

Oxygen House Partners LLP
Annual Report and Consolidated Financial Statements
Year Ended 31 December 2017
Registration number: OC341934

Parent undertaking
consolidated accounts
for Grenadier Paternoster Limited
(company number 09585219)

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Oxygen House Partners LLP

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Oxygen House Partners LLP

Limited liability partnership information

Designated members	Oxygen House Limited Dr M J Dixon Dr E A Dixon
Registered office	Oxygen House Grenadier Road Exeter Business Park Exeter EX1 3LH
Bankers	Lloyds Bank 2nd Floor 234 High Street Exeter EX4 3ZB
Independent Auditor	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR

Oxygen House Partners LLP

Members' Report

For the Year Ended 31 December 2017

The members present their report and the consolidated financial statements for the year ended 31 December 2017.

Group Structure

The group comprises Oxygen House Partners LLP and its subsidiaries and associates.

Principal activity

Oxygen House Partners LLP's principal activity is investing in businesses involved in the mitigation of climate change, solutions to improve education, sustainable property development and developing sustainable cities.

Review of the business and future developments

The overall consolidated loss for the year was £15.446m (2016 £5.156m).

The group expects to continue its principal activities in the future.

Cash and capital provision

Net cash outflow from operating activities for the group during the year was £9.611m. Members continued to support investment activities through the year. Members' cumulative capital contributions were £50.938m at the year ended 31 December 2017.

Strategy

During the year the Group continued to make investments in businesses meeting its investment criteria. The Group believes the strategic outlook to be positive, with opportunities for new investment arising both in the current portfolio and in new projects.

Principal risks and uncertainties

The Directors believe that the Group's key exposures to risks and uncertainties are as follows.

Operational risks

The principal risk to the Group's operations are a lack of suitable investment opportunities. The Group focuses its investment activity in companies involved in sustainable business for which there is an increasingly positive market sentiment and demand. The Group continually reviews the pipeline of potential investment opportunities.

Government risk

The regulatory environment is evolving and changes therein may adversely affect the Group. The Group focuses its investments in the UK where there is a stable political environment.

Legal and regulatory risk

The Group and its investments are subject to laws and regulations enacted by national, regional and local governments and institutions.

Certain of the sectors in which the Group's investments operate are subject to legal and regulatory controls, and the investee companies must comply with all applicable laws, regulations and regulatory standards which, inter alia, require them to obtain and maintain certain authorisations, licences and approvals for their operations.

Oxygen House Partners LLP

Members' Report

For the Year Ended 31 December 2017 (continued)

Credit risk

The Group primary credit risk is the non payment of loans and interest owed by its investee companies. The Group manages this risk through appropriate due diligence at the investment stage and appropriate governance and monitoring of its investments. The Group's portfolio of investments includes a wide range of market sectors and assets at different stages of development.

Liquidity risk

The primary liquidity risk for the Group is the risk of a reduction or withdrawal of support from its Members. Having placed reliance on the support of its Members, the Group has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future.

In addition, certain of the Group's operational investments have access to funding at competitive rates through banks and financial institutions.

Future developments

The members aim to maintain the management policies which have resulted in the group's growth in recent years.

Going concern

The members have a reasonable expectation that the LLP and group have adequate resources, including future funding commitments, to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Designated members

The members who held office during the year were as follows:

Oxygen House Limited (resigned 13 April 2018)

Dr M J Dixon

The following member was appointed after the year end:

Dr E A Dixon (appointed 13 April 2018)

Members' drawings and the subscription and repayment of members' capital

Drawings, subscriptions and repayments are governed by agreement of the members taking into account the anticipated cash needs of the LLP. On retirement, capital is repaid to members.

Disclosure of information to the auditors

Each member has taken steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that the limited liability partnership's auditors are aware of that information. The members confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Oxygen House Partners LLP

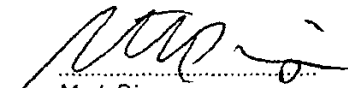
Members' Report

For the Year Ended 31 December 2017 (continued)

Resignation and Appointment of Auditors

Ernst & Young LLP resigned as auditors and PricewaterhouseCoopersLLP were appointed as auditors of the limited liability partnership for the year ended 31 December 2017.

These financial statements were approved and authorised for issue by the members on 26.9.18
and are signed on their behalf by:


Mark Dixon

Oxygen House Partners LLP

Statement of Members' Responsibilities

Year Ended 31 December 2017

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

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the group and limited liability partnership 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, as applied to limited liability partnerships, the members 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 group and limited liability partnership and of the profit or loss of the group and limited liability partnership for that period. In preparing the financial statements, the members 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 group and limited liability partnership will continue in business.

The members are also responsible for safeguarding the assets of the group and limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the group and limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to limited liability partnerships by the Regulations.

Oxygen House Partners LLP

Independent Auditors' Report to the Members of Oxygen House Partners LLP

Report on the audit of the financial statements

Opinion

In our opinion, Oxygen House Partners LLP's group financial statements and limited liability partnership financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the limited liability partnership's affairs as at 31 December 2017 and of the group's loss and cashflows 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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated and partnership balance sheets as at 31 December 2017; the consolidated profit and loss account, the consolidated cash flow statement, and the consolidated and partnership statements of changes in members' interest for the year then ended 31 December 2017; 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 group 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 the ISAs (UK) require us to report to you when:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the limited liability partnership'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 group's and limited liability partnership's ability to continue as a going concern.

Oxygen House Partners LLP

Independent Auditors' Report to the Members of Oxygen House Partners LLP (continued)

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 members 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 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.

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the Statement of Members' Responsibilities, the members 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 members 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 members are responsible for assessing the group's and the limited liability partnership'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 members either intend to liquidate the group or the limited liability partnership 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 opinion, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving this opinion, 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.

Oxygen House Partners LLP

Independent Auditors' Report to the Members of Oxygen House Partners LLP (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 as applicable to limited liability partnerships 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 limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the limited liability partnership financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Colin Bates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor

2 Glass Wharf
Bristol
BS2 0FR

Date: 27 September 2018

Oxygen House Partners LLP

Consolidated Profit and Loss Account

Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Turnover	2	16,920	15,672
Operating expenses	4	(27,884)	(24,813)
Other operating income	3	90	776
Share of operating (loss)/profit of associates	5	<u>(131)</u>	<u>6,991</u>
Operating loss	6	(11,005)	(1,374)
Income from other fixed asset investments		600	-
Other interest receivable and similar income		75	180
Interest payable and similar charges	7	<u>(4,278)</u>	<u>(4,418)</u>
Loss for the year before taxation and members' remuneration charged as an expense		(14,608)	(5,612)
Taxation	11	<u>(838)</u>	<u>456</u>
Loss for the year available for discretionary division among members		<u>(15,446)</u>	<u>(5,156)</u>
Loss attributable to:			
Owners of the parent		(16,161)	(5,324)
Non-controlling interests		<u>715</u>	<u>168</u>
		<u>(15,446)</u>	<u>(5,156)</u>

Turnover and operating profit derive wholly from continuing operations.

The limited liability partnership has no recognised gains or losses for the year other than the results above.

Oxygen House Partners LLP

Consolidated Statement of Comprehensive Income

Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Loss for the year available for discretionary division among members		(15,446)	(5,156)
Other comprehensive income		-	-
Total comprehensive income for the year available for discretionary division among members		(15,446)	(5,156)
Total comprehensive income attributable to:			
Owners of the parent		(16,161)	(5,324)
Non-controlling interests		715	168
		(15,446)	(5,156)

Oxygen House Partners LLP

Consolidated Balance Sheet

As at 31 December 2017

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Intangible assets	14	4,104	-
Tangible assets	15	116,952	129,067
Investment property	16	6,500	-
Investments	17	3,528	3,435
Deferred tax		-	483
		<u>131,084</u>	<u>132,985</u>
Current assets			
Stocks	18	8,579	-
Debtors	19	10,685	7,279
Cash and short-term deposits	20	<u>12,020</u>	<u>13,711</u>
		31,284	20,990
Creditors: Amounts falling due within one year	21	<u>(17,871)</u>	<u>(13,930)</u>
Net current assets		<u>13,413</u>	<u>7,060</u>
Total assets less current liabilities		144,497	140,045
Creditors: Amounts falling due after more than one year	22	(83,534)	(88,310)
Provisions			
Other provisions	25	<u>(10,025)</u>	<u>(9,407)</u>
Net assets attributable to members		<u>50,938</u>	<u>42,328</u>
Represented by:			
Equity			
Members' capital classified as equity	26	102,819	77,030
Other reserves		<u>(52,185)</u>	<u>(33,959)</u>
		50,634	43,071
Non-controlling interests		<u>304</u>	<u>(743)</u>
		<u>50,938</u>	<u>42,328</u>
Total members' Interests			
Equity		<u>50,938</u>	<u>42,328</u>
		<u>50,938</u>	<u>42,328</u>

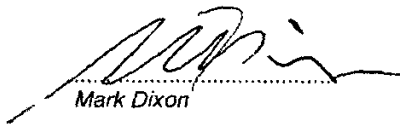
The notes on pages 18 to 53 form an integral part of these financial statements.

Oxygen House Partners LLP

Consolidated Balance Sheet

As at 31 December 2017 (continued)

The financial statements of Oxygen House Partners LLP (registered number OC341934) were approved by the members and authorised for issue on 24.9.18. They were signed on behalf of the limited liability partnership by:



Mark Dixon

Registration number: OC341934

Oxygen House Partners LLP


Partnership Balance Sheet

As at 31 December 2017

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Investments	17	50,328	50,803
Current assets			
Debtors	19	53,513	28,780
Cash and short-term deposits	20	1,039	566
		<u>54,552</u>	<u>29,346</u>
Creditors: Amounts falling due within one year	21	<u>(36)</u>	<u>(1)</u>
Net current assets		<u>54,516</u>	<u>29,345</u>
Net assets attributable to members		<u>104,844</u>	<u>80,148</u>
Represented by:			
Equity			
Members' capital classified as equity	26	102,819	78,030
Other reserves		<u>2,025</u>	<u>2,118</u>
		<u>104,844</u>	<u>80,148</u>
		<u>104,844</u>	<u>80,148</u>
Total members' interests			
Equity		<u>104,844</u>	<u>80,148</u>
		<u>104,844</u>	<u>80,148</u>

The partnership loss for the year, available for discretionary division among members, was (£93,000) (2016 - (£56,000)).

The financial statements of Oxygen House Partners LLP (registered number OC341934) were approved by the members and authorised for issue on 26.9.18. They were signed on behalf of the limited liability partnership by:


Mark Dixon

Registration number: OC341934

Oxygen House Partners LLP

Consolidated Statement of Changes in Members' Interests For the year ended 31 December 2017

	Equity		Other reserves	
	Members' capital £ 000	Other reserves £ 000	Amount attributable to members £ 000	Non-controlling interests £ 000
Members' interest at 1 January 2017 (restated)	78,030	(35,702)	42,328	(743)
(Loss)/profit for the financial year available for discretionary division among members	-	(15,446)	(15,446)	715
Members' capital introduced	24,789	-	24,789	-
Arising on group restructure under common control	-	(733)	(733)	332
At 31 December 2017	102,819	(51,881)	50,938	304

	Equity		Other reserves	
	Members' capital £ 000	Other reserves £ 000	Amount attributable to members £ 000	Non-controlling interests £ 000
Members' interest at 1 January 2016	72,530	(29,546)	42,984	(911)
(Loss)/profit for the financial year available for discretionary division among members	-	(5,156)	(5,156)	168
Members' capital introduced	4,500	-	4,500	-
At 31 December 2016 as originally stated	77,030	(34,702)	42,328	(743)

The notes on pages 18 to 53 form an integral part of these financial statements.
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Oxygen House Partners LLP

Consolidated Statement of Changes in Members' Interests For the year ended 31 December 2017 (continued)

Restatement	1,000	(1,000)	-	(1,000)	-
At 31 December 2016 as restated	78,030	(35,702)	42,328	(34,959)	(743)

Oxygen House Partners LLP

Partnership Statement of Changes in Members' Interests For the year ended 31 December 2017

	Equity	
	Members' capital £ 000	Other reserves £ 000
Members' interest at 1 January 2017 (as restated)	78,030	2,118
Loss for the financial year available for discretionary division among members	-	(93)
Members' capital introduced	24,789	-
At 31 December 2017	102,819	2,025
		104,844

	Equity	
	Members' capital £ 000	Other reserves £ 000
Members' interest at 1 January 2016	72,530	3,170
Loss for the financial year available for discretionary division among members	-	(56)
Members' capital introduced	4,500	-
Other amounts introduced by members	-	4
At 31 December 2016 as originally stated	77,030	3,118
Restatement	1,000	(1,000)
At 31 December 2016 as restated	78,030	2,118
		80,148

Oxygen House Partners LLP

Consolidated Cash Flow Statement

For the Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Net cash (outflow)/inflow from operating activities	23	<u>(9,611)</u>	<u>2,545</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(466)	(1,763)
Sale of tangible fixed assets		876	-
Purchase of investment properties		(4,587)	-
Purchase of intangible fixed assets		(2,015)	-
Interest received		75	180
Share of associate		(131)	-
Purchase of trading investments		(1,215)	(1,713)
Other movements in investments		31	-
Proceeds on disposal of fixed asset investments		<u>-</u>	<u>745</u>
Net cash outflows from investing activities		<u>(7,432)</u>	<u>(2,551)</u>
Cash flows from financing activities			
Repayment of loans and borrowings		(5,159)	(4,908)
Interest paid		(4,278)	(4,418)
Capital contributions by members		<u>24,789</u>	<u>4,500</u>
Net cash inflow/(outflow) from financing activities		<u>15,352</u>	<u>(4,826)</u>
Net decrease in cash and cash equivalents	23	(1,691)	(4,832)
Cash and cash equivalents at 1 January		<u>13,711</u>	<u>18,543</u>
Cash and cash equivalents at 31 December		<u>12,020</u>	<u>13,711</u>

The notes on pages 18 to 53 form an integral part of these financial statements.

Oxygen House Partners LLP

Notes to the Financial Statements

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

Oxygen House Partners LLP is a limited liability partnership incorporated in England. The Registered Office is Oxygen House, Grenadier Road, Exeter Business Park, Exeter, EX1 3LH. The Partnership changed its name from Andromeda Capital Partners LLP on the 25 February 2016 to Oxygen House Partners LLP.

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006 and in accordance with the Statement of Recommended Practice 'Accounting for Limited Liability Partnerships' issued in January 2017. There are no material departures from FRS102.

The company has early adopted the triennial revisions to FRS 102 as published by the FRC in December 2017.

General information and basis of accounting

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The functional currency of Oxygen House Partners LLP is considered to be pounds sterling because that is the currency of the primary economic environment in which the limited liability partnership operates.

Basis of consolidation

The group financial statements consolidate the financial statements of Oxygen House Partners LLP and all its subsidiary undertakings drawn up to 31 December each year. The consolidated financial statements incorporate the financial statements of the group and all group undertakings, together with the group's share of the net assets and results of associated undertakings. These are adjusted, where appropriate, to conform to group accounting policies and to align year ends where subsidiary or associated companies do not have uniform year ends.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain the benefit from its activities.

Acquisitions are accounted for under the acquisition method. The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively.

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

Going concern

The members believe that the group is well placed to manage its business risks successfully. The members have a reasonable expectation that the group has adequate resources, including future funding commitments, to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

- **Deferred tax assets** - are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.
- **Decommissioning provision** - The Group has recognised a provision for decommissioning obligations associated with its solar parks. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs.
- **Revenue relating to the accrued income for ROCS** - The number of Renewable Obligation Certificates ("ROCS") are calculated each month based on the net number of mega-watts of power exported. The ROC price is fixed for each Compliance Period ("CP") which runs from 1 April to 31 March and is published in advance by Ofgem. The ROC recycle price is subject to market forces and is not published by Ofgem until September following the accounting year end. Management has adopted the policy of recognising ROC Recycle revenue once on an annual basis, at a time when the price can be reliably estimated (typically when there is public information on the key drivers of the price, including ROCs supplied and energy demand). For the year ended 31 December 2017, no ROC recycle revenue has been accrued in respect of ROC's generated for CP16 (1 April 2017 to 31 December 2017). This revenue (if any) will be recognised in the following accounting year when the price is confirmed.
- **Accrued Feed in Tariff (FiT) revenue** - The Group has received revenues under the FiT scheme, a UK Government based incentive scheme. The tariff is determined in advance of the financial year by Ofgem. Revenue is accrued each month based on the net number of mega-watts of power generated by the tariff rate.

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of energy from operational solar parks and the rendering of services.

Any uninvoiced revenue is accrued in the period in which it has been generated. Revenue is stated net of value added tax and is generated entirely within the United Kingdom.

Developer fees are recognised using stage of completion method. Stage of completion is measured by reference to hours incurred to date as a percentage of total estimated hours for each contract.

Foreign currency

The financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The subsidiary accounts have the functional currency of Sterling (£). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Taxation

The taxation on all LLP profits is solely the personal liability of individual members. Consequently, neither taxation nor related deferred taxation arising in respect of the LLP is accounted for in these financial statements. Amounts retained for the payment of tax are treated in the same way as other profits of the LLP and so are included in loans and other debts due to members.

The subsidiaries and associated companies included in these consolidated financial statements are subject to Corporation Tax based on their profits for the accounting period. Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Goodwill

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

Intangible assets

Intangible assets are capitalised at cost, classified as an asset on the balance sheet and amortised on a straight line basis over the useful economic life.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Amortisation

The Group establishes a reliable estimate for the useful life of goodwill and intangible assets that have arisen on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over 10 years.

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Asset class	Amortisation method and rate
Goodwill	over 10 years
Trademarks	over 10 years

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Assets under construction	nil
Solar PV assets	over 25 years
Other assets	over 4 years
Land and buildings	over 50 years
Inverters	over 15 years
Fixtures and fittings	over 4 years

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

Impairment of assets

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Where there are indicators of impairment of individual assets, the Group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Investment properties

Investment properties for which fair value can be measured reliably by external valuers without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the profit and loss account.

Investments in subsidiaries, associates and unquoted investments

The consolidated financial statements incorporate the financial statements of the LLP and entities (including special purpose entities) controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Investments in subsidiaries are accounted for at cost less impairment in the financial statements.

Investments in associates are recognised initially in the consolidated statement of financial position at the transaction price and subsequently adjusted to reflect the group's share of total comprehensive income and equity of the associate, less any impairment.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate are recognised at the date of acquisition, although treated as goodwill, is presented as part of the investment in the associate.

Investments in associates and unquoted investments are accounted for at cost less impairment in the individual financial statements.

Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads according to the stage of completion.

Debtors

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

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Creditors

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

Leases

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

Provisions

Provisions are recognised when the limited liability partnership has an obligation at the reporting date as a result of a past event, it is probable that the limited liability partnership will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present value of the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(i) Decommissioning provision

Liabilities for decommissioning costs are recognised when the LLP has an obligation to dismantle and remove the Solar PV equipment and restore the land on which it is located. Liabilities may arise upon construction of such facilities, upon acquisition or through a subsequent change in legislation or regulations. The amount recognised is the estimated present value of expenditure determined in accordance with local conditions and requirements. A corresponding tangible item of property, plant and equipment equivalent to the provision is also created.

Any changes in the present value of the estimated expenditure is added to or deducted from the cost of the assets to which it relates. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. The unwinding of the discount on the decommissioning provision is included as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate.

Pensions and other post retirement obligations

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

1 Accounting policies (continued)

Financial instruments

Classification

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the limited liability partnership intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

2 Turnover

Turnover represents the amounts derived from the provision of services which fall within the group's ordinary activities, stated net of value added tax.

All turnover was derived from the United Kingdom and is attributable to continuing operations.

The analysis of the group's revenue for the year is as follows:

	2017 £ 000	2016 £ 000
Electricity sales	4,493	5,591
Energy generation income	8,668	7,730
Embedded benefits	1,994	381
Developer fees	-	826
Asset management & management fees	832	800
Rental income from investment property	486	343
Other revenue	447	1
	<u>16,920</u>	<u>15,672</u>

Energy generation income relates to ROC and FiT tariffs received through renewable energy generation (refer to Judgements and estimates in Note 1).

Electricity sales relate to Power Purchase Agreements outside of ROC and FiT regimes.

Asset management fees apply to SPVs of associated companies and companies outside of the group.

Revenue from embedded benefits relates to electricity supplied directly to distribution networks.

3 Operating Income

	2017 £ 000	2016 £ 000
Liquidated damages	90	(99)
Gain on sale of investment	-	745
Other	-	130
	<u>90</u>	<u>776</u>

Liquidated damages relate to compensation received from the engineering, procurement and construction ("EPC") contractor, where the level of performance of the solar park falls below the level guaranteed under the EPC contract. The amount presented in the Consolidated Profit and Loss account represents the portion of the compensation that covers for lost revenue that would have been achieved if the solar park performed at the guaranteed level.

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

4 Operating expenses

The following were included within operating expenses:

	2017	2016
	£ 000	£ 000
Staff costs	8,691	6,853
Recruitment and other staff costs	659	727
Planning and development fees	1,426	1,582
Consultancy and professional fees	3,731	3,456
Marketing	407	615
Rent and rates	2,965	2,598
Depreciation	6,144	5,382
Other central overheads	2,425	1,046
Charitable donations	205	128
Amortisation	141	-
Amounts written off investments	1,090	2,426
	<u>27,884</u>	<u>24,813</u>

4 Share of operating (loss)/ profit of associate

The Group's share of operating (loss)/profit from associates for the year was (£131,000) (2016 £6,991,000) in respect continuing investments.

6 Operating loss

Operating loss is stated after charging:

	2017	2016
	£ 000	£ 000
Staff costs (see note 8)	8,691	6,853
Depreciation of owned assets	6,144	5,382
Amortisation	141	-
Auditors remuneration (see note 10)	220	197
Profit on disposal of investments	-	(745)
Amounts written off investments	<u>1,090</u>	<u>2,426</u>

7 Interest payable and similar charges

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

7 Interest payable and similar charges (continued)

	2017	2016
	£ 000	£ 000
Interest on bank borrowings and overdrafts	3,839	3,949
Amortisation facility fees	267	268
Unwinding of decommissioning provision	172	201
	<u>4,278</u>	<u>4,418</u>

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

8 Employees

The average number of persons employed by the group (including members) during the year, was as follows:

	2017 No.	2016 No.
Key management personnel	15	14
Other group services and activities	123	95
	<u>138</u>	<u>109</u>

The aggregate payroll costs were as follows:

	2017 £ 000	2016 £ 000
Wages and salaries	7,591	5,978
Social security costs	896	650
Other pension costs	159	71
Temp staff costs	45	154
	<u>8,691</u>	<u>6,853</u>

Remuneration of Key Management Personnel

For the year, the key management personnel were employed by, and received all emoluments from, Oxygen House Limited. The key management personnel perform duties for multiple entities in the Oxygen House Group. Consequently, no separate remuneration has been disclosed in Oxygen House Partners LLP. Oxygen House Limited is a related party and a management fee has been charged by this company as disclosed in the related party transaction note.

9 Members of the LLP

	2017	2016
Average number of members during the year	<u>2</u>	<u>2</u>

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

10 Auditor's remuneration

	2017 £ 000	2016 £ 000
Fees payable to the company's auditor and its associates for the audit of the parent company and the group's consolidated financial statements	<u>32</u>	<u>36</u>
Fees payable to the LLP's auditor and their associates for other services:		
The audit of the LLP's subsidiaries' annual accounts	54	161
Tax advisory services	<u>20</u>	<u>-</u>
	<u>74</u>	<u>161</u>
Fees payable to other auditors:		
Fees payable to other auditors for audit of subsidiary accounts	87	-
Fees payable to other auditors for other services	<u>27</u>	<u>-</u>
	<u>114</u>	<u>-</u>

11 Taxation

	2017 £ 000	2016 £ 000
Current taxation		
UK corporation tax for the period	19	(801)
Adjustments in respect of previous periods	<u>2</u>	<u>(1)</u>
	<u>21</u>	<u>(802)</u>
Deferred taxation		
Arising from origination and reversal of timing differences current year	900	389
Arising from origination and reversal of timing differences prior year	(79)	-
Arising from changes in tax rates and laws	<u>(4)</u>	<u>(43)</u>
Total deferred taxation	<u>817</u>	<u>346</u>
Tax charge/(credit)	<u>838</u>	<u>(456)</u>

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

11 Taxation (continued)

The tax for the year is higher than the standard rate of corporation tax in the UK (2016 - higher) of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 £ 000	2016 £ 000
Loss on ordinary activities before tax	(14,608)	(5,612)
Corporation tax at standard rate	(2,821)	(1,122)
Effect of expense not deductible for tax purposes	4,906	1,081
Non-taxable income	(9,839)	(694)
Decrease from tax losses for which no deferred tax asset was recognised	1,035	-
Tax increase (decrease) from exempt items	3,662	-
Effect of transaction under common control	2,459	-
Share of profit of associates	(125)	(1,398)
Other	1,561	1,677
Total tax charge/(credit)	<u>838</u>	<u>(456)</u>

12 Deferred tax

	2017 £000	2016 £000
Balance b/fwd	483	829
Adjustments in respect of prior years	79	(208)
Deferred tax charge to the profit and loss account	(817)	(148)
Other differences	-	10
Increase in valuation of investments	(79)	-
Arising on group restructure under common control	(215)	-
Balance c/fwd	<u>(549)</u>	<u>483</u>

Deferred tax relates to short term timing differences, fixed asset timing differences and capital gains timing differences.

13 Loss of the partnership

The partnership has taken advantage of Section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships, Partnerships and Groups (Accounts & Audit) Regulations 2016 and has not included its own profit and loss account in these financial statements. Its own loss for the year available for discretionary division among members was (£93,000) (2016 - (£56,000)).

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

14 Intangible fixed assets

Group

	Goodwill £ 000	Trademarks £ 000	Total £ 000
Cost			
Additions (note 30)	4,236	9	4,245
At 31 December 2017	4,236	9	4,245
Accumulated Amortisation			
Charge for the year	140	1	141
At 31 December 2017	140	1	141
Net book value			
At 31 December 2017	4,096	8	4,104

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

15 Tangible fixed assets

Group	Land and buildings £ 000	Assets under construction £ 000	Solar PV assets £ 000	Inverters £ 000	Fixtures and fittings £ 000	Other assets £ 000	Total £ 000
Cost							
At 1 January 2017	9,423	5,756	121,360	7,753	397	1,150	145,839
Arising on group restructure	-	-	25	-	-	-	25
Additions	-	-	273	-	193	-	466
Disposals	(647)	-	(115)	-	-	(114)	(876)
Transfer to Investment Property	-	(1,313)	-	-	-	-	(1,313)
Transfer to stock	-	(4,406)	-	-	-	-	(4,406)
At 31 December 2017	8,776	37	121,543	7,753	590	1,036	139,735
Depreciation							
At 1 January 2017	141	-	13,960	1,595	209	867	16,772
Charge for the year	139	-	5,380	518	154	(47)	6,144
Eliminated on disposals	(11)	-	-	-	(8)	(114)	(133)
At 31 December 2017	269	-	19,340	2,113	355	706	22,783
Net book value							

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

15 Tangible fixed assets (continued)

	Land and buildings £ 000	Assets under construction £ 000	Solar PV assets £ 000	Inverters £ 000	Fixtures and fittings £ 000	Other assets £ 000	Total £ 000
At 31 December 2017	8,507	37	102,203	5,640	235	330	116,952
At 31 December 2016	9,282	5,756	107,400	6,158	188	283	129,067

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

16 Investment property

Group

	2017 £ 000
Additions	4,587
Transfers to and from tangible fixed assets	1,313
Fair value adjustments	<u>600</u>
At 31 December	<u>6,500</u>

The investment property was revalued in May 2018 by independent valuers. The name of the independent valuer is Vickery Holman.

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

17 Investments held as fixed assets

Group

	2017 £ 000	2016 £ 000
Shares in group undertakings and participating interests	2,799	1,898
Other investments	729	1,537
	<u>3,528</u>	<u>3,435</u>

Shares in group undertakings and participating interests

	Investment in associates £ 000	Total £ 000
Cost		
At 1 January 2017	5,328	5,328
Additions	1,095	1,095
Transfer from Associates to other investments	<u>(1,949)</u>	<u>(1,949)</u>
At 31 December 2017	<u>4,474</u>	<u>4,474</u>
Provision for impairment		
At 1 January 2017	3,430	3,430
Charge for year	889	889
Transfer from Associates to other investments	<u>(1,774)</u>	<u>(1,774)</u>
Share of loss in associate	130	130
Reversal of equity accounting	<u>(1,000)</u>	<u>(1,000)</u>
At 31 December 2017	<u>1,675</u>	<u>1,675</u>
Net book value		
At 31 December 2017	<u>2,799</u>	<u>2,799</u>
At 31 December 2016	<u>1,898</u>	<u>1,898</u>

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

17 Investments held as fixed assets (continued)

The transfer from Associates to other investments reflects a reduction in the shareholdings held in the year. Such that the group no longer held significant influence (less than 20% share holding).

Other investments

	Shares in unlisted companies £ 000	Convertible loan notes £ 000	Total £ 000
Cost			
At 1 January 2017	3,913	900	4,813
Additions	60	60	120
Conversion to equity	-	(900)	(900)
Transfer from Associates to other investments	1,949	-	1,949
At 31 December 2017	5,922	60	5,982
Provision for impairment			
At 1 January 2017	3,276	-	3,276
Charge for year	203	-	203
Transfer from Associates to other investments	1,774	-	1,774
At 31 December 2017	5,253	-	5,253
Net book value			
At 31 December 2017	669	60	729
At 31 December 2016	637	900	1,537

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

17 Investments held as fixed assets (continued)

Details of Undertakings

Details of the investments (excluding subsidiaries) in which the limited liability partnership holds any class of share capital are as follows: A list of subsidiaries is included in note 31.

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity	Registered Office
Associates					
enModus Limited	England	Ordinary A shares and preference shares	23.8%	Design and manufacture of electrical components	Cas Gwent Chambers, Welsh Street, Chepstow, Gwent, NP16 5XG
Billy Founder Limited	England	Ordinary A shares	20%	Retail	25 Salisbury House Bessborough Gardens, Drummond Gate, London, SW1V 2HJ
Nur Energie Limited	England	Ordinary B preference shares	31.5%	Solar installations	95 Aldwych, London, WC2B 4JF
Other Investments					
Cloudsoft Corporation Limited	England	Ordinary shares	16.14%	Computer consultancy	125 Princes Street, 5th Floor, Edinburgh, EH2 4AD
BA Technologies Holdings Limited	England	Ordinary shares and redeemable B shares	6.8%	Technology	Towngate House, 2-8 Parkstone Road, Poole, BH15 2PW
Lympstone Manor Limited	England	Ordinary A shares and ordinary B shares	5.5%	Leisure and hospitality	Courtlands Lane, Exmouth, Devon, EX8 3NZ
Tamar Energy Limited	England	Investor shares	1.15%	Construction of utility projects for electricity and tele-communications	C/O Biogen Milton Parc, Milton Ernest, Bedford, MK44 1YU

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

17 Investments held as fixed assets (continued)

Partnership

	2017 £ 000	2016 £ 000
Shares in group undertakings and participating interests	<u>50,328</u>	<u>50,803</u>

Shares in group undertakings and participating interests

	Subsidiary undertakings £ 000	Total £ 000
Cost		
At 1 January 2017	50,803	50,803
Return of capital	<u>(475)</u>	<u>(475)</u>
At 31 December 2017	<u>50,328</u>	<u>50,328</u>
Net book value		
At 31 December 2017	<u>50,328</u>	<u>50,328</u>
At 31 December 2016	<u>50,803</u>	<u>50,803</u>

Please refer to note 32 for details of subsidiary undertakings.

18 Stocks

	Group		Partnership	
	2017 £ 000	2016 £ 000	2017 £ 000	2016 £ 000
Development property				
Additions	4,173	-	-	-
Transferred from Fixed Assets				
Under Construction	<u>4,406</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>8,579</u>	<u>-</u>	<u>-</u>	<u>-</u>

19 Debtors

	Group		Partnership	
	2017 £ 000	2016 £ 000	2017 £ 000	2016 £ 000
Trade debtors	1,745	2,265	-	-
Amounts owed by group				
undertakings	-	-	53,086	28,403
Other debtors	3,909	2,969	427	377
Prepayments and accrued income	<u>5,031</u>	<u>2,045</u>	<u>-</u>	<u>-</u>
	<u>10,685</u>	<u>7,279</u>	<u>53,513</u>	<u>28,780</u>

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

19 Debtors (continued)

Amounts owed by group undertakings are repayable on demand and interest is charged at 5% unless otherwise agreed.

20 Cash and cash equivalents

Cash and cash equivalents comprise the following:

	Group		Partnership	
	2017	2016	2017	2016
	£ 000	£ 000	£ 000	£ 000
Cash at bank and in hand	11,761	13,453	1,029	556
Short-term deposits	259	258	10	10
	<u>12,020</u>	<u>13,711</u>	<u>1,039</u>	<u>566</u>

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits. Short term deposits have an original maturity date of three months or less.

21 Creditors: Amounts falling due within one year

	Group		Partnership	
	2017	2016	2017	2016
	£ 000	£ 000	£ 000	£ 000
Bank loans	5,043	5,426	-	-
Trade creditors	11,757	764	-	-
Other taxes and social security	156	713	-	-
Other creditors	167	1,684	1	1
Accruals and deferred income	748	5,343	35	-
	<u>17,871</u>	<u>13,930</u>	<u>36</u>	<u>1</u>

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

22 Creditors: Amounts falling due after more than one year

	Group		Partnership	
	2017 £ 000	2016 £ 000	2017 £ 000	2016 £ 000
Bank loans	83,034	87,810	-	-
Director's loan account	500	500	-	-
	<u>83,534</u>	<u>88,310</u>	<u>-</u>	<u>-</u>

Group

Included in creditors are the following amounts due after more than five years:

	2017 £ 000	2016 £ 000
After more than five years by instalments - bank loans	63,073	67,053

Borrowings due after five years

The senior bank loan is made up of two tranches, one being fixed with a notional amount of £26,500,000 with an interest rate of 4.17%. The second tranche being fixed with an interest rate of 1.55% annually indexed to RPI with a notional amount of £79,500,000. Both tranches have a final repayments date of 31 December 2033.

As at 31 December 2017 the balance outstanding was £88,077,00. The debt repayment schedule is as follows:

	One year or less £ 000	One - two years £ 000	Two - five years £ 000	More than five years £ 000	Totals £ 000
Senior bank loans	4,787	4,844	15,373	63,073	88,077

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

23 Cash flow statement

Group

	2017 £ 000	2016 £ 000
Operating loss	(11,005)	(1,374)
Depreciation, amortisation and impairment charges	6,286	5,382
Profit on disposal of fixed asset investments	-	(745)
Decrease in deferred tax asset	-	346
Increase in stocks	(4,173)	-
Increase in debtors	(3,406)	(2,059)
Increase/(decrease) in creditors	2,101	(1,652)
Increase in provisions	69	1,772
Tax paid	-	6
Other movements of tangible fixed assets	-	(1,129)
Decrease in other assets	-	(428)
Write off of investments	1,090	2,426
Arising on group restructure	(573)	-
Net cash (outflow)/inflow from operating activities	(9,811)	2,545

Reconciliation of Net Debt

Net Debt	As at 1 January 2017	Change in the year	Transfer from debt due after one year to within one year	As at 31 December 2017
	£	£	£	£
Cash and cash equivalents (note 20)	13,711	(1,691)	-	12,020
Bank debt due within one year (note 21)	(5,426)	5,159	(4,776)	(5,043)
Bank debt due after one year (note 22)	(87,810)	-	4,776	(83,034)
Director's loan account (note 22)	(500)	-	-	(500)
	(80,025)	3,468	-	(76,557)

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

24 Obligations under leases and hire purchase contracts

Group operating leases

The total of future minimum lease payments is as follows:

	2017 £ 000	2016 £ 000
Not later than one year	996	921
Later than one year and not later than five years	1,015	624
Later than five years	-	697
	<u>2,011</u>	<u>2,242</u>

The LLP has no commitments under operating leases.

25 Provisions

Group

	Deferred tax liability £ 000	Decommissioning £ 000	Total £ 000
At 1 January 2017	-	9,407	9,407
Increase in existing provisions	549	-	549
Unwinding of discount	-	172	172
Other	-	(103)	(103)
At 31 December 2017	<u>549</u>	<u>9,476</u>	<u>10,025</u>

A provision has been recognised for decommissioning costs associated with the solar parks held by the Group. The Group is committed to decommissioning the sites at the end of the lease term.

26 Members' capital contributions

During the year total Members' contributions of £24,789,000 (2016: £4,500,000) were made.

Losses for the year are allocated to members in line with the proportion of capital contributions.

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

27 Non adjusting events after the financial period

During a group restructure in March 2018 the following entities ceased to be owned by Oxygen House Properties LLP, an entity under the common control of Oxygen House Partners LLP, and became wholly owned subsidiaries of Oxygen House Group Limited:

- Grenadier Estates Limited;
- Grenadier Cornwall Limited;
- Grenadier Exmouth Limited;
- Grenadier 29 Limited;
- St Margaret's Residences (Exeter) Limited;
- Grenadier Hub Limited;
- Grenadier Emperor Limited; and
- Grenadier Paternoster Limited.

At the same time, Oxygen House Group Limited acquired 100% of the ordinary share capital of Oxygen House Limited and Atass Solar Limited, entities previously under the common control of the members of Oxygen House Partners LLP. Following the restructure, Oxygen House Partners LLP ceased to be a shareholder of Oxygen House Group Ltd.

28 Related party transactions

Group

Summary of transactions with group companies

Included in turnover is £556,000 (2016 £186,000) of fees charged by Grenadier Estates Limited for management of assets and delivery of projects on behalf of Members of the LLP.

Included in Creditors (Note 21) is £500,000 (2016 £500,000) owing to a member of the LLP.

Summary of transactions with other related parties

Included in Debtors (Note 19) are loans of £647,000 to Oxygen House Limited and ATASS Limited (2016 £2,187,000 to Oxygen House Limited), entities owned by a Member of the LLP and Exeter City Futures CIC in which Oxygen House Group Limited a member until April 2018. From April 2018, Oxygen House Group Limited ceased to be a member of Exeter City Futures CIC and Global City Futures became a member of Exeter City Futures CIC.

Included in operating expenses is £2,272,000 (2016 £2,722,000) charged by Oxygen House Limited and Atass Limited in respect of operating costs and expenses, including costs relating to key management personnel and employees.

Partnership

Summary of transactions with entities where the LLP has control

Included in Debtors (Note 19) are loans of £53,086,000 (2016 £28,403,000) to other group undertakings.

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

28 Related party transactions (continued)

Summary of transactions with other related parties

Included in Debtors (Note 19) are loans of £426,000 (2016 £376,000) to Oxygen House Limited, an entity owned by a Member of the LLP, and Exeter City Futures CIC.

29 Controlling party

The members are the controlling party by virtue of their controlling interest in the limited liability partnership. The ultimate controlling party is the same as the controlling party.

30 Business combinations

On 13th August 2017, Trust Power Limited, a wholly owned subsidiary of Low Carbon Limited, acquired 100% of the ordinary share capital of Maple Tree Energy Management Limited.

The acquisition has been accounted for using the acquisition method, which requires the assets and liabilities to be measured at their fair value on the date of purchase.

On review of the acquiree's assets and liabilities on the date of acquisition, no fair value adjustments were identified. The net liabilities of Maple Tree Energy Management Limited on the date of acquisition were:

	2017 £ 000
Assets and liabilities acquired	
Trade and other receivables	4
Cash at bank	6
Stocks	35
Property, plant and equipment	6
Financial liabilities	(417)
Total identifiable liabilities	(366)
Goodwill	4,236
Total consideration	3,870
Satisfied by:	
Cash	2,015
Contingent consideration arrangement	1,855
Total consideration transferred	3,870

The useful life of goodwill is 10 years.

The contingent consideration comprises of two tranches, the first contingent on product development and the second contingent on company performance. The earn-out period for both tranches is 24 months from the date of acquisition.

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

30 Business combinations (continued)

The results of Maple Tree Energy Management Limited from the date of acquisition to 31 December 2017 are:

	Period ended 31 December 2017 £ 000
Turnover	61
Operating expenses	(544)
Operating loss	<u>(483)</u>
Interest payable and similar charges	(116)
Loss before tax	<u><u>(599)</u></u>

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Notes to the Financial Statements (continued)

31 Details of subsidiary undertakings

Details of the investments in which the limited liability partnership controls:

Directly held subsidiaries

	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Oxygen House Group Limited (formerly Oxygen House Investments Limited)	England	Ordinary shares	100%	Investment in venture and development capital companies
Oxygen House Properties LLP	England	Ordinary shares	100%	Property Management and Development

Indirectly held subsidiaries

Low Carbon Limited *	England	Ordinary shares	70%	Production of electricity and management services
Sparx Limited	England	Ordinary shares	100%	Education technology
Low Carbon Oxygen Limited *	England	Ordinary shares	98%	Production of electricity
Grenadier Estates Limited	England	Ordinary shares	100%	Property Management and Development
Grenadier Cornwall Limited	England	Ordinary shares	100%	Furnished holiday lets
Grenadier 29 Limited	England	Ordinary shares	100%	Property development
St Margaret's Residences (Exeter) Limited	England	Ordinary shares	100%	Property development
Grenadier Exmouth Limited	England	Ordinary shares	100%	Property development
Queen's Drive Exmouth CIC ***	England	Ordinary shares	75%	Dormant
City Science Corporation Limited	England	Ordinary shares	100%	Software and consultancy
Elwill Research Limited **	England	Ordinary shares	100%	Dormant

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Notes to the Financial Statements (continued)

31 Details of subsidiary undertakings (continued)

Grenadier Paternoster Limited (formerly Grenadier Topsham Limited)	England	Ordinary shares	100%	Property development
Grenadier Hub Limited	England	Ordinary shares	100%	Management services
Indirectly held subsidiaries	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Grenadier Emperor Limited	England	Ordinary shares	100%	Property development
Global City Futures Limited	England	Ordinary shares	100%	Consultancy
Balliemeanoch Wind Farm Limited *	England	Ordinary shares	100%	Production of electricity
Blackdyke Battery Storage Limited *	England	Ordinary shares	100%	Production of electricity
Camber Solar Project Limited *	England	Ordinary shares	100%	Production of electricity
Cleator Solar Park Limited *	England	Ordinary shares	100%	Production of electricity
Costa Head Wind Farm Limited *	England	Ordinary shares	100%	Production of electricity
Crakaig Wind Farm Limited *	England	Ordinary shares	100%	Production of electricity
Easton Farm Solar Park Limited *	England	Ordinary shares	100%	Production of electricity
Elegen Limited *	England	Ordinary shares	75%	Production of electricity
ENE Developments Limited *	England	Ordinary shares	51%	Production of electricity
Fishcross Battery Storage Limited *	England	Ordinary shares	100%	Production of electricity
Flanchford Solar Park Limited *	England	Ordinary shares	100%	Production of electricity
Gairy Hill Wind Farm Limited *	England	Ordinary shares	100%	Production of electricity
GreenRock Solar Limited *	England	Ordinary shares	100%	Production of electricity
Hesta Head Wind Farm Limited *	England	Ordinary shares	100%	Production of electricity
Hoolan Energy Limited *	England	Ordinary shares	100%	Production of electricity

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

31 Details of subsidiary undertakings (continued)

Inazin Limited *	England	Ordinary shares	100%	Production of electricity
Inazin Power Limited *	England	Ordinary shares	100%	Production of electricity
Inazin Wind Limited *	England	Ordinary shares	100%	Production of electricity
Inazin Solar Limited *	England	Ordinary shares	100%	Production of electricity
Indirectly held subsidiaries	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Kilbuck Lane Flexi Limited *	England	Ordinary shares	100%	Production of electricity
Lascar Battery Storage Limited *	England	Ordinary shares	100%	Production of electricity
LC Renewable Energy Limited *	England	Ordinary shares	100%	Production of electricity
LC Storage SPV1 Limited *	England	Ordinary shares	100%	Production of electricity
Leigh Solar Park Limited *	England	Ordinary shares	100%	Production of electricity
Low Carbon Asset Management Limited *	England	Ordinary shares	100%	Production of electricity
Low Carbon Bond Company Limited *	England	Ordinary shares	100%	Production of electricity
Low Carbon W2E Limited (Formerly Low Carbon Australia Limited) *	England	Ordinary shares	100%	Production of electricity
Low Carbon CHP Investment Company Limited *	England	A Ordinary shares	100%	Production of electricity
Low Carbon CHP Investment Company Limited *	England	B Ordinary shares	100%	Production of electricity
Low Carbon Flexible Generation Limited *	England	Ordinary shares	100%	Production of electricity
Low Carbon Foundation *	England	Ordinary shares	100%	Production of electricity
Low Carbon General Partners Limited *	England	Ordinary shares	100%	Production of electricity
Low Carbon Group Limited *	England	Ordinary shares	100%	Production of electricity

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Notes to the Financial Statements (continued)

31 Details of subsidiary undertakings (continued)

Low Carbon Intellectual Property Limited *	England	Ordinary shares	100%	Production of electricity
Low Carbon Investment Adviser Limited *	England	Ordinary shares	100%	Production of electricity
Low Carbon Investment Management Limited *	England	Ordinary shares	100%	Production of electricity
Low Carbon Ireland Limited *	England	Ordinary shares	100%	Production of electricity
Low Carbon Netherlands Limited *	England	Ordinary shares	100%	Production of electricity
Low Carbon Services (UK) Limited *	England	Ordinary shares	100%	Production of electricity
Indirectly held subsidiaries	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Low Carbon Solar Investment Company Limited *	England	Ordinary A1 shares	100%	Production of electricity
Low Carbon Solar Investment Company Limited *	England	Ordinary A2 shares	100%	Production of electricity
Low Carbon Solar Investment Company Limited *	England	Ordinary B1 shares	100%	Production of electricity
Low Carbon Solar Investment Company Limited *	England	Ordinary B2 shares	100%	Production of electricity
Low Carbon Solar Investment Company 2 Limited *	England	Ordinary shares	90%	Production of electricity
Low Carbon Solar Management Company (1) Limited *	England	Ordinary A shares	0%	Production of electricity
Low Carbon Solar Management Company (1) Limited *	England	Ordinary B shares	100%	Production of electricity
Low Carbon Solar Management Company (1) Limited *	England	Ordinary shares	85%	Production of electricity
Low Carbon Ventures Limited *	England	Ordinary shares	100%	Production of electricity

Oxygen House Partners LLP

Notes to the Financial Statements (continued)

31 Details of subsidiary undertakings (continued)

Low Carbon Wind Investment Company 1 Limited *	England	Ordinary shares	100%	Production of electricity
Low Carbon Wind Investment Company 2 Limited *	England	Ordinary shares	100%	Production of electricity
Maple Tree Energy Management Limited *	England	Ordinary shares	100%	Production of electricity
Meysydd Battery Storage Limited *	England	Ordinary shares	100%	Production of electricity
Minety Battery Storage Limited *	England	Ordinary shares	100%	Production of electricity
Nur Energie Limited *	England	Ordinary shares	1.27%	Production of electricity
Nur Energie Limited *	England	Ordinary B preference shares	53.47%	Production of electricity
Indirectly held subsidiaries	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Nur Energie Limited *	England	Ordinary A preference shares	0%	Production of electricity
Park Farm Solar Limited *	England	Ordinary shares	100%	Production of electricity
Scunthorpe Flexi Limited *	England	Ordinary shares	100%	Production of electricity
South Bristol Energy *	England	Ordinary shares	100%	Production of electricity
Trust Power Limited *	England	Ordinary shares	100%	Production of electricity
Trust Power Buinesss Limited *	England	Ordinary shares	100%	Production of electricity
Vilo Investments Limited *	England	Ordinary shares	100%	Production of electricity
VLC Energy Limited *	England	Ordinary shares	50%	Production of electricity
West Melton Battery Storage Limited *	England	Ordinary shares	100%	Production of electricity
Low Carbon Solar Holding 1 Limited *	England	Ordinary shares	100%	Production of electricity

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Notes to the Financial Statements (continued)

31 Details of subsidiary undertakings (continued)

Skegness Solar Park Limited *	England	Ordinary shares	100%	Production of electricity
Low Carbon Solar Holding 2 Limited *	England	Ordinary shares	100%	Production of electricity
Hellums Field Solar Park Limited *	England	Ordinary shares	100%	Production of electricity
Warleigh Barton Solar Park Limited *	England	Ordinary shares	100%	Production of electricity
Trigon Solar Park Limited *	England	Ordinary shares	100%	Production of electricity
Wilmington Solar Park Limited *	England	Ordinary shares	100%	Production of electricity
Hope Solar Park Limited *	England	Ordinary shares	100%	Production of electricity
Callington Solar Park Limited *		Ordinary shares	100%	Production of electricity
Low Carbon Solar Finance Limited *	England	Ordinary shares	100%	Production of electricity
Four Burrows Solar Park Limited *	England	Ordinary shares	100%	Production of electricity
Rudbaxton Solar Park Limited *	England	Ordinary shares	100%	Production of electricity
Indirectly held subsidiaries	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
St Columb Solar Park Limited *	England	Ordinary shares	100%	Production of electricity
Battens Farm Solar Park Limited *	England	Ordinary shares	100%	Production of electricity
Lackford Estate Solar Park Limited *	England	Ordinary shares	100%	Production of electricity
Trenouth Solar Farm Limited *	England	Ordinary shares	100%	Production of electricity
Trenouth Solar Investment Company Limited *	England	Ordinary shares	100%	Production of electricity

The registered office for each subsidiary, unless otherwise stated, is Oxygen House, Grenadier Road, Exeter Business Park, Exeter, EX1 3LH.

* The registered office of Low Carbon Limited is 13 Berkeley Street, London W1J 8DU.

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Notes to the Financial Statements (continued)

31 Details of subsidiary undertakings (continued)

For the year ended 31 December 2017 the above subsidiaries were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies (** Elwill Research Limited and *** Queen Drive Exmouth Community Interest Company (where no filing is yet due) entitled to exemption from audit under section 394A relating to dormant companies) except for the following who have prepared audited financial statements:

- Low Carbon Oxygen Limited (Group and Company)
- Low Carbon Limited (Group and Company)
- Sparx Limited
- City Science Corporation Limited
- Global City Futures Limited
- Oxygen House Group Limited
- Low Carbon Solar Holding 1 Limited
- Low Carbon Solar Holding 2 Limited
- Hellums Field Solar Park Limited
- Warleigh Barton Solar Park Limited
- Trigon Solar Park Limited*
- Wilmingham Solar Park Limited
- Hope Solar Park Limited
- Callington Solar Park Limited
- Low Carbon Solar Finance Limited
- Four Burrows Solar Park Limited
- Rudbaxton Solar Park Limited
- St Columb Solar Park Limited
- Battens Farm Solar Park Limited
- Lackford Estate Solar Park Limited
- Trenouth Solar Farm Limited
- Trenouth Solar Investment Company Limited

Summarised financial information of individually material joint ventures and associates

The Low Carbon Limited Group (a subsidiary of Oxygen House Group Limited) has a material associate investment in Nur Energie Limited in which it holds 40.63% equity.

Summarised financial information of Nur Energie Limited:

Profit and loss summary	2017	2016
	EUR	EUR
Revenue	-	16,718
Other income	-	346,448
Administrative expenses	(361,800)	(1,040,226)
Finance costs	-	(9,516)
Profit/(loss) from continuing operations	(361,800)	(686,576)
Total comprehensive income /(loss)	(361,800)	(686,576)

No dividends were paid by Nur Energie Limited in the current or prior year.

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Notes to the Financial Statements (continued)

31 Details of subsidiary undertakings (continued)

Balance sheet summary

Non-current assets	1,946,517	1,889,963
Current assets	2,139,443	2,088,741
Current liabilities	(312,705)	(312,147)
Non-current liabilities	(547,788)	(83,333)
Net Assets	<u>3,225,466</u>	<u>3,583,224</u>

The Euro exchange rate used for translation of Nur Energie Limited financial information into the group consolidation was 0.889.