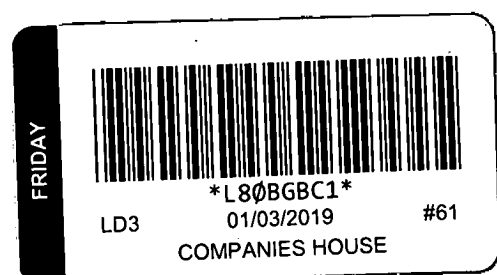


Renewable Energy Income Partnership Holdings 1 Limited

Report and Financial Statements

30 June 2018



Directors

T Rosser
K A Shenton
A D K Brierley

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

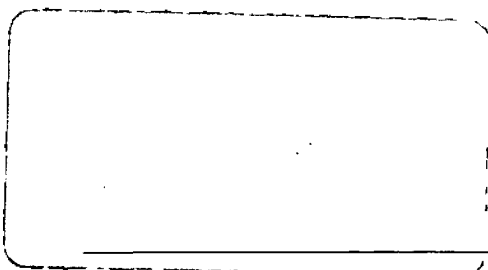
Royal Bank of Scotland
280 Bishopsgate
London EC2M 4R8

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 Holdings 1 Limited (the company) for the year ended 30 June 2018.

Principal activities and review of the business

The company was incorporated on 28 February 2017. The principal activities of the group during the period were that of construction and 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 30 June 2018 £000</i>	<i>4 months ended 30 June 2017 £000</i>
Group turnover	24,620	4,553
Operating profit	6,853	1,742
EBITDA	19,222	3,670

The Group acquired the 26 trading and solar farms on the 5th May 2017 hence group turnover, operating profit and EBITDA all increased the result of a full 12 month period.

The Group has net liabilities of £12,168,688 at 30 June 2018 (30 June 2017: £1,096,259) the result of £3,445,282 amortisation and £8,928,840 depreciation charges for the year, while £17,813,072 of interest and £5,092,569 of principal repayments were paid on amounts owed to parent undertakings.

Principal risks and uncertainties

The objective of the Group is to deliver an annualised gross return of 6.35% over its term through the distribution of proceeds derived from the sale of ROCs and electricity generated by a portfolio of 26 solar photovoltaic plants located in the United Kingdom.

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, foreign exchange rates and inflation rates.

(a) Foreign exchange risk

Foreign exchange risk arises as the value of recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

Strategic report (continued)

The Group does not hold any assets (both monetary and non-monetary) denominated in currencies other than the functional currency (GBP). It is therefore not considered to be exposed to currency risk.

(b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows. The Group is subject to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rate.

The Group has issued loan notes which are held by the immediate parent undertaking. The interest rate is fixed. As a result, the Group is considered to have limited exposure to interest rate risk.

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 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 and indirect 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.

Capital risk management

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

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



T Rosser
Director

Date: 21/01/2019

Registered No. 10644098

Directors' report

The directors present their report and financial statements of Renewable Energy Income Partnership Holdings 1 Limited (the company) for the year ended 30 June 2018.

Results and dividends

The group loss for the period after taxation amounted to £11,072,429 (2017: £1,096,260). The directors do not propose the payment of a dividend.

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:

T Rosser
A D K Brierley
K A Shenton

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



T Rosser
Director

Date: 21/01/2019

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 auditors' report

to the members of Renewable Energy Income Partnership Holdings 1 Limited

Opinion

We have audited the financial statements of Renewable Energy Income Partnership Holdings 1 Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 30 June 2018 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Company Statement of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 30 June 2018 and of the group's loss for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 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 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.

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.

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.

Directors' responsibilities statement (continued)

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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report has 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 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, 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.

Directors' responsibilities statement (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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's 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.



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

Date: 15/12/2019.

Group Statement of Comprehensive Income

for the year ended 30 June 2018

		<i>Year ended 30 June 2018</i>	<i>4 months ended 30 June 2017</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Turnover	3	24,620,205	4,552,561
Cost of sales		<u>(17,503,538)</u>	<u>(2,209,523)</u>
Gross profit		7,116,667	2,343,038
Administrative expenses		<u>(263,870)</u>	<u>(601,044)</u>
Operating profit	4	6,852,797	1,741,994
Interest receivable and similar income		–	438
Interest payable and similar charges		<u>(17,813,072)</u>	<u>(2,851,813)</u>
Loss before taxation		(10,960,275)	(1,109,381)
Tax on loss	6	<u>(112,154)</u>	<u>13,121</u>
Loss for the financial period		<u>(11,072,429)</u>	<u>(1,096,260)</u>
Other comprehensive income for the financial period		–	–
Total comprehensive loss for the financial period		<u>(11,072,429)</u>	<u>(1,096,260)</u>

All amounts relate to continuing activities.

Group statement of financial position

at 30 June 2018

	Notes	£	30 June 2018 £	30 June 2017 £
Fixed assets				
Intangible assets	8		64,928,323	68,373,605
Tangible assets	9		<u>182,572,057</u>	<u>191,649,101</u>
			247,500,380	260,022,706
Current assets				
Debtors: amounts falling due within one year	10	10,580,013	9,518,728	
Cash at bank and in hand		<u>4,250,048</u>	<u>8,834,066</u>	
		14,830,061	18,352,794	
Creditors: amounts falling due within one year	11	<u>(6,568,317)</u>	<u>(6,309,162)</u>	
Net current assets			<u>8,261,744</u>	<u>12,043,632</u>
Total assets less current liabilities			255,762,124	272,066,338
Creditors: amounts falling due after more than one year	12		(267,662,384)	(273,006,323)
Provisions for liabilities				
Deferred taxation	6(c)	<u>(268,428)</u>	<u>(156,274)</u>	
			(268,428)	(156,274)
Net (liabilities)			<u>(12,168,688)</u>	<u>(1,096,259)</u>
Capital and reserves				
Called up share capital	13		1	1
Retained loss			<u>(12,168,689)</u>	<u>(1,096,260)</u>
Total shareholders' deficit			<u>(12,168,688)</u>	<u>(1,096,259)</u>

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



T Rosser
Director

21-01-2019

Company statement of financial position

at 30 June 2018

	Notes	£	30 June 2018 £	£	30 June 2017 £
Fixed assets					
Investments	7		<u>1</u>		<u>1</u>
			1		1
Current assets					
Creditors: amounts falling due within one year	11	<u>(3,650)</u>		<u>—</u>	
Net current (liabilities)/assets			<u>(3,650)</u>		<u>—</u>
Net (liabilities)/assets			<u>(3,649)</u>		<u>1</u>
Capital and reserves					
Called up share capital	13		1		1
Retained loss			<u>(3,650)</u>		<u>—</u>
Total shareholders' (deficit)/funds			<u>(3,649)</u>		<u>1</u>

No profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006. The loss for the period amounted to £3,650 (2017: Nil).

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



T Rosser
Director

21-01-2019

Group statement of changes in equity

for the year ended 30 June 2018

	<i>Called up share capital</i>	<i>Retained earnings</i>	<i>Total shareholders' funds</i>
	£	£	£
At incorporation	–	–	–
New shares issued	1	–	1
Total comprehensive loss for the period	–	(1,096,260)	(1,096,260)
At 30 June 2017	<u>1</u>	<u>(1,096,260)</u>	<u>(1,096,259)</u>
At beginning of the year	1	(1,096,260)	(1,096,259)
Total comprehensive loss for the period	–	(11,072,429)	(11,072,429)
At 30 June 2018	<u>1</u>	<u>(12,168,689)</u>	<u>(12,168,688)</u>

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.

Company statement of changes in equity

for the year ended 30 June 2018

	<i>Called up share capital</i>	<i>Retained earnings</i>	<i>Total shareholders' funds</i>
	£	£	£
At incorporation	–	–	–
New shares issued	1	–	1
Total comprehensive loss for the period	–	–	–
At 30 June 2017	1	–	1
At beginning of the year	1	–	1
Total comprehensive loss for the period	–	(3,650)	(3,650)
At 30 June 2018	1	(3,650)	(3,649)

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.

Group statement of cash flows

for the year ended 30 June 2018

		2018	2017
		£	£
	Notes		
<i>Net cash inflow from operating activities</i>	14 (a)	18,472,179	2,480,369
<i>Investing activities</i>			
Interest received		-	335
Net cash acquired with subsidiary undertaking		-	6,353,362
Purchase of tangible fixed assets		(150,556)	-
<i>Net cash flow from investing activities</i>		(150,556)	6,353,697
<i>Financing activities</i>			
Interest paid		(17,813,072)	-
Repayment of loan		(5,092,569)	-
<i>Net cash flow from financing activities</i>		(22,905,641)	-
<i>(Decrease)/Increase in cash</i>		(4,584,018)	8,834,066
<i>Cash and cash equivalents at the start of period</i>		8,834,066	-
<i>Cash and cash equivalents at 30 June</i>		4,250,048	8,834,066

Notes to the financial statements

at 30 June 2018

1. General information

Renewable Energy Income Partnership Holdings 1 Limited is a private company, limited by shares, incorporated and domiciled in England, United Kingdom and Registration number 10644098. 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 30 June 2018.

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 30 June 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.

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 exemption:

- 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 30 June 2018 it was a wholly owned subsidiary.

Notes to the financial statements

at 30 June 2018

2. Accounting policies (continued)

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 26 solar PV plants which are generating cashflows throughout the year
- The solar PV plants have PPA contracts which guarantee the electricity they produce a route to market for at least 12 months
- The solar PV plants have Renewable Obligation (ROC) 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.

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.

Notes to the financial statements

at 30 June 2018

2. Accounting policies (continued)

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.

Equity investments

Equity 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other financial statements receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Notes to the financial statements

at 30 June 2018

2. Accounting policies (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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.

Notes to the financial statements

at 30 June 2018

3. Turnover

The whole of the turnover is attributable to the Group's main activity the generation and operation of solar plants and the generation of solar power, with income receivable from energy generated during the year and the sale of ROCs. This is carried out in the United Kingdom.

4. Operating profit

The operating profit is stated after charging:

	2018	2017
	£	£
Amortisation of intangible assets	3,445,282	527,873
Depreciation of tangible assets	8,928,840	1,400,430
Fees payable to the Company's auditor and its associates for the audit of the Group and Company's annual financial statements	51,452	52,110
– Non audit services	8,766	16,740
– Taxation compliance services	30,838	18,180
Operating lease charges	<u>1,329,273</u>	<u>210,337</u>

5. Employees and directors' remuneration

The group has no employees other than the directors, who did not receive any remuneration (period ended 30 June 2017 – £nil).

6. Tax

a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2018	2017
	£	£
Current tax:		
Corporation tax on profits for the period	–	–
Adjustments in respect of previous periods	–	128,069
Total current tax	–	<u>128,069</u>
Deferred tax:		
Origination and reversal of timing differences	130,935	(105,926)
Adjustments in respect of previous periods	(18,781)	(35,264)
Tax on profit (note 6(b))	<u>112,154</u>	<u>(13,121)</u>

Notes to the financial statements

at 30 June 2018

6. Tax (continued)

b) Factors affecting tax charge for the year:

The tax assessed for the year differs from the standard rate of corporation tax of 19.50%. The differences are explained below:

	2018	2017
	£	£
Loss before tax	(10,960,275)	(1,109,381)
Loss multiplied by standard rate of corporate tax Of 19% (2017:19.50%)	(2,082,452)	(216,299)
Disallowed expenses and non-taxable income	2,944,032	110,769
Movement in deferred tax unrecognised	(639,952)	(15,954)
Adjustment due to change in tax rate	(90,693)	15,560
Adjustments in respect of previous periods	(18,781)	92,803
Total tax charge for the period	<u>112,154</u>	<u>(13,121)</u>

c) Deferred tax

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

	2018	2017
	£	£
Deferred tax liability	<u>268,428</u>	<u>156,274</u>
At the start of the period	156,274	–
On acquisition	–	297,464
Charged/(Credited) to the profit and loss account	<u>112,154</u>	<u>(141,190)</u>
At 30 June 2018	<u>268,428</u>	<u>156,274</u>

The elements of deferred tax are as follows:

Accelerated capital allowances	<u>268,428</u>	<u>156,274</u>
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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 30 June 2017 has been calculated at that rate.

Notes to the financial statements

at 30 June 2018

7. Investments in subsidiaries

<i>Company</i>	<i>Shares in participating interests</i>
	<i>£</i>
Cost	
At 1 July 2017	1
Acquired during the year	–
At 30 June 2018	<u>1</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>
Renewable Energy Income Partnership Holdings 2 Limited	Ordinary	London, EC1N 2HT	100%	Holding company
Renewable Energy Income Partnership Holdings Limited	Ordinary	London, EC1N 2HT	100%*	Holding company
Arevalous Power SPV 1 Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Belakane Solar SPV 1 Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Channel Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Lodge Farm Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Elli Solar SPV 1 Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
KS SPV 21 Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Krieger Energy SPV 1 Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Waland Farm Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Little Morton Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Somerton Door Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Malwine Solar SPV 1 Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Mitzi Solar SPV 1 Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
MTS Rydon Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Oda Solar SPV 1 Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Push Energy (Bardfield) Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Rashmika SPV 1 Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Cloford Common Farm Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Pollington Airfield Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Ash Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Peter Hill Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Lawn Lane Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Ratcliffe House Farm Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Carlisle Estate Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Guisborough Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Holtwood Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production
Brickkiln Farm Solar Limited	Ordinary	London, EC1N 2HT	100%*	Solar electricity production

*Held by a subsidiary undertaking

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

Notes to the financial statements

at 30 June 2018

8. Intangible fixed assets

	<i>Goodwill</i>
	£
Cost:	
At 1 July 2017	68,901,478
Additions	–
At 30 June 2018	<u>68,901,478</u>
Accumulated amortisation:	
At 1 July 2017	527,873
Charge for the period	<u>3,445,282</u>
At 30 June 2018	<u>3,973,155</u>
Net book value:	
At 30 June 2018	<u>64,928,323</u>
At 30 June 2017	<u>68,373,605</u>

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

9. Tangible fixed assets

	<i>Long-term leasehold property</i>	<i>Plant and machinery</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 July 2017	1,912,021	191,137,510	193,049,531
Additions	434	150,122	150,556
Disposals	(870)	(297,890)	(298,760)
At 30 June 2018	<u>1,911,585</u>	<u>190,989,742</u>	<u>192,901,327</u>
Accumulated depreciation:			
At 1 July 2017	12,720	1,387,710	1,400,430
Charge for the period	79,221	8,861,570	8,940,791
Disposals	(35)	(11,916)	(11,951)
At 30 June 2018	<u>91,906</u>	<u>10,237,364</u>	<u>10,329,270</u>
Net book value:			
At 30 June 2018	<u>1,819,679</u>	<u>180,752,378</u>	<u>182,572,057</u>
At 1 July 2017	<u>1,899,301</u>	<u>189,749,800</u>	<u>191,649,101</u>

Notes to the financial statements

at 30 June 2018

10. Debtors

<i>Group</i>	<i>30 June</i> 2018 £	<i>30 June</i> 2017 £
Trade debtors	483,581	900,394
Corporation tax receivable	40,338	40,338
Other debtors	421,603	148,700
Prepayments and accrued income	9,634,491	8,429,296
	<u>10,580,013</u>	<u>9,518,728</u>

11. Creditors: amounts falling due within one year

<i>Group</i>	<i>30 June</i> 2018 £	<i>30 June</i> 2017 £
Trade creditors	995,871	1,207,784
Other creditors	620,431	1,091,443
Taxation and social security	583,628	401,216
Accruals and deferred income	4,368,387	3,608,719
	<u>6,568,317</u>	<u>6,309,162</u>

Included within accruals and deferred income is an amount of £3,637,620 (2017: £2,851,813) relating to interest payable on the unsecured loan due to parent undertaking.

<i>Company</i>	<i>30 June</i> 2018 £	<i>30 June</i> 2017 £
Trade creditors	3,650	–
	<u>3,650</u>	<u>–</u>

Notes to the financial statements

at 30 June 2018

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

<i>Group</i>	<i>30 June 2018</i>	<i>30 June 2017</i>
	£	£
Amounts owed to parent undertakings	267,468,771	272,561,340
Other creditors	193,613	444,983
	<u>267,662,384</u>	<u>273,006,323</u>

Included within amounts owed to parent undertakings are unsecured loans with period end balances totalling £267,468,771 (2017: £272,561,340). The loan bears interest at 6.7% and is repayable before 31st December 2046

13. Issued share capital

<i>Group and company</i>	<i>30 June 2018</i>	<i>30 June 2017</i>
	£	£
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £0.01 each	<u>1</u>	<u>1</u>

14. Notes to the statement of cash flows

Group

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

	<i>2018</i>	<i>2017</i>
	£	£
Loss for the financial period	(11,072,429)	(1,096,260)
Tax on profit on ordinary activities	112,154	(13,121)
Write off of tangible assets	286,809	-
Interest paid	17,813,072	-
Depreciation	8,940,791	1,400,430
Goodwill amortisation	3,445,282	527,873
Decrease/(increase) in debtors	(1,061,285)	(17,605)
(Decrease)/increase in creditors	7,785	2,080,286
<i>Taxation</i>		
Corporation tax paid	-	(401,234)
Net cash inflow from operating activities	<u>18,472,179</u>	<u>2,480,369</u>

Notes to the financial statements

at 30 June 2018

Notes to the statement of cash flows (continued)

(b) *Cash and cash equivalents*

	2018 Group £	2017 Group £
Cash at bank and in hand	4,250,048	8,834,066
	<u>4,250,048</u>	<u>8,834,066</u>

15. 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.

16. Operating leases

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

	30-Jun 2018 £	30-Jun 2017 £
No later than one year	1,342,332	1,292,050
Later than one year and no later than five years	7,226,844	5,691,524
Later than five years	28,222,889	37,244,383
	<u>36,792,065</u>	<u>44,227,957</u>

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

17. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking and controlling party is Renewable Energy Income Partnership LP, a limited partnership incorporated in the United Kingdom.