
Loan to Renewable Clean Energy 2 Limited	**2,436,763**	2,340,366
Loan to 2015 Sunbeam Ltd	**2,680,493**	-
Loan to Westcountry Solar Solutions Limited	**1,655,983**	-
Loan to Avon Solar Energy Limited	**1,184,051**	-
Loan to Renewable Clean Energy 3 Limited	**836,771**	-
Total debtors falling due after more than one year	**8,794,061**	2,340,366

Loan to Renewable Clean Energy 2 Limited

In 2016, the Company entered into loan facilities for a total amount of £2,387,025 with Renewable Clean Energy 2 Limited Interest is charged on the loans at a rate of 5.06% per annum and is payable on a quarterly basis. An amount of £96,397 (2016: £53,341) representing the RPI adjustment on the loan was capitalised during the year. The loan is unsecured and repayable in full on 31 December 2040.

Loan to 2015 Sunbeam Ltd

In 2017, the Company entered into loan facilities for a total amount of £2,647,699 with 2015 Sunbeam Ltd. Interest is charged on the loans at a rate of 5 06% per annum and is payable on a quarterly basis. An amount of £32,794 representing the RPI adjustment on the loan was capitalised during the year. The loan is unsecured and repayable in full on 31 December 2038.

Loan to Westcountry Solar Solutions Limited

In 2017, the Company entered into loan facilities for a total amount of £1,638,111 with Westcountry Solar Solutions Limited. Interest is charged on the loans at a rate of 4.46% per annum and is payable on a quarterly basis. An amount of £17,872 representing the RPI adjustment on the loan was capitalised during the year. The loan is unsecured and repayable in full on 31 December 2038

Loan to Avon Solar Energy Limited

In 2017, the Company entered into loan facilities for a total amount of £1,171,272 with Avon Solar Energy Limited. Interest is charged on the loans at a rate of 4.46% per annum and is payable on a quarterly basis. An amount of £12,779 representing the RPI adjustment on the loan was capitalised during the year. The loan is unsecured and repayable in full on 31 December 2038.

Loan to Renewable Clean Energy 3 Limited

In 2017, the Company entered into loan facilities for a total amount of £832,676 with Renewable Clean Energy 3 Limited. Interest is charged on the loans at a rate of 3.76% per annum and is payable on a quarterly basis. An amount of £4,095 representing the RPI adjustment on the loan was capitalised during the year. The loan is unsecured and repayable in full on 31 December 2038.

12. Debtors: amounts falling due within one year

	2017 £	2016 £
Amounts owed by third parties	-	3,671
Amounts owed by group undertakings	**397,421**	32,072
VAT receivable	**64,706**	18,042
	462,127	53,785

13. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	-	6,669
Loan interest owed to group undertakings	**185,831**	159,181
Amounts owed to group undertakings	**882,902**	72,995
Accruals and deferred income	**23,984**	15,050
	1,092,717	253,895

14. Loan payable

	2017 £	2016 £
4.0% Senior loan (tranche A)	**17,398,005**	9,732,745
8.0% Mezzanine loan (tranche B)	**4,372,101**	3,114,478
	21,770,106	12,847,223

On 16 June 2016 the Company entered into a loan facility with Aviva Investors PiP Solar PV Limited Partnership. The loan facility is unsecured and due to be repaid in full on termination of the Partnership, and was utilised in two tranches: tranche A facility with a maximum amount of £375,000,000 and bearing interest of 4.0% per annum; tranche B facility with a maximum amount of £125,000,000 and bearing interest of 8.0% per annum.

As at 31 December 2017, £17,398,005 had been drawn down on tranche A (31 December 2016: £9,732,745) and £4,372,101 had been drawn down on tranche B (31 December 2016. £3,114,478).

15. Called up share capital

	2017	2016
	£	£
Allotted, called up and fully paid share capital of the Company at 31 December 2017 was 6 (year ended 31 December 2016: 5) ordinary shares of £1 each	**6**	5

In 2017, the Company approved the allotment of 1 ordinary shares of £1 each in the Company for £4,299 to Aviva Investors PiP Solar PV (General Partner) Limited (2016: 4 ordinary shares of £1 each for £130,386).

16. Contingent liabilities and capital commitments

There were no commitments or contingent liabilities at the reporting date (31 December 2016: £Nil).

17. Financial instruments

	2017	2016
	£	£
Financial assets measured at amortised cost:		
Debtors (see notes 11 and 12)	**9,256,188**	2,394,151
Cash at bank and in hand	**665,779**	1,045,200
	9,921,967	3,439,351

	2017	2016
	£	£
Financial liabilities measured at amortised cost:		
Creditors (see note 13)	**(1,092,717)**	(253,895)
Loan payable (see note 14)	**(21,770,106)**	(12,847,223)
	(22,862,823)	(13,101,118)

The Company's income and expense in respect of financial instruments are summarised below:

	2017	2016
	£	£
Interest income and expense		
Total interest income for financial assets at undiscounted amount payable	**367,886**	143,094
Total interest expense for financial liabilities at amortised cost	**764,138**	425,255
	1,132,024	568,349

18. Parent and controlling entity

The Company's immediate and ultimate parent undertaking is Aviva Investors PiP Solar PV Limited Partnership, incorporated in Great Britain and registered in England and Wales.

Aviva Investors PiP Solar PV Limited Partnership, which has 100% interest of the Company, is both the largest and the smallest group of undertakings to consolidate these financial statements at 31 December 2017. The consolidated financial statements of Aviva Investors PiP Solar PV Limited Partnership are available on application to the:

Aviva Company Secretarial Services Limited
St Helen's
1 Undershaft, London
EC3P 3DQ

19. Events after the reporting period

Events after the reporting financial year have been evaluated up to the date the audited financial statements were approved and authorised for issue by the Directors and there are no material events to be disclosed or adjusted for in these audited financial statements.