COMPANY REGISTRATION NUMBER: 07884713

CONERGY UK LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2017

CONERGY UK LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

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OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr K Mclelland
Registered office	Challenge House, Sherwood Drive Bletchley Milton Keynes MK3 6DP
Auditor	Grant Thornton UK LLP Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU
Bankers	Royal Bank of Scotland Plc 402 Lower Twelfth Street Milton Keynes MK9 3LF
Solicitors	Taylor Wessing LLP 5 New Street Square London EC4A 3TW

Introduction
The Strategic report sets out:

1. Business Review and Strategy
2. Key Performance Indicators
3. Risks and uncertainties

1. Business Review and Strategy

During the course of the 2017 financial year, the company sought to reconcile its position within the UK market, the shareholders having concluded that the company shall no longer participate in no new Development, Construction or O&M activities. The sole remit of the company was to ensure that the existing liabilities, obligations and activities were concluded within the anticipated timescales, generally aligning with the contractual timeframes of the respective obligations.

The key to achieving this strategy was to ensure that existing defects on sites were remedied along with ensuring existing relationships with the key stakeholders were maintained, allowing open dialogue with these stakeholders and creating the crucial platform with which to leverage the goal of closing the contractual obligations within the stipulated timeframes, if not earlier. Closing down the contractual obligations would result in the warranty bonds, held as security against the EPC contracts, being released back to the shareholders.

2. Key Performance Indicators

Conergy traditionally uses, amongst others, two separate KPI's to monitor and evaluate performance; Mega Watts (MW) and EBITDA margin. EBITDA margin is calculated as earnings before interest, tax, depreciation and amortisation divided by total revenue.

The 2017 financial year was uncharacteristic in almost all aspects. Utilising key performance metrics relating to financial performance, would not be appropriate, given the remit of the company.
It is therefore more appropriate to speak of the numbers in relation to the projects that were brought to Final Acceptance status, thereby releasing the warranty bond held against the EPC contract.
Conergy UK closed 15 separate EPC contracts, amounting to 150mw of capacity.

3. Risks and uncertainties

Regulatory risk
Regulatory risk has effectively been the primary driver of the slowdown within the UK renewables environment. However, some companies have chosen to diversify and look at alternative means of achieving grid parity, in particular, the onset of the battery revolution. Conergy has chosen not to embrace this revolution, focusing instead on the certainty of the existing contractual obligations.

Liquidity risk
Conergy UK has a carefully considered cash flow projection that is prepared on a weekly basis. This is provided to the parent company weekly and to the extent that cash flow is constrained on a local level, the parent company, Kawa Solar Europe S.A.R.L has provided funding on a timely and to date, continuous basis. Conergy were solely reliant on funding from the parent company for the 2017 financial year.

Credit risk
The company's financial assets are bank balances, trade and other receivables. The company's primary credit risk is attributable to its trade receivables. This, however, is relatively limited as the income stream for the company was limited to receivables derived from open O&M contracts. The amounts presented in the balance sheet are the net of allowances for doubtful receivables. Where specific receivables are identified as irrecoverable, these are written off. Where specific receivables are viewed as doubtful, these are provided for. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Human Capital Risk
With the end of the UK renewable ROC (Renewable Obligation Certificate) and FiT (Feed in Tariff) era, Conergy entered a period of scaling back and reducing overheads. Against a backdrop of numerous redundancies in 2016, 2017 saw further redundancies, in line with the gradual decrease of the obligations in the entity. Remaining staff, seen as crucial to achieving the goals of the company, were incentivised to remain and see out the dwindling obligations.

Financial Risk
The company is faced with the inherent risk of incurring contractual claims from previously constructed solar assets for which it remains responsible for maintaining a certain guaranteed operational performance. Any result below the minimum guaranteed performance will result in having to pay performance liquidated damages to the asset owner. Careful maintenance and rapid response to issues that arise ensures this risk is managed and limited as far as is possible.

This report was approved by the board of directors on 28 September 2018 and signed on behalf of the board by:

....
Mr K Mclelland
Director

Registered office:
Challenge House
Sherwood Drive
Bletchley
Milton Keynes
MK3 6DP

The directors present their report and the financial statements of the company for the year ended 31 December 2017.

Directors

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

Mr K Mclelland	
Mr S Ronaldson	(Resigned 31 December 2017)

Dividends

The directors do not recommend the payment of a dividend.

Disclosure of information in the strategic report

In accordance with S414C (11) of the Companies Act 2006 the company has chosen to include disclosure on future developments and the business review in the company's strategic report.

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 year. 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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;
- 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.

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.

Financial risk management policies and procedures

Details are included in note 22 to the financial statements.

This report was approved by the board of directors on 28 September 2018 and signed on behalf of the board by:

....

Mr K Mclelland
Director

Registered office:
Challenge House, Sherwood Drive
Bletchley
Milton Keynes
MK3 6DP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONERGY UK LIMITED

YEAR ENDED 31 DECEMBER 2017

Opinion

We have audited the financial statements of Conergy UK Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the Statement of Cash Flows and notes 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 Accounting Standards, including Financial Reporting Standard 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 state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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. We are independent of the 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.

Emphasis of Matter - Basis of preparation of the financial statements

We draw attention to note 2 to the financial statements which describes the basis of preparation of the financial statements. As described in that note, the company has wound down its operations and the directors are expected to strike the company off within the next 12 months. Accordingly, the directors have prepared the financial statements on a cessation basis. Our opinion is not modified in this respect.

Who we are reporting to

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.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this 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 the directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006
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.

Matters on which we are required to report by exception
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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONERGY UK LIMITED (continued)

YEAR ENDED 31 DECEMBER 2017

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

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Grant Thornton UK LLP

Jeremy Read
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes
Date: 28 September 2018

CONERGY UK LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
TURNOVER	3	**1,700,187**	39,197,160
Cost of sales		**(1,402,357)**	(40,298,444)
GROSS PROFIT/(LOSS)		**297,830**	(1,101,284)
Distribution costs		-	(2,127)
Administrative expenses		**(2,443,660)**	(10,873,780)
Other operating income	4	-	24,640
OPERATING LOSS	5	**(2,145,830)**	(11,952,551)
Interest payable and similar charges	9	**(327,029)**	(788,051)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(2,472,859)**	(12,740,602)
Tax on loss on ordinary activities	10	-	110
LOSS FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		**(2,472,859)**	(12,740,492)
RETAINED (LOSSES)/EARNINGS AT THE START OF THE YEAR		**(12,467,847)**	272,645
RETAINED LOSSES AT THE END OF THE YEAR		**(14,940,706)**	(12,467,847)

The notes on pages 12 to 30 form part of these financial statements.

CONERGY UK LIMITED

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2017

	Note	2017 £	£	2016 £
CURRENT ASSETS				
Debtors	11	1,153,344		4,963,705
Cash at bank and in hand		233,950		639,159
		1,387,294		5,602,864
CREDITORS: amounts falling due within one year	12	(16,178,377)		(17,230,530)
NET CURRENT LIABILITIES			(14,791,083)	(11,627,666)
TOTAL ASSETS LESS CURRENT LIABILITIES			(14,791,083)	(11,627,666)
PROVISIONS				
Taxation including deferred tax	13	(8,040)		(8,042)
Other provisions	14	(140,583)		(831,139)
			(148,623)	(839,191)
NET LIABILITIES			(14,939,706)	(12,466,847)
CAPITAL AND RESERVES				
Called up share capital	16		1,000	1,000
Profit and loss account	17		(14,940,706)	(12,467,847)
MEMBERS DEFICIT			(14,939,706)	(12,466,847)

These financial statements were approved by the board of directors and authorised for issue on 28 September 2018 and are signed on behalf of the board by:

Mr K Mclelland
Director

Company registration number: 07884713

The notes on pages 12 to 30 form part of these financial statements.

CONERGY UK LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		£	£
CASH GENERATED FROM OPERATIONS	**18**	**(405,209)**	(12,574,674)
Interest paid		-	-
Tax paid		-	-
Net cash (used in)/from operating activities		**(405,209)**	(12,574,674)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible assets		-	(59,556)
Net cash used in investing activities		**-**	(59,556)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(405,209)**	(12,634,230)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**639,159**	13,273,389
CASH AND CASH EQUIVALENTS AT END OF YEAR		**233,950**	639,159

The notes on pages 12 to 30 form part of these financial statements.

1. COMPANY INFORMATION

The company is a private company limited by shares, incorporated in the United Kingdom. The address of the registered office is Challenge House, Sherwood Drive, Bletchley, Milton Keynes, MK3 6DP.

The company's principal activity is that of creation and management of solar powered plants.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on a break-up basis as the company has wound down its operations and the directors are expected to strike the company off within the next 12 months. This has not had any material impact on the financial statements as the Company does not have any non-current assets or liabilities which need reclassification to current and no assets to revalue.

Significant judgements and estimates

Management have made significant judgments and estimates for EPC related accruals and other provisions for the forthcoming financial year. These accruals are based on:

- Previous financial performance against expectation, acknowledging trends and identifying likely patterns to follow based on this past information.
- Management and staff who hold significant experience of related EPC issues utilising best knowledge and insight to determine likely outcomes and;
- Industry-wide findings on similar installations

Turnover

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

Turnover from the sale of goods is recognised when significant risks and rewards of ownership of the goods has transferred to the buyer.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

2. **PRINCIPAL ACCOUNTING POLICIES (continued)**

Turnover in respect of ongoing contracts is recognised on a straight line basis over the contractual term. Fees for any additional work undertaken are invoiced on completion of the work involved.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency translation

Presentation currency
The company's results and financial position are presented in Sterling (£).

Transactions and balances
In preparing the financial statements of the company, transactions are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

2. **PRINCIPAL ACCOUNTING POLICIES (continued)**

Provisions for liabilities

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.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Construction contracts

Long term contracts are assessed on a contract-by-contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, the business and the industry in which it operates. It is consistently applied between contracts and accounting periods.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Construction contracts (continued)

Where it is considered that the outcome of a long-term contract can be assessed with reasonable certainty before its conclusion, the prudently calculated attributable profit should be recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract hence the related costs are taken to cost of sales.

Long term contracts will appear in the statement of financial position in a number of places:

- The amount by which recorded turnover is in excess of payments on account should be classified as 'amounts recoverable on contracts' and separately disclosed within debtors;

- The balance of payments on account (in excess of amounts (I) matched with turnover; and (ii) offset against long-term contract balances) should be classified as payments on account and separately disclosed within creditors;

- The amount of long-term contracts, at cost incurred, net of amounts transferred to the cost of sales, after deducting foreseeable losses and payments on account not matched with turnover, should be classified as 'long-term contract balances' and separately disclosed within the statement of financial position heading 'Stocks'; and

- The amount by which the provision or accrual for foreseeable losses exceeds the costs incurred (after transfers to cost of sales) should be included within either construction accruals or creditors as appropriate.

3. TURNOVER

Turnover arises from:

	2017	2016
	£	£
Wholesale revenue	**175,809**	317,894
Construction revenue	-	36,652,729
Operations and maintenance revenue	**1,524,378**	2,226,536
	1,700,187	39,197,160

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2017	2016
		£
United Kingdom	**1,700,187**	39,183,207
Overseas	-	13,953
	1,700,187	39,197,160

4. OTHER OPERATING INCOME

	2017	2016
	£	£
Other operating income	**-**	**24,640**

5. OPERATING LOSS

Operating profit or loss is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation of tangible assets	-	25,414
Loss on disposal of tangible assets	-	71,399
Foreign exchange differences	**(137,397)**	9,218
Defined contribution plan expense	**41,992**	58,382
Operating lease expenses	**100,885**	266,127

6. AUDITORS REMUNERATION

	2017	2016
	£	£
Fees payable for the audit of the financial statements	**12,500**	32,500

7. STAFF COSTS

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

	2017	2016
	No	No
Administrative staff	**7**	16
Operations	**6**	7
Business Development	**3**	5

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

	2017	2016
	£	£
Wages and salaries	**905,052**	1,637,054
Social security costs	**114,604**	190,270
Other pension costs	**41,992**	58,382
	1,061,648	1,885,706

8. DIRECTORS REMUNERATION

The directors' aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	**299,043**	325,199
Company contributions to defined contribution pension plans	-	13,937
	299,043	339,136

The number of directors who accrued benefits under company pension plans was as follows:

	2017	2016
	No	No
Defined contribution plans	-	4

Remuneration of the highest paid director in respect of qualifying services:

	2017	2016
	£	£
Aggregate remuneration	**182,899**	130,000
Company contributions to defined contribution pension plans	-	17,007
	182,899	147,007

9. INTEREST PAYABLE

	2017	2016
	£	£
Other interest payable and similar charges	**327,029**	787,503

10. TAX ON LOSS ON ORDINARY ACTIVITIES

	2017	2016
	£	£
Current tax:		
UK current tax income	2	(110)
Total current tax	2	(110)
Deferred tax:		
Origination and reversal of timing differences	(2)	-
Tax on loss on ordinary activities	-	(110)

10. TAX ON LOSS ON ORDINARY ACTIVITIES (Continued)

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is the higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.83% (2015: 20%).

	2017	2016
	£	£
Loss on ordinary activities before taxation	**(2,472,859)**	(12,740,602)
Loss on ordinary activities by rate of tax	**(490,368)**	(2,548,120)
Adjustment to tax charge in respect of prior periods	-	-
Effect of expenses not deductible for tax purposes	-	175,068
Effect of capital allowances and depreciation	-	5,083
Deferred tax timing difference – capital allowances	-	(7,997)
Losses carried forward	**490,368**	2,376,076
Tax on (loss)/profit on ordinary activities	-	110

11. DEBTORS

	2017	2016
	£	£
Trade debtors	**555,837**	2,878,662
Amounts owed by group undertakings	**496,944**	236,792
Prepayments and accrued income	**31,664**	1,806,369
Corporation tax repayable	**41,883**	41,882
Other debtors	**27,016**	-
	1,153,344	4,963,705

All debtors are receivable within one year of the balance sheet date.

12. CREDITORS: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	**490,814**	753,839
Amounts owed to group undertakings	**14,617,839**	10,125,225
PAYE and social security	**6,936**	8,075
VAT	-	150,291
Other creditors	**4,492**	5,777
	15,120,081	11,043,207
Construction accruals	**613,854**	5,979,762
Other accruals and deferred income	**444,442**	207,561
	16,178,377	17,230,530

Included within accruals is a provision for holiday pay which represents accrued holiday balances as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

Deutsche Bank Luxembourg SA hold a fixed and floating charge over the assets of the company in respect of the banking facilities made available to Conergy UK Limited.

The Royal Bank of Scotland Plc hold a fixed charge in respect of funds held in a deposit account as security in respect of facilities made available to Conergy UK Limited.

Included within the construction accruals are costs for the liquidated damages in relation to performance on site.

13. DEFERRED TAX

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

	2017	2016
	£	£
Deferred tax	**8,040**	8,042

The movement in the deferred taxation account during the year was:

	2017	2016
	£	£
Balance brought forward	**8,042**	8,042
Profit and loss account movement arising during the year	**(2)**	-
Balance carried forward	**8,040**	8,042

14. PROVISIONS

Warranty provisions included in the Statement of Financial Position are as follows:

	2017	2016
	£	£
Balance brought forward	**831,139**	833,607
Amounts utilised	**(690,556)**	(2,468)
Balance carried forward	**140,583**	831,139

15. EMPLOYEE BENEFITS

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £41,992 (2016: £58,382).

16. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2017		2016	
	No	**£**	No	£
Ordinary shares of £1 each	**1,000**	**1,000**	1,000	1,000

17. RESERVES

Called up share capital represents the nominal value of shares that have been issued.

Profit and loss account includes all current and prior period retained profits and losses.

18. CASH GENERATED FROM OPERATIONS

	2017	2016
	£	£
Loss for the financial year	**(2,472,859)**	(12,740,602)
Adjustments for:		
Depreciation of tangible assets	-	25,414
Interest payable and similar charges	**327,029**	788,051
Loss on disposal of tangible assets	-	71,399
Tax on loss on ordinary activities	-	110
Changes in:		
Stocks	-	8,201,825
Trade and other debtors	**4,070,513**	11,816,560
Trade and other creditors	**(5,626,769)**	(8,559,251)
Movement on loans from group undertakings	**3,905,433**	(12,175,712)
Provisions and employee benefits	**(608,556)**	(2,468)
	(405,209)	(12,574,674)

19. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Not later than 1 year	**50,000**	142,423
Later than 1 year and not later than 5 years	-	122,778
Later than 5 years	-	391
	50,000	265,592

20. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The company is a guarantor to the group finance facility of $75,000,000 (2016: $75,000,000) given by Kawa Solar Holdings Limited, the ultimate parent company to its bankers.

There were no capital commitments entered into at the year end.

21. RELATED PARTY TRANSACTIONS

The company was under the control of Kawa Solar Europe SARL throughout the current and previous year. Kawa Solar Europe SARL is controlled by Kawa Solar Holdings Limited.

The company has taken advantage of the exemption under Financial Reporting Standard 102 s33.1A from providing details of related party transactions with members or investees of the Kawa Solar Europe SARL Group.

22. FINANCIAL RISK MANAGEMENT

The company has exposures to four main areas of risk - price risk, liquidity risk, customer credit exposure and foreign exchange currency exposure.

Price risk

The recent drop in global oil prices (driven by over-supply and warmer temperatures) has driven the wholesale price of energy down which has slightly affected the sales price of Large Scale solar. The value of PV installation is a function of the value of energy. The majority of the UK grid is still supplied with fossil fuels (Coal and Gas) and the spreads here are the key drivers on power prices.

This has depressed the short term power curve and pressurised the margins for the constructors of non-coal energy generation. However, this is a short term position and the long term predictions for power prices are favourable.

Price risk (continued.)
In reality, the negative effects mentioned above have been offset to a large degree by a weakening Euro allowing a large proportion of the construction costs, which are incurred in Euro, to be reduced accordingly. Coupled with this, the developing nature of Solar PV means technology has become cheaper and more efficient, again negating the effects of the energy market.

Liquidity risk
The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the company has credit facilities available.

Customer credit exposure
The company may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships and by credit insurance.

Foreign exchange transactional currency exposure
The company is exposed to currency exchange rate risk due to a significant proportion of its receivables and operating expenses being denominated in non-Sterling currencies. The net exposure of each currency is monitored and managed by the use of forward foreign exchange contracts. The forward foreign exchange contracts all mature within 12 months.

23. FINANCIAL ASSETS AND LIABILITIES

	2017	2016
Financial assets measured at amortised cost	**1,318,395**	5,560,982
Financial liabilities measured at amortised cost	**15,120,081**	11,043,207

24. CONTROLLING PARTY

The ultimate parent is Kawa Solar Holdings Limited, a company registered in The Cayman Islands. The immediate parent company is Kawa Solar Europe SARL an undertaking of Kawa Solar Holdings Limited.