

Future Renewables Eco plc
Financial Statements
30 June 2016



BDO LLP

Chartered Accountants & statutory auditor
City Point
65 Haymarket Terrace
Edinburgh
EH12 5HD

Future Renewables Eco plc

Financial Statements

Period from 11 May 2015 to 30 June 2016

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Future Renewables Eco plc

Officers and Professional Advisers

The board of directors	B Duffy G Woods
Company secretary	B Duffy
Registered office	29 York Place Edinburgh EH1 3HP
Auditor	BDO LLP City Point 65 Haymarket Terrace Edinburgh EH12 5HD
Bankers	Clydesdale Bank Festival Square Edinburgh EH3 9BY

Future Renewables Eco plc

Strategic Report

Period from 11 May 2015 to 30 June 2016

Review of the year

The company was incorporated in May 2015 with an opportunity initially to develop 2 Wind energy sites known as Duncan Farm, Aberdeen (1 x 225Kw) and Thomson Farm (2 x 225Kw). Fund raising aimed at the unauthorised investment market was sought through the use of agents in London and the funds to build out these sites were raised by early 2016. At this time a number of other sites were identified within the market sector through established relationships and the directors took the decision to continue to fund raise to secure additional sites available in the market.

The company encountered a strained banking relationship due to a lack of understanding of the company's business activities by the bank. This resulted in a regulatory review which also coincided with obtaining the services of a professional client account as a temporary measure pending establishing new banking connections. The outcome of the regulatory review was satisfactory.

During this time, the company lost a number of site development opportunities during this critical period ahead of the latest Ofgem digression at 30 September 2016. The company was, however, able to secure one significant site (500KW) at East Ayrshire in Scotland prior to the September deadline date. Of the original sites, the Thomson site was completed end of June 2016, 3 months later than anticipated and Duncan became operational in September 2016, also delayed during the regulatory review.

Future developments

While the above impacted on the company's strategy to develop more sites before the September 2016 deadline, this meant the company had to overcome a number of bureaucratic challenges to complete sites prior to that deadline. In addition to the 500KW site the company developed in East Ayrshire in September 2016, a completed 400KW site in Cumbria was acquired in December 2016. Both are now connected to the grid and generating power. The company is in negotiations to acquire a number of development sites in Northern Ireland for build out during 2017.

Key performance indicators

The Board monitors the company's progress by reference to certain KPIs.

In relation to financial year, the company was engaged in the construction phase of 2 wind turbine sites (225KW and 450KW) and there is no relevant data to report.

In relation to non-financial indicators, the following are key areas when considering sites:

- Wind speed average and, where appropriate, carrying out wind speed reports
- Power output generated versus projections
- Achieving Feed In Tariffs (FITs) targets and connection dates
- Reviewing market conditions for sale of power to optimise Power Purchase Agreements (PPAs)

Future Renewables Eco plc

Strategic Report *(continued)*

Period from 11 May 2015 to 30 June 2016

Principal risks and uncertainties

The risks that may affect the company are continuously assessed by the Board and steps are taken to mitigate.

Key factors that affect the business are:-

- Financial markets in which funds are raised - the company model fund raising is directed at High Net Worth Individuals (HNWI) and sophisticated investors (SI) and a risk exists that this type of opportunity is no longer attractive to such investors. The company is aware of this possibility should mainstream investment opportunities continue to rise in a recovering marketplace and is already examining alternative fund raising opportunities now that the company owns a number of operating sites.

- Regulatory requirements of our sector - the company is aware of the regulatory requirements and has invested heavily in maintaining strong regulatory framework to its fund raising activities supported by specialist professional advisors to the company.

- Market price of Power Purchase Agreements (PPAs) and fluctuations - while Feed in Tariffs (FITs) are in decline in the UK, the company will look to seek PPA driven opportunities in the future. The company believes there is a strong growing market for individual companies to secure the cost of its energy costs in the current trend for upward cost of energy by entering into long term PPAs with companies such as ourselves.

- Future climate change trends - the effect of any reduction in wind speeds generally would have an adverse effect on the company's performance levels and therefore derived income. The company continues to search for sites that have historically generated high levels of wind speeds based on information derived from both government sources (NOABL) and sites where individual wind speed surveys have been carried out. Generally, provision is made for wind speeds 10-20% below reported levels.

- Liabilities and financial exposure under the bond instruments ensuring they are sufficient cash flow generating to meet interest payments - there is a risk in any promotion campaign where either insufficient funds are generated to complete a phase development program and are not completed in time to generate interest payments as they fall due. Each phase is populated with individual sites generally at a cost in the region of £750k - £1m which allows the spread of fund raising activities to take place for each site where there is also no inter-dependency. If for any reason fund raising activities slow down, the company has abilities to reorganise individual site developments to accommodate this. In most cases, investments are made with 1 year delay in payment of interest to accommodate individual site completion and income generation. This mitigates the company's exposure to cash flow difficulties. During phase 1 in particular, the company also entered into a number of investments where interest was rolled up for the duration of the investment period.

Future Renewables Eco plc

Strategic Report *(continued)*

Period from 11 May 2015 to 30 June 2016

Financial instruments

The company is funded by non-regulated bond instruments only available to sophisticated investors. The interest payable to phase 1 bond holders is 9% per annum for 5 years. The interest payable to phase 2 bond holders ranges between 9% and 10.25% per annum for 3 to 5 years. This is measured in the financial statements at amortised cost using the effective interest rate method. The effective interest rate includes bond interest and other related finance charges. The effective interest rate ranges between 15.75% and 18.75% calculated on the basis of aggregate monthly investment.

Phase 1 bonds issued	£3,153,945
Phase 2 bonds issued (as at 30 June 2016)	£1,557,500
Phase 2 bonds issued (after 30 June 2016)	£3,692,500

The financial exposure and risk to the company is that the company ensures it generates sufficient cash flow from trading operations to meet interest payments to investors as they fall due. The company cannot utilise investors' funds for this purpose.

This report was approved by the board of directors on 2/5/17 and signed on behalf of the board by:



B Duffy
Director

Registered office:
29 York Place
Edinburgh
EH1 3HP

Future Renewables Eco plc

Directors' Report

Period from 11 May 2015 to 30 June 2016

The directors present their report and the financial statements of the company for the period ended 30 June 2016.

Principal activities

The principal activity of the company during the period was that of renewable energy generation.

Directors

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

B Duffy
G Woods

Dividends

The directors do not recommend the payment of a dividend.

Disclosure of information in the strategic report

The company has chosen to disclose information required by Schedule 7 of the Large & Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 in the strategic report in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013.

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 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 accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Future Renewables Eco plc

Directors' Report *(continued)*

Period from 11 May 2015 to 30 June 2016

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.

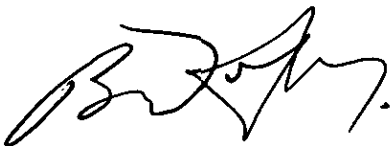
Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on2/5/17..... and signed on behalf of the board by:



B Duffy
Director

Registered office:
29 York Place
Edinburgh
EH1 3HP

Future Renewables Eco plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FUTURE RENEWABLES ECO PLC

We have audited the financial statements of Future Renewables Eco Plc for the period ended 30 June 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, and the related notes. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and the International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2016 and of the loss for the period then ended;
- the company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion 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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements
- 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 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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



*Alastair Rae (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Edinburgh*

Date 2 Aug 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Future Renewables Eco plc

Statement of Comprehensive Income

Period from 11 May 2015 to 30 June 2016

	Note	Period from 11 May 15 to 30 Jun 16 £
Administrative expenses		186,386
Operating loss	4	(186,386)
Interest payable and similar charges	8	323,369
Loss on ordinary activities before taxation		(509,755)
Tax on loss on ordinary activities		—
Loss for the financial period		(509,755)
Revaluation of tangible assets		1,248,220
Tax relating to components of other comprehensive income		(224,680)
Other comprehensive income for the period		1,023,540
Total comprehensive income for the period		513,785

All the activities of the company are from continuing operations.

The notes on pages 13 to 22 form part of these financial statements.

Future Renewables Eco plc

Statement of Financial Position

30 June 2016

	Note	30 Jun 16 £
Fixed assets		
Tangible assets	9	3,260,490
Investments	10	<u>3</u>
		3,260,493
 Current assets		
Stocks	11	169,354
Debtors	12	<u>1,321,527</u>
		1,490,881
 Creditors: amounts falling due within one year	13	<u>235,428</u>
Net current assets		1,255,453
Total assets less current liabilities		4,515,946
 Creditors: amounts falling due after more than one year	14	3,727,481
 Provisions	15	<u>224,680</u>
Net assets		<u>563,785</u>
 Capital and reserves		
Called up share capital	18	50,000
Revaluation reserve	19	1,023,540
Profit and loss account	19	<u>(509,755)</u>
Shareholders' funds		<u>563,785</u>

These financial statements were approved by the board of directors and authorised for issue on 21/5/17, and are signed on behalf of the board by:



B Duffy
Director

Company registration number: SC505596

The notes on pages 13 to 22 form part of these financial statements.

Future Renewables Eco plc

Statement of Changes in Equity

Period from 11 May 2015 to 30 June 2016

	Note	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 11 May 2015		–	–	–	–
Loss for the period				(509,755)	(509,755)
Other comprehensive income for the period:					
Revaluation of tangible assets	9	–	1,248,220	–	1,248,220
Tax relating to components of other comprehensive income		–	(224,680)	–	(224,680)
Total comprehensive income for the period		–	1,023,540	(509,755)	513,785
Issue of shares		50,000	–	–	50,000
Total investments by and distributions to owners		50,000	–	–	50,000
At 30 June 2016		50,000	1,023,540	(509,755)	563,785

The notes on pages 13 to 22 form part of these financial statements.

Future Renewables Eco plc

Statement of Cash Flows

Period from 11 May 2015 to 30 June 2016

	30 Jun 16 £
Cash flows from operating activities	
Loss for the financial period	(509,755)
<i>Adjustments for:</i>	
Depreciation of tangible assets	245
Interest payable and similar charges	323,369
Accrued expenses	103,164
<i>Changes in:</i>	
Stocks	(169,354)
Trade and other debtors	(449,302)
Trade and other creditors	132,264
Net cash used in operating activities	<u>(569,369)</u>
Cash flows from investing activities	
Purchase of tangible assets	(2,012,515)
Acquisition of subsidiaries	(3)
Net cash used in investing activities	<u>(2,012,518)</u>
Cash flows from financing activities	
Proceeds from issue of ordinary shares	12,500
Net proceeds from bond instruments	3,404,112
Net cash from financing activities	<u>3,416,612</u>
Net increase in cash and cash equivalents	834,725
Cash and cash equivalents at beginning of period	—
Cash and cash equivalents at end of period	<u>834,725</u>
Cash equivalents at end of period	
	2016 £
Funds held by group undertakings	128,003
Funds held in trust in professional firm's client account	706,722
	<u>834,725</u>

The notes on pages 13 to 22 form part of these financial statements.

Future Renewables Eco plc

Notes to the Financial Statements

Period from 11 May 2015 to 30 June 2016

1. General information

The company is a private company limited by shares, registered in Scotland. The address of the registered office is 29 York Place, Edinburgh, EH1 3HP.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Revenue recognition

Revenue is derived from feed in tariffs and selling excess power to the grid, both recognised as receivable in the period in which the power is generated and a right to consideration earned.

Substance over form

The financial statements report the substance of transactions into which the company has entered. The accounting treatment reflects the underlying commercial substance as opposed to the legal form of the transaction.

Judgements and key sources of estimation uncertainty

The significant judgement made by the directors in preparing these financial statements is the use of substance over form in relation to the recognition of the wind turbine sites as company assets where the leases are legally held by subsidiaries. The third party valuation of the wind turbine sites carries an estimation uncertainty inherent therein by virtue of the fact a valuation is an opinion of value.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Future Renewables Eco plc

Notes to the Financial Statements *(continued)*

Period from 11 May 2015 to 30 June 2016

3. Accounting policies *(continued)*

Tangible assets *(continued)*

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Equipment - 33% straight line

Wind turbine installations - straight line over the period of entitlement to FIT (Feed in Tariff). Depreciation of the wind turbine sites will commence in the year ended 30 June 2017 once they are complete and connected to the power grid.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Future Renewables Eco plc

Notes to the Financial Statements *(continued)*

Period from 11 May 2015 to 30 June 2016

3. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand includes cash and short term highly liquid investments.

Creditors are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

Future Renewables Eco plc

Notes to the Financial Statements *(continued)*

Period from 11 May 2015 to 30 June 2016

4. Operating profit

Operating profit or loss is stated after charging:

Period from
11 May 15 to
30 Jun 16
£
245

Depreciation of tangible assets

5. Auditor's remuneration

Period from
11 May 15 to
30 Jun 16
£
6,250

Fees payable for the audit of the financial statements

6. Staff costs

The average number of persons employed by the company during the period, including the directors, amounted to:

30 Jun 16
No.
1

Administrative staff

The aggregate payroll costs incurred during the period, relating to the above, were:

Period from
11 May 15 to
30 Jun 16
£
26,426
605

27,031

Wages and salaries

Social security costs

7. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

Period from
11 May 15 to
30 Jun 16
£
20,114

Sums paid to third parties in respect of directors' services

Future Renewables Eco plc

Notes to the Financial Statements *(continued)*

Period from 11 May 2015 to 30 June 2016

8. Interest payable and similar charges

	Period from 11 May 15 to 30 Jun 16 £
Other interest payable and similar charges	<u>323,369</u>
	2016 £
Interest payable	233,298
Commissions	<u>90,071</u>
	<u>323,369</u>

Interest payable relates to Bond instruments. The interest payable to phase 1 bond holders is 9% per annum for 5 years. The interest payable to phase 2 bond holders ranges between 9% and 10.25% per annum for 3 to 5 years. This is measured in the financial statements at amortised cost using the effective interest rate method. The effective interest rate includes bond interest and other related finance charges. The effective interest rate ranges between 15.75% and 18.75% calculated on the basis of the aggregate monthly investment.

9. Tangible assets

	Wind turbine sites £	Equipment £	Total £
Cost or valuation			
Additions	2,011,780	735	2,012,515
Revaluations	<u>1,248,220</u>	<u>—</u>	<u>1,248,220</u>
At 30 June 2016	<u>3,260,000</u>	<u>735</u>	<u>3,260,735</u>
Depreciation			
Charge for the period	<u>—</u>	<u>245</u>	<u>245</u>
At 30 June 2016	<u>—</u>	<u>245</u>	<u>245</u>
Carrying amount			
At 30 June 2016	<u>3,260,000</u>	<u>490</u>	<u>3,260,490</u>

Future Renewables Eco plc

Notes to the Financial Statements *(continued)*

Period from 11 May 2015 to 30 June 2016

9. Tangible assets *(continued)*

The wind turbine sites were valued for internal capital assessment purposes by M.T. Morison MRICS FAAV MBIAC FCI Arb of Berrys Chartered Surveyors on 14 June 2016.

The wind turbine installations are situated on land where leases are held within subsidiary undertakings. Subsequent to the year end the wind turbine installations and related leases were securitised on behalf of the bond holders as a body.

Tangible assets held at valuation

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Wind turbine sites £
At 30 June 2016	
Aggregate cost	2,011,780
Aggregate depreciation	—
Carrying value	<u>2,011,780</u>

10. Investments

	Shares in group undertakings £
Cost	
Additions	3
At 30 June 2016	<u>3</u>
Impairment	
At 11 May 2015 and 30 June 2016	<u>—</u>
Carrying amount	
At 30 June 2016	<u>3</u>

Subsidiaries, associates and other investments

	Country of incorporation	Class of share	Percentage of shares held
Subsidiary undertakings			
Future (Duncan) Ltd (SC435656)	Scotland	Ordinary	100
Future (Thomson) Ltd (SC458709)	Scotland	Ordinary	100
Greenfish Investments No 9 Ltd (SC440776)	Scotland	Ordinary	100

Future Renewables Eco plc

Notes to the Financial Statements *(continued)*

Period from 11 May 2015 to 30 June 2016

10. Investments *(continued)*

The results and capital and reserves for the period are as follows:

	Capital and reserves 30 Jun 16 £	Profit/(loss) for the year 30 Jun 16 £
Subsidiary undertakings		
Future (Duncan) Ltd	1	—
Future (Thomson) Ltd	1	—
Greenfish Investments No 9 Ltd	1	—
	<u>3</u>	<u>—</u>

The company paid £146,250 in respect of the acquisition of the Future (Duncan) Ltd shares. The substance of the transaction was that the company paid £1 for the shares and £146,249 to the seller in relation to site and wind turbine costs.

The company paid £325,000 in respect of the acquisition of the Future (Thomson) Ltd shares. The substance of the transaction was that the company paid £1 for the shares and £324,999 to the seller in relation to site and wind turbine costs.

The accounting treatment reflects the underlying commercial substance as opposed to the legal form of the transactions. The subsidiaries' primary function is to hold leases relating to the wind turbine sites and they are otherwise dormant.

11. Stocks

	30 Jun 16 £
Stock of plant and machinery	169,354

12. Debtors

	30 Jun 16 £
Amounts owed by group undertakings	128,003
Called up share capital not paid	37,500
Other debtors	1,156,024
	<u>1,321,527</u>

Other debtors

	30 Jun 16 £
VAT repayable	385,944
Funds held in trust in professional firm's client account	706,722
Refunds due from suppliers and prepayments	63,358
	<u>1,156,024</u>

Future Renewables Eco plc

Notes to the Financial Statements *(continued)*

Period from 11 May 2015 to 30 June 2016

13. Creditors: amounts falling due within one year

	30 Jun 16
	£
Trade creditors	30,093
Accruals and deferred income	103,164
Social security and other taxes	2,040
Other creditors	100,131
	<u>235,428</u>

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

	30 Jun 16
	£
Bond instruments	<u>3,727,481</u>

15. Provisions

	Deferred tax (note 16) £
At 11 May 2015	–
Additions	224,680
At 30 June 2016	<u>224,680</u>

16. Deferred tax

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

	30 Jun 16 £
Included in provisions (note 15)	<u>224,680</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	30 Jun 16 £
Revaluation of tangible assets	<u>224,680</u>

17. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	30 Jun 16 £
Financial liabilities measured at amortised cost	
Financial liabilities measured at amortised cost	<u>3,727,481</u>

Future Renewables Eco plc

Notes to the Financial Statements *(continued)*

Period from 11 May 2015 to 30 June 2016

17. Financial instruments *(continued)*

	30 Jun 16
	£
Financial liabilities at maturity	4,751,445

The interest payable to phase 1 bond holders is 9% per annum for 5 years. The interest payable to phase 2 bond holders ranges between 9% and 10.25% per annum for 3 or 5 years.

18. Called up share capital

Issued and called up

	30 Jun 16	
	No.	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Shares issued and partly paid

	30 Jun 16	
	No.	£
Ordinary shares - £0.25 paid of £1 each	<u>50,000</u>	<u>12,500</u>

Share movements

	No.	£
Ordinary		
At 11 May 2015	—	—
Issue of shares	<u>50,000</u>	<u>50,000</u>
At 30 June 2016	<u>50,000</u>	<u>50,000</u>

50,000 Ordinary £1 shares were issued in 11 May 2015 for a consideration of £50,000 of which 25% was paid on issue, £12,500.

19. Reserves

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income net of tax.

Profit and loss account - This reserve records retained earnings and accumulated losses.

Future Renewables Eco plc

Notes to the Financial Statements *(continued)*

Period from 11 May 2015 to 30 June 2016

20. Other financial commitments

The rent payable for the Duncan site is £10,000 per annum, payable when the first Feed in Tariff is received by the tenant. Future Renewables Eco plc will pay the rent on behalf of the subsidiary Future (Duncan) Ltd, which holds the lease, on the basis it is entitled to the income derived from the wind turbine on the site.

The rent payable for the Thomson site is 12% of the gross revenue received under the Feed in Tariff, generated by the tenant from the development. Future Renewables Eco plc will pay the rent on behalf of the subsidiary Future (Thomson) Ltd, which holds the lease, on the basis it is entitled to the income derived from the wind turbine on the site.

The company is committed to a fee of €285 per week for the storage of inventory at a manufacturing plant in the Netherlands which is cancellable without notice.

The annual rent for the company's office at 5A York Place, Edinburgh will be £12,650 for a term of three years from that of the entry date being 14 June 2016. The company had commitments as follows:

	£
Less than one year	12,650
Between 1 and 5 years	25,300
	<u>37,950</u>

21. Related party transactions

Other debtors include funds held in the bank account of Future Renewables Eco Energy Ltd, the company's parent company, of £128,003.

McDonald Gordon & Co. Ltd holds funds in the amount of £706,722 in a client account. The funds in this account are held in trust. The director, B Duffy, is also a director of McDonald Gordon & Co. Ltd. The company paid fees of £16,666 to McDonald Gordon & Co. Ltd.

The company acquired Future (Thomson) Ltd and its development costs from Future Wind Projects Ltd, a company controlled by the director, B Duffy.

Other creditors include a balance of £98,382 due to Future Wind Projects Ltd, a company controlled by B Duffy, a director of Future Renewables Eco Plc. During the period, Future Wind Projects Ltd paid £852,572 on behalf of Future Renewables Eco Plc. Future Renewables Eco Plc transferred £754,190 to Future Wind Projects Limited.

22. Parent company

The company is a wholly-owned subsidiary of Future Renewables Eco Energy Ltd.

23. Ultimate controlling party

There is no ultimate controlling party.

Future Renewables Eco plc

Management Information

Period from 11 May 2015 to 30 June 2016

The following pages do not form part of the financial statements.

Future Renewables Eco plc

Detailed Income Statement

Period from 11 May 2015 to 30 June 2016

	Period from 11 May 15 to 30 Jun 16 £
Overheads	
Administrative expenses	186,386
Operating loss	<u>186,386</u>
Interest payable and similar charges	323,369
Loss on ordinary activities before taxation	<u><u>509,755</u></u>

Future Renewables Eco plc

Notes to the Detailed Income Statement

Period from 11 May 2015 to 30 June 2016

	Period from 11 May 15 to 30 Jun 16 £
Administrative expenses	
Directors' fees	20,114
Wages and salaries	6,312
Employer's national insurance contributions	605
Rent, rates and water	15,927
Light and heat	221
London office admin fees	12,976
Travel and subsistence	10,297
Misc commissions	16,000
Printing, postage and stationery	10
Sundry expenses	52
Advertising	8,524
Entertaining	300
Legal and professional fees	48,116
Site scoping costs	35,250
Accountancy fees	5,000
Auditor's remuneration	6,250
Depreciation of tangible assets	245
Bank charges	187
	<u>186,386</u>
Interest payable and similar charges	
Other interest payable and similar charges	<u>323,369</u>
