

**Company Registration No. 08869678**

## **NSD 2 Limited**

**Annual Report and Financial Statements**

**For the year ended 31 December 2016**

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# **NSD 2 Limited**

## **Annual report and financial statements for the year ended 31 December 2016**

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## **NSD 2 Limited**

### **Officers and professional advisers**

#### **Directors**

C Reid

P Raftery

#### **Registered office**

2nd Floor

Edgeborough House

Upper Edgeborough Road

Guildford

Surrey

GU1 2BJ

#### **Independent auditor**

BDO LLP

55 Baker Street

London

W1U7EU

United Kingdom

## **NSD 2 Limited**

### **Directors' report**

The directors present their annual report on the affairs of the Company, together with the audited financial statements and auditor's report, for the year ended 31 December 2016.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Further information on the basis of preparation of these financial statements and the going concern assumption can be found in note 1.

#### **Principal activity**

NSD 2 Limited serves as a vehicle to provide investments into renewable power assets through equity and debt instruments held in UK Solar (Lower Newton) LLP and UK Solar (Hartwell) LLP which own and operate two solar power plants.

#### **Results and dividends**

The profit for the period after taxation was £84,924 (31 December 2015: £23,671 loss).

The directors do not recommend the payment of a dividend (31 December 2015: £nil).

#### **Directors**

The directors, who served throughout the period unless otherwise stated, were as follows:

C Reid

P Raftery

## NSD 2 Limited

### Directors' report (continued)

#### Independent auditor and statement of provision of information to the independent auditor

BDO LLP has expressed their willingness to continue in office as auditor of the Company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware;  
and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors  
and signed on behalf of the Board



C Reid  
Director  
27 September 2017

## **NSD 2 Limited**

### **Directors' responsibilities statement**

The directors are responsible for preparing the 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 United Kingdom 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 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 accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

## **NSD 2 Limited**

### **Independent auditor's report to the members of NSD 2 Limited**

We have audited the financial statements of NSD2 Limited for the year ended 31 December 2016 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes on pages 9 to 12. The financial reporting framework that has been applied in their preparation 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 Auditors' 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 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/apb/scope/private](http://www.frc.org.uk/apb/scope/private).

#### **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 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

## NSD 2 Limited

### Independent auditor's report to the members of NSD 2 Limited (continued)

#### 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 during the course of the audit, we have not identified material misstatements in 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, 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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.



Marc Reinecke (Senior Statutory Auditor)  
for and on behalf of BDO LLP  
55 Baker Street  
London  
W1U 7EU  
United Kingdom

28 September 2017

## NSD 2 Limited

### Statement of income and retained earnings For the year ended 31 December 2016

	Notes	31-Dec-16 £	31-Dec-15 £
Other income	2	99,398	-
Cost of sales		-	-
Gross profit		<u>99,398</u>	<u>-</u>
Administrative expenses		6,500	(23,671)
Operating profit/(loss)	3	<u>105,898</u>	<u>(23,671)</u>
Profit/(loss) on ordinary activities before taxation		<u>105,898</u>	<u>(23,671)</u>
Tax charge on profit on ordinary activities	4	(20,974)	-
Profit/(loss) on ordinary activities after taxation		<u>84,924</u>	<u>(23,671)</u>
Retained earnings at the beginning of the year		(18,500)	5,171
Profit/(loss) for the year		84,924	(23,671)
Retained earnings at the end of the year		<u>66,424</u>	<u>(18,500)</u>

## NSD 2 Limited

### Balance sheet As at 31 December 2016

	Notes	31-Dec-16 £	31-Dec-15 £
<b>Fixed assets</b>			
Investments	5	<u>700,000</u>	<u>700,000</u>
		700,000	700,000
<b>Current assets</b>			
Debtors	6	<u>12,288</u>	<u>1</u>
		12,288	1
<b>Creditors: amounts falling due within one year</b>	7	<u>(645,863)</u>	<u>(718,500)</u>
<b>Net liabilities</b>		(633,575)	(718,499)
<b>Net assets /(liabilities)</b>		<u>66,425</u>	<u>(18,499)</u>
<b>Capital and reserves</b>			
Called-up share capital		1	1
Profit and loss account		66,424	(18,500)
<b>Shareholder's funds/(deficit)</b>		<u>66,425</u>	<u>(18,499)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements of NSD 2 Limited, registered number 08869678 were approved by the board of directors and authorised for issue on 27 September 2017.



C Reid  
Director

## **NSD 2 Limited**

### **Notes to the financial statements For the year ended 31 December 2016**

#### **1. Accounting policies**

##### **General Information**

NSD 2 Limited is a company incorporated in England and Wales, under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and their principal activities are set out in the Directors' report on page 2.

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with section 1A of Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102') and with the Companies Act 2006. The particular accounting policies adopted are described below and have been applied consistently throughout the current financial period.

Section 1A for small companies has been applied on the basis that the entity meets the criteria set out within the Companies Act. The directors believe the entity is part of an eligible group on the basis that the ultimate controlling party is not listed on any market.

The Company has taken advantage of the exemptions available to small entities under section 1A in relation to presentation of a cash flow statement and the disclosures of net finance charge, current taxation, financial instruments, share capital and reserves.

##### **Going Concern**

The financial statements have been prepared on the basis the Company is a going concern, which the directors consider appropriate.

The directors have separately reviewed integrated forecasts for the Company, for the foreseeable future, which indicate that the Company will be able to meet its cash flow demands and liabilities as they fall due from cash flows from operations and existing working capital.

The directors have written confirmation that RI Income UK Holdings Limited intends to continue to financially support the Company during the 12 months following the date the financial statements are signed.

##### **Turnover**

Turnover represents the share of profits of UK Solar (Lower Newton) LLP and UK Solar (Hartwell) LLP plus any distributions received from the LLPs.

##### **Investments**

Fixed asset investments are stated at cost less provision for impairment.

##### **Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

## Notes to the financial statements (continued)

### For the year ended 31 December 2016

#### 1. Accounting policies (continued)

##### **Taxation**

Current tax, including UK corporation and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet 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.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Deferred tax assets and liabilities are offset only if the Company has a legally enforceable right to set off current tax assets against current tax liabilities.

Deferred tax assets are only recognised when management deem that it is highly probable that there will be sufficient taxable profits in future periods which can utilise the deferred tax asset.

##### **Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### *Financial assets*

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

## NSD 2 Limited

### Notes to the financial statements (continued) For the year ended 31 December 2016

#### 1. Accounting policies (continued)

##### **Critical accounting judgements and key sources of estimation uncertainty**

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

##### **Valuation of investments**

External valuations are used to revalue derivative financial instruments with any movements going to the hedging reserve. Management do not produce internal models to value the derivatives.

#### 2. Turnover

The turnover and profit (2015 - loss) before taxation are attributable to the one principal activity of the Company.

#### 3. Operating profit

This arrived at after charging:

	2016	2015
Audit fees	-	5,000

Audit fees for the year ended 31 December 2016 of £5,000 have been borne by UK Solar (Lower Newton) LLP, where NSD 2 Limited is a member.

#### 4. Taxation

	2016	2015
Domestic current year tax	10,988	-
<b>Total current tax</b>	<b>10,988</b>	<b>-</b>
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	105,898	(23,671)
Deferred tax asset not recognised	-	4,734
Deferred tax liability charge	9,986	-
<b>Current tax charge for the year</b>	<b>20,974</b>	<b>-</b>

## NSD 2 Limited

### Notes to the financial statements (continued) For the year ended 31 December 2016

<b>5. Fixed asset investments</b>		<b>Investment in associate undertaking</b>
<b>Cost</b>		
At 31 December 2015 and 31 December 2016		<u>700,000</u>
<b>Net book value</b>		
At 31 December 2016		<u><u>700,000</u></u>
<b>6. Debtors</b>	<b>2016</b>	<b>2015</b>
Amounts owed by associate undertakings in which the company has a participating interest	<u>12,288</u>	<u>1</u>
<b>7. Creditors</b>	<b>2016</b>	<b>2015</b>
Accruals	-	6,500
Other creditors	635,877	712,000
Deferred tax liability	9,986	-
	<u>645,863</u>	<u>718,500</u>

#### Related party transactions

8. The company has taken advantage of the exemptions provided by FRS 102 paragraph 33.1A and not disclosed the transactions with group undertakings where 100% of the voting rights are controlled within the group.

#### Information regarding directors and employees

9. The Company has no employees (31 December 2015: Nil). No directors received any remuneration from the Company during the period (31 December 2015: Nil). Services are provided through a third party asset management agreement.

#### Ultimate Parent Undertaking

10. The immediate parent company as at 31 December 2016 is RI Income UK Holdings Limited, an investment company registered in England & Wales which accounts for investments at fair value and does not prepare consolidated financial statements. The accounts are available from the registered office at 12 Throgmorton Avenue, London, EC2N 2DL.

The ultimate parent undertaking and controlling party in this group is considered to be Renewable Income UK, a sub-fund of Blackrock Infrastructure Funds Public Limited Company, an investment company registered in Ireland which accounts for investments at fair value and does not prepare consolidated financial statements.