

Renewable Energy Income Partnership II Limited (previously Belisama Energy Limited)

Report and Financial Statements

31 December 2018



Renewable Energy Income Partnership II Limited (previously Belisama Energy Limited)

Directors

K A Shenton
A D K Brierley
H Lee

Secretary

Octopus Company Secretarial Services Limited
6th Floor
33 Holborn
London EC1N 2HT

Auditors

Ernst & Young LLP
Bedford House
Bedford Street
Belfast, BT2 7DT

Bankers

Royal Bank of Scotland
280 Bishopsgate
London EC2M 4R8

Solicitors

Burges Salmon
6 New Street Square
London
EC4A 3BF

Registered Office

6th Floor
33 Holborn
London EC1N 2HT

Strategic report

The directors present their strategic report of Renewable Energy Income Partnership II Limited (the company) previously Belisama Energy Limited, for the year ended 31 December 2018.

Principal activities and review of the business

The company was incorporated on 26 August 2016. The principal activities of the group during the period were the operation of solar plants and the generation of solar power.

The directors consider the results for the year to be satisfactory.

The nature of the group corporate structure results in significant interest costs and non-cash amortisation expenses which contribute to the net liabilities in the group balance sheet. The Directors consider that the group has adequate cash resources to achieve the group's objectives and meet the group's liabilities as they fall due.

The group's key performance indicators are as follows:

	<i>Year ended 31 December 2018 £000</i>	<i>Year ended 31 December 2017 £000</i>
Group turnover	4,076	2,333
EBITDA	2,057	1,201
Operating profit	(155)	193

This is the first year the company is preparing Group accounts. The company became the top UK holding company on the 20th September 2018. The Group has net liabilities of £1,262,778 at 31 December 2018 (31 December 2017: net assets £29,246,936). The Group acquired 9 solar plants on the 20th September 2018 bringing the total number of solar plants to 15. Group turnover and EBITDA have increased as a result of the acquisition.

Principal risks and uncertainties

The principal activity of the Group is the operation of 15 solar photovoltaic plants located in the United Kingdom. Proceeds are derived from the sale of electricity generated and the sale of ROCs.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments changes due to variables such as interest rates.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows.

The Group has issued loan notes which are held by the immediate parent undertaking and third-party bank loans. The interest rate for both loans is fixed. As a result, the Group is considered to have limited exposure to interest rate risk.

Strategic report (continued)

Credit risk

The Group takes on exposure to credit risk, which is the risk that one party will cause a financial loss for the other party by failing to discharge an obligation. The Group is exposed to the risk of non-payment of revenue generating activities.

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect the Group's counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group does not believe any concentration risk to be significant.

The Group assesses all counterparties, including its partners, for credit risk before contracting with them. The Group monitors credit risk regularly.

Liquidity risk

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Group invests through its direct holding subsidiaries in various companies that are not traded in an organised market and may be illiquid. The Group manages liquidity risk by maintaining cash levels to fund short term operating expenses and maintains well established relationships with banking partners.

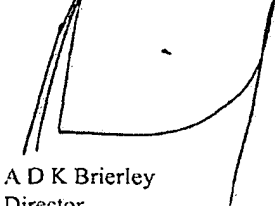
Capital risk management

The Group's objective when managing capital is to safeguard the ability to continue as a going concern. The Group aims to provide returns to its parent, benefits for other stakeholders and maintain a strong capital base to support the development of the Group's investment activities.

Important events since the year end

There have been no significant events affecting the group's business since the period end.

On behalf of the Board



A D K Brierley
Director

10 May 2019

Registered No. 10347632

Directors' report

The directors present their report and financial statements of Renewable Energy Income Partnership II Limited (the company) for the year ended 31 December 2018.

Results and dividends

The group loss for the period after taxation amounted to £1,809,715 (2017: profit £146,707). During the year the group declared dividends of £28,700,000 (2017: nil) of which £1,094,851 was paid with cash in the group, the remainder was funded as part of the acquisition the company during the year. Refer to note 18 for further detail.

Going concern

The financial statements have been prepared on the going concern basis. The directors have prepared forecasts and reviewed capital requirements for the 12 months from the date of approving these financial statements, which indicate the business can continue trade for at least 12 months.

Directors

The directors who served the company during the period and appointed subsequently were as follows:

K A Shenton (appointed 20 September 2018)
A D K Brierley (appointed 20 September 2018)
H Lee (appointed 20 September 2018)
H Shin (appointed 20 September 2018, resigned 28 December 2018)
J Hwang (appointed 20 September 2018, resigned 30 November 2018)
D R Goodwin (resigned 20 September 2018)
P S Latham (resigned 20 September 2018)
S W Reynolds (resigned 11 August 2018)

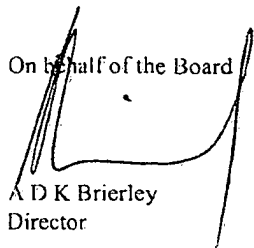
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

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

On behalf of the Board



A D K Brierley
Director

10 May 2019

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RENEWABLE ENERGY INCOME PARTNERSHIP II LIMITED

Opinion

In our opinion:

- Renewable Energy Income Partnership II Limited's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice as applied in accordance with the provisions of the Companies Act; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Renewable Energy Income Partnership II Limited which comprise:

Group	Parent company
Statement of Comprehensive Income	Statement of Financial Position
Statement of Financial Position	Statement of Changes in Equity
Statement of Changes in Equity	
Statement of cash flows	
Related notes 1 to 19 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 where:

- 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 group's or the parent 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.

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none">• Renewable Energy Obligation ("ROC") recycle revenue recognition (accrued)• Recoverability of intercompany receivables• Acquisition accounting
Audit scope	We performed an audit of the complete financial information of the Group.
Materiality	<ul style="list-style-type: none">• Overall group materiality of £63,000 which represents 3% of Earnings before interest, depreciation and tax ("EBITDA").

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>ROC recycle revenue recognition (accrued) (£499,371)</p> <p><i>Refer to Accounting policies (page 19):</i></p> <p>An element of revenue relating to the ROC Recycle is accrued using a forecast based upon production in the period and an estimate of the final price which is derived from third party sources.</p> <p>Due to the forecast nature of the price which is used to calculate income the potential for management override exists.</p> <p>Any difference between the estimate upon which income was accrued and the final ROC Recycle price is taken as revenue in the period in which the ROC recycle price is confirmed.</p>	<p>In order to verify that the estimated income accrual was reasonable, we:</p> <ul style="list-style-type: none"> • Compared the price used to calculate the accrued income balance to third party estimates of the ROC recycle price; • Assessed the materiality of the difference between the total accrued income balance as calculated by management and that based upon the third party prices; and • Discussed with management the reason behind the final price used in the estimate. 	<p>Based on the procedures we performed, we are satisfied that the accrued income balance is reasonable.</p>
<p>Going concern and the ability to repay borrowings (£93,184,516)</p> <p><i>Refer to Accounting policies (page 19); and Note 13 of the Consolidated Financial Statements (page 30)</i></p> <p>The company listed loan notes with a face value of £25,958,848 on the International Stock Exchange (Channel Islands) on 30 November 2018, at year end the outstanding balance owed was £17,973,869. The loan notes are redeemable in 2047 and pay a fixed interest rate of 10%. In addition, the Group has outstanding bank loans of £75,210,647 at 31 December 2018 due for repayment in 2042.</p> <p>The repayment of the loan notes, loans and associated interest creates a going concern risk should</p>	<p>In order to establish that it is appropriate for the financial statements to be prepared on a going concern basis, we:</p> <ul style="list-style-type: none"> • Confirmed that the borrowings are on a long terms basis with repayments due in 2047 (loan notes) and 2042 (bank loans). • Reviewed cash flow projections evidencing that the Group generates and will continue to generate positive EBITDA with depreciation being the most significant charge to the income statement. 	<p>Based on the procedures we performed, we are satisfied that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>the Group be unable to meet its obligations as they fall due.</p> <p>Management has concluded, based on trading performance and forecasts that the Group is able to meet all financing obligations on an ongoing basis and the financial statements have therefore been prepared on a going concern basis.</p>		
<p>Acquisition accounting</p> <p><i>Refer to Accounting policies (page 19); and Note 9 of the Consolidated Financial Statements (page 28)</i></p> <p>During 2018, the Group acquired 9 trading solar farms (as part of one transaction) for total consideration including costs of £6,772,338.</p> <p>Goodwill of £16,589,853 was recognised on the acquisition.</p> <p>The acquisition is material to the balance sheet and income statement and is therefore considered a key audit matter due to the risk of incorrect accounting resulting in a material error in the financial position and performance of the group.</p>	<p>In testing the acquisition accounting, we:</p> <ul style="list-style-type: none"> • verified various factors including consideration, net asset values of the acquired companies and acquisition costs to appropriate documentation including signed share purchase agreements; • considered the adequacy of the related disclosures (note 9); • assessed the purchase price allocation including the recognition of goodwill. 	<p>Based on the procedures we performed, we are satisfied that the acquisition accounting has been performed appropriately.</p>

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £63,000 which is 3% of EBITDA. We believe that EBITDA provides us with a consistent year on year basis for determining materiality and is the most relevant measure to the stakeholders of the entity.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% of our planning materiality, namely £47,250. We have set performance materiality at this percentage to ensure that total detected and undetected audit differences do not exceed our planning materiality for the financial statements as a whole.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We report all uncorrected audit differences in excess of £3,150, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 group and parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

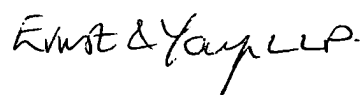
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Michael Kidd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

Date: 24 May 2019

Group Statement of Comprehensive Income

for the year ended 31 December 2018

		Year ended 31 December 2018	Year ended 31 December 2017
	Notes	£	£
Turnover	3	4,075,525	2,332,751
Cost of sales		(3,530,079)	(1,988,387)
Gross profit		545,446	344,364
Administrative expenses		(699,967)	(151,374)
Operating (loss)/profit	4	(154,521)	192,990
Interest receivable and similar income		2,250	103,943
Interest payable and similar charges	5	(1,653,898)	-
(Loss)/profit before taxation		(1,806,169)	296,933
Tax on profit	7	(3,546)	(150,226)
(Loss)/profit for the financial period		(1,809,715)	146,707
Other comprehensive income for the financial period		-	-
Total comprehensive (loss)/profit for the financial period		(1,809,715)	146,707

All amounts relate to continuing activities.

Group statement of financial position

at 31 December 2018

		31 December 2018		31 December 2017	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	9	21,792,571		5,734,219	
Tangible assets	10	66,881,778		20,535,746	
		88,674,349		26,269,965	
Current assets					
Debtors: amounts falling due within one year	11	2,121,315	947,961		
Cash at bank and in hand		5,262,229	5,466,753		
		7,383,544	6,414,714		
Creditors: amounts falling due within one year	12	(3,982,384)	(3,011,111)		
Net current assets		3,401,160	3,403,603		
Total assets less current liabilities		92,075,509	29,673,568		
Creditors: amounts falling due after more than one year	13	(93,184,516)	(276,406)		
Provisions for liabilities					
Deferred taxation	7(c)	(153,772)	(150,226)		
		(93,338,288)	(426,632)		
Net (liabilities)assets		(1,262,779)	29,246,936		
Capital and reserves					
Called up share capital	14	1	289,901		
Share premium account		—	28,700,100		
Other reserve		290,000	—		
Retained (loss)/profit		(1,552,780)	256,935		
Total shareholders' (deficit)/funds		(1,262,779)	29,246,936		

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

A D K Brierley
Director

10 May 2019

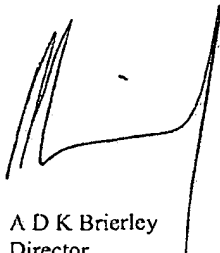
Company statement of financial position

at 31 December 2018

		31 December 2018	31 December 2017
	Notes	£	£
Fixed assets			
Investments	8	12,752,194	5,979,856
		<u>12,752,194</u>	<u>5,979,856</u>
Current assets			
Debtors: amounts falling due within one year	11	77,858,806	22,117,689
Cash at bank and in hand		<u>5,262,248</u>	<u>4,089,967</u>
		83,121,054	26,207,656
Creditors: amounts falling due within one year	12	(1,936,163)	(2,814,383)
Net current (liabilities)/assets		<u>81,184,891</u>	<u>23,393,273</u>
Creditors: amounts falling due after more than one year	13	(93,184,516)	-
Net (liabilities)/assets		<u>752,569</u>	<u>29,373,129</u>
Capital and reserves			
Called up share capital	14	1	289,901
Share premium account		-	28,700,100
Other reserve		290,000	-
Retained profit		<u>462,568</u>	<u>383,128</u>
Total shareholders' (deficit)/funds		<u>752,569</u>	<u>29,373,129</u>

No profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006. The profit for the period amounted to £79,440 (2017: £550,659).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



A D K Brierley
Director

10 May 2019

Group statement of changes in equity

for the year ended 31 December 2018

	<i>Called up share capital</i> £	<i>Share premium account</i> £	<i>Other reserves</i> £	<i>Retained earnings</i> £	<i>Total shareholders' funds</i> £
At 31 December 2016	1	---	--	110,228	110,229
Issued share capital during the period	289,900	28,700,100	--	--	28,990,000
Total comprehensive profit for the period	--	--	--	146,707	146,707
At 31 December 2017	289,901	28,700,100	--	256,935	29,246,936
Capital reduction	(289,900)	(28,700,100)	28,990,000	--	--
Dividend declared	--	--	(28,700,000)	--	(28,700,000)
Total comprehensive loss for the period	--	--	--	(1,809,715)	(1,809,715)
At 31 December 2018	1	--	290,000	(1,552,780)	(1,262,779)

Called up share capital

Share capital represents the nominal value of shares that has been issued.

Retained earnings

Retained earnings includes all current and prior period retained profits and losses.

Other Reserves

Distributable reserves as a result of capital reduction.

Company statement of changes in equity

for the year ended 31 December 2018

	<i>Called up share capital</i> £	<i>Share premium account</i> £	<i>Other reserves</i> £	<i>Retained earnings</i> £	<i>Total shareholders' funds</i> £
At 31 December 2016	1	–	–	(167,531)	(167,530)
Issued share capital during the period	289,900	28,700,100	–	–	28,990,000
Total comprehensive profit for the period	–	–	–	550,659	550,659
At 31 December 2017	289,901	28,700,100	–	383,128	29,373,129
Capital reduction during the period	(289,900)	(28,700,100)	28,990,000	–	–
Dividend declared during the period	–	–	(28,700,000)	–	(28,700,000)
Total comprehensive profit for the period	–	–	–	79,440	79,440
At 31 December 2018	1	–	290,000	462,568	752,569

Called up share capital

Share capital represents the nominal value of shares that has been issued.

Retained earnings

Retained earnings includes all current and prior period retained profits and losses.

Other Reserves

Distributable reserves as a result of capital reduction.

Group statement of cash flows

for the year ended 31 December 2018

		2018 £	2017 £
<i>Net cash inflow from operating activities</i>	Notes 15 (a)	2,349,881	(240,027)
<i>Investing activities</i>			
Interest received		2,250	8,986
Purchase of subsidiary undertakings		-	(81,928)
Cash transferred as part of acquisition		3,079,370	-
Purchase of tangible fixed assets		(91,158)	(9,363,095)
<i>Net cash flow from investing activities</i>		2,990,462	(9,436,037)
<i>Financing activities</i>			
Interest paid		(512,066)	-
Loan note payment		(3,937,950)	-
Cash dividend paid		(1,094,851)	-
Parent company financing		-	8,500,699
<i>Net cash flow from financing activities</i>		(5,544,867)	8,500,699
<i>(Decrease)/Increase in cash</i>		(204,524)	(1,175,365)
<i>Cash and cash equivalents at the start of period</i>		5,466,753	6,642,118
<i>Cash and cash equivalents at 31 December</i>		5,262,229	5,466,753

Notes to the financial statements

at 31 December 2018

1. General information

Renewable Energy Income Partnership II Limited is a private company, limited by shares, incorporated and domiciled in England, United Kingdom and Registration number 10347632. The Registered office is 6th Floor, 33 Holborn, and London, EC1N 2HT.

The group's financial statements have been prepared in compliance with FRS 102 as it applies to the group for the period ended 31 December 2018. This is the first-year consolidated accounts have been prepared for the Group and the first time certain prior periods have been presented.

During the current year on the 22 October 2018 the company changed its name from Belisama Energy Limited to Renewable Energy Income Partnership II Limited.

2. Accounting policies

Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements are prepared in Sterling which is the functional currency of all entities in the group and are rounded to the nearest £.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and all of its subsidiary undertakings made up to 31 December 2018.

No profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006.

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

In the Group financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

The consolidated financial statements incorporate those of Renewable Energy Income Partnership II Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Notes to the financial statements

at 31 December 2018

2. Accounting policies (continued)

The following are the company's key sources of estimation uncertainty:

ROC Recycle Estimate

The group establishes accrued income in respect of the ROC recycle based on production for the period and apply externally available best estimates for the expected ROC recycle price for the period which is outstanding. Any difference between the estimate and the actual ROC recycle price is taken as revenue in the period in which the ROC recycle price is confirmed.

The following principal accounting policies have been applied:

Exemptions for qualifying entities under FRS 102

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

The Company has taken advantage of the following exemptions:

- from disclosing related party transactions that are wholly owned within the same group under paragraph 33.1A from the provisions of FRS 102, on the grounds that at 31 December 2018 it was a wholly owned subsidiary.
- from preparing a statement of cash flows, required under Section 7 of FRS 102 on the basis a group cash flow statement is prepared.

Going concern

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

- The company owns 15 solar PV plants which are generating cashflows throughout the year
- The solar PV plants have Power and Energy Purchase Agreement (PPA) contracts which guarantee the electricity they produce a route to market for at least 12 months
- The solar PV plants have Renewable Obligation (RO) accreditation, which is a 20-year government subsidy administered by Ofgem which guarantees a revenue stream as long as the plants are generating electricity

Goodwill

Positive goodwill acquired on each business combination is capitalised, classified as an asset on the statement of financial position and amortised on a straight line basis over its useful life.

Notes to the financial statements

at 31 December 2018

2. Accounting policies (continued)

Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

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

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

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

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue comprises income receivable from energy generated during the year and the sale of certificates issued to renewable electricity generators (ROC's). Any un-invoiced income is accrued over the year it has been generated.

Sale of goods

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

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

Notes to the financial statements

at 31 December 2018

2. Accounting policies (continued)

Subsidiary investments

Subsidiary investments are recognised initially at fair value which is normally the transaction price. Subsequently, they are measured at cost less impairment.

Debtors

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

Cash and cash equivalents

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

Related party transactions

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

Share capital

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

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans from the parent.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially 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 cost.

At the end of each reporting year 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 assets' 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 statement of comprehensive income.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (iii) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Notes to the financial statements

at 31 December 2018

2. Accounting policies (continued)

Financial Liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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

Creditors

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

Finance costs

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

Interest Income

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

Deferred taxation

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

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

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

Dividends

Dividends are recognised when they are approved by shareholders and are accounted for as a reduction in equity within the statement of changes in equity.

Notes to the financial statements

at 31 December 2018

3. Turnover

The turnover is attributable to the Group's principal activity the operation of 15 solar plants across the United Kingdom. Income is receivable from energy generated during the year and the sale of ROCs.

	31 December 2018	31 December 2017
	£	£
Energy generation income	1,827,231	819,740
ROC income	2,076,054	1,078,125
Other income	172,240	434,886
	<u>4,075,525</u>	<u>2,332,751</u>

4. Operating profit

The operating profit is stated after charging:

	31 December 2018	31 December 2017
	£	£
Amortisation of intangible assets	531,471	301,799
Depreciation of tangible assets	1,679,753	706,091
Fees payable to the Company's auditor and its associates for the audit of the Group and Company's annual financial statements	40,000	44,046
– Non audit services	9,000	7,260
Taxation compliance services	13,250	8,340
Operating lease charges	<u>235,242</u>	<u>110,303</u>

5. Interest payable and similar charges

	31 December 2018	31 December 2017
	£	£
Bank interest	903,764	–
Loan note interest	711,158	–
Loan commitment fees	38,976	–
	<u>1,653,898</u>	<u>–</u>

6. Employees and directors' remuneration

The group has no employees other than the directors, who did not receive any remuneration (period ended 31 December 2017 – £nil).

Notes to the financial statements

at 31 December 2018

7. Tax

a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2018	2017
	£	£
<i>Current tax:</i>		
Corporation tax on profits for the period	-	-
Adjustments in respect of previous periods	-	-
Total current tax	-	-

b) Factors affecting tax charge for the year:

The tax assessed for the year differs from the standard rate of corporation tax of 19%. The differences are explained below:

	2018	2017
	£	£
(Loss)/profit before tax	(1,806,169)	296,933
(Loss)/profit multiplied by standard rate of corporate tax Of 19% (2017:19.50%)	(343,172)	56,417
Disallowed expenses and non-taxable income	531,623	93,658
Movement in deferred tax unrecognised	(147,750)	-
Adjustment due to change in tax rate	(20,889)	151
Adjustments in respect of previous periods	(16,266)	-
Total tax charge for the period	3,546	150,226

Deferred tax:

Origination and reversal of timing differences	19,812	150,226
Adjustments in respect of previous periods	(16,266)	-
Tax on profit (note 6(b))	3,546	150,226

Notes to the financial statements

at 31 December 2018

c) Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2018	2017
	£	£
Deferred tax liability	153,772	150,226
At the start of the period	150,226	–
Charged/(Credited) to the profit and loss account	3,546	150,226
At 31 December	153,772	150,226

The elements of deferred tax are as follows:

Accelerated capital allowances	166,539	150,226
Losses	(12,767)	–

d) Factors that may affect future tax charges

A reduction in UK corporation tax to 17% (effective 1 April 2020) was substantively enacted on 15 September 2016. Any deferred tax balance at 31 December 2018 has been calculated at that rate.

Notes to the financial statements

at 31 December 2018

8. Investments in subsidiaries

<i>Company</i>	<i>Shares in participating interests</i> £
Cost	
At 1 January 2018	5,979,856
Acquired during the year	6,772,338
At 31 December 2018	<u>12,752,194</u>

<i>Name of company</i>	<i>Holding</i>	<i>Registered office</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Upper Farringdon Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Woodlands Solar Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Estio Solar Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Steadfast Molland Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Staining Wood Solar Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Leni Solar Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Maret Solar Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Renate Solar Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Snellius Energy Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Fullerton Solarfield Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Penyrhollas Solarfield Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
SSR Corntown Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
SSR Stormy West Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
SBC Locheraigs Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
SSR Seaton Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production

The subsidiaries are all consolidated as part of Renewable Energy Income Partnership II Limited consolidated accounts as at 31 December 2018. The subsidiaries acquired during the financial year are listed in note 9.

The registered office for all the companies listed above is 33 Holborn, London, EC1N 2HT, England, United Kingdom.

Notes to the financial statements

at 31 December 2018

9. Intangible fixed assets

	<i>Goodwill</i>
	<i>£</i>
Cost:	
At 1 January 2018	6,035,988
Additions	16,589,853
At 31 December 2018	<u>22,625,841</u>
Accumulated amortisation:	
At 1 January 2018	301,799
Charge for the period	531,471
At 31 December 2018	<u>833,270</u>
Net book value:	
At 31 December 2018	<u>21,792,571</u>
At 31 December 2017	<u>5,734,189</u>

The useful economic life of the goodwill has been estimated by the directors at 20 years in line with expected flow of economic benefit from the acquired companies.

On 20th September 2018, the group acquired 9 trading solar farms included in note 8, Upper Farringdon Limited, Woodlands Solar Limited, Estio Solar Limited, Steadfast Molland Limited, Staining Wood Solar Limited, Leni Solar Limited, Maret Solar Limited and Snellius Energy Limited.

Since acquisition the acquired subsidiaries have revenue of £1,046,794 and a loss of £1,356,622.

The acquisition cost of £6,772,338 and the debt within the acquired companies were funded by debt taken out by the Company. The acquired companies now have intercompany debt with the Company.

Below is a summary of the assets and liabilities acquired

	<i>Net liabilities acquired</i>
	<i>£</i>
Property, plant and equipment	47,934,627
Cash at bank and in hand	3,079,370
Trade and other receivables	2,933,287
Trade and other payables	<u>(63,764,799)</u>
Net liabilities acquired	(9,817,515)
Goodwill as a result of business combination	<u>16,589,853</u>
	<u>6,772,338</u>
Consideration	5,770,963
Acquisition costs	<u>1,001,375</u>
	<u>6,772,338</u>

Notes to the financial statements

at 31 December 2018

10. Tangible fixed assets

	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 January 2018	86,235	21,156,267	21,242,502
Acquisition of subsidiary undertaking	762,674	54,008,039	54,770,713
Acquisitions	11,365	79,793	91,158
At 31 December 2018	860,274	75,244,099	76,104,373
Accumulated depreciation:			
At 1 January 2018	3,650	703,106	706,756
Acquisition of subsidiary undertaking	82,569	6,753,517	6,836,086
Charge for the period	25,715	1,654,038	1,679,753
At 31 December 2018	111,934	9,110,661	9,222,595
Net book value:			
At 31 December 2018	748,340	66,133,438	66,881,778
At 31 December 2017	82,585	20,453,161	20,535,746

11. Debtors

<i>Group</i>	<i>31 December 2018</i>	<i>31 December 2017</i>
	£	£
Trade debtors	570,268	88,756
Prepayments and accrued income	1,551,047	859,205
	<u>2,121,315</u>	<u>947,961</u>
 <i>Company</i>	 <i>31 December 2018</i>	 <i>31 December 2017</i>
	£	£
Loans with subsidiary undertaking	77,368,492	21,764,190
Other debtors	—	3,839
Prepayments and accrued income	490,314	349,660
	<u>77,858,806</u>	<u>22,117,689</u>

Notes to the financial statements

at 31 December 2018

12. Creditors: amounts falling due within one year

<i>Group</i>	<i>31 December 2018</i>	<i>31 December 2017</i>
	<i>£</i>	<i>£</i>
Trade creditors	518,351	28,592
Other creditors	2,064,680	2,597,924
Taxation and social security	–	–
Accruals and deferred income	1,405,353	384,595
	<u>3,988,384</u>	<u>3,011,111</u>

Included within accruals and deferred income is an amount of £199,093 (2017: £nil) relating to interest payable on the unsecured loan due to parent undertaking.

<i>Company</i>	<i>31 December 2018</i>	<i>31 December 2017</i>
	<i>£</i>	<i>£</i>
Trade creditors	272,976	–
Other creditors	512,948	2,597,922
Amounts owed to group undertakings	–	2
Accruals and deferred income	1,150,239	216,459
	<u>1,936,163</u>	<u>2,814,383</u>

13. Creditors: amounts falling due after more than one year

<i>Group</i>	<i>31 December 2018</i>	<i>31 December 2017</i>
	<i>£</i>	<i>£</i>
Bank loans	75,210,647	–
Amounts owed to parent undertakings	17,973,869	–
Other creditors	–	276,406
	<u>93,184,516</u>	<u>276,406</u>

The bank loans bear interest at 4.2% (term) and 5.2% (subordinated) and are repayable before 31 December 2042.

The amounts owed to parent undertakings are issued loan notes listed on the TISE. Amounts owed to parent undertakings bears interest at 10.0% and are repayable before 31 December 2047.

During the year the company took out bank loans of £75,210,647, issued an equity loan note of £25,958,864 and paid loan commitment fees of £4,085,992. The debt was used to settle the remainder of the dividend declared in the year of £27,605,149 and fund certain costs (including repayment of debt) arising on acquisition of the 9 SPVs of £69,478,354. All funds were paid on behalf of the Company.

Notes to the financial statements

at 31 December 2018

<i>Company</i>	<i>31 December 2018</i>	<i>31 December 2017</i>
	<i>£</i>	<i>£</i>
Bank loans	75,210,647	-
Amounts owed to parent undertakings	17,973,869	-
	<u>93,184,516</u>	<u>-</u>

The bank loans bear interest at 4.2% (term) and 5.2% (subordinated) and are repayable before 31 December 2042.

The amounts owed to parent undertakings are issued loan notes listed on the TISE. Amounts owed to parent undertakings bears interest at 10.0% and are repayable before 31 December 2047.

14. Issued share capital

<i>Group and company</i>	<i>31 December 2018</i>	<i>31 December 2017</i>
<i>Allotted, called up and fully paid</i>	<i>£</i>	<i>£</i>
10 (31 December 2017: 28,990,100) Ordinary share of £0.01	<u>1</u>	<u>289,901</u>

15. Notes to the statement of cash flows

Group

(a) Reconciliation of loss to net cash inflow from operating activities

	<i>31 December 2018</i>	<i>31 December 2017</i>
	<i>£</i>	<i>£</i>
Loss for the financial period	(1,809,715)	146,707
Tax on profit on ordinary activities	3,546	150,226
Interest received	(2,250)	(103,943)
Interest paid	1,653,898	-
Operating profit	<u>(154,521)</u>	<u>192,990</u>
Depreciation	1,679,753	706,091
Goodwill amortisation	531,471	301,799
Decrease/(increase) in debtors	1,860,255	(1,214,164)
(Decrease)/increase in creditors	<u>(1,567,077)</u>	<u>(226,743)</u>
Net cash inflow from operating activities	<u>2,349,881</u>	<u>(240,027)</u>

Notes to the financial statements

at 31 December 2018

(b) *Cash and cash equivalents*

	31 December 2018	31 December 2017
	£	£
Cash in escrow	524,201	2,606,908
Cash at bank and in hand	4,738,029	2,859,845
	<u>5,262,229</u>	<u>5,466,753</u>

16. Related party transactions

The company has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102 exempting from the disclosure of related party transactions with wholly owned subsidiaries.

17. Operating leases

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

	31 December 2018	31 December 2017
	£	£
No later than one year	451,259	113,473
Later than one year and no later than five years	1,805,036	452,692
Later than five years	7,944,678	2,274,024
	<u>10,200,973</u>	<u>2,840,189</u>

The company has no future minimum lease payments under non-cancellable operating leases.

18. Capital reduction and dividend

During the year the company undertook a capital reduction of £28,990,000 and declared a dividend of £28,700,000 paid to the previous owner Fern Trading Development Limited on the sale completion date 20th September 2018. The company paid £1,094,851 with cash in the group, the element of the dividend not paid in cash was settled on behalf of the Company (see note 13).

19. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking and controlling party is Nonghyup Bank in its capacity as Trustee for and on behalf of Kiamco UK Solar Fund II, an investment trust registered in South Korea. Korea Investment Holdings Co., Ltd is the ultimate parent undertaking, having 99.79% interest in the Fund. No one individual holds more than 25% of the shares of Korea Investment Holdings Co., Ltd.