

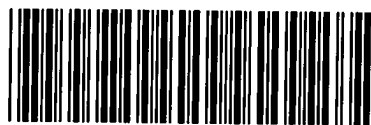
Registration number: 08195632

# Sunsave 12 (Derriton Fields) Ltd

Annual Report and Financial Statements

for the Year Ended 31 December 2017

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## **Sunsave 12 (Derriton Fields) Ltd**

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## **Sunsave 12 (Derriton Fields) Ltd**

### **Company Information**

<b>Directors</b>	Mr Richard Russell Mr Mark Wayment Mr Steven Hughes
<b>Company secretary</b>	Mr Dominic Hearth
<b>Registered office</b>	Beaufort Court Egg Farm Lane Off Station Road Kings Langley Hertfordshire WD4 8LR
<b>Bankers</b>	Lloyds Bank PO Box 72 Bailey Drive Gillingham Business Park Gillingham Kent ME8 0LS
<b>Auditor</b>	Deloitte LLP Statutory Auditor London, United Kingdom

## **Sunsave 12 (Derriton Fields) Ltd**

### **Strategic Report for the Year Ended 31 December 2017**

The directors present their strategic report for the year ended 31 December 2017.

#### **Principal activity**

The principal activity of the company is the generation and sale of solar generated electricity and associated benefits. The Directors do not anticipate any changes to the business activities in the forthcoming year.

#### **Fair review of the business**

The company made a loss for the year ended 31 December 2017 of (£461,267) (2016: profit of £32,415) and revenues of £1,262,110 (2016: £1,224,014).

Total revenue was 3.1% higher than the prior year, due to rising unit prices. Cost of sales was 18.41% higher than the prior year, consequently gross profit was 29.26% lower.

The company is evaluated using key performance indicators. The two main financial indicators are revenue and loss, as detailed above. The company's key non-financial performance indicator is yield for the year and was 10,166 MWh (2016: 11,570 MWh) which is a 12.13% decrease.

#### **Dividends**

Interim dividends of £- were paid during the year (2016:£2,350,000). The directors do not recommend the payment of a final dividend (2016: £nil).

#### **Principal risks and uncertainties**

The principal risks and uncertainties of the business relate to the level of solar radiation arising at the site during the year and the variability of market prices.

#### **Financial risk management**

Details regarding managements approach to financial risk management can be found in note 2.

Approved by the Board on 26 June 2018 and signed on its behalf by:



.....  
Mr Richard Russell  
Director

## **Sunsave 12 (Derriton Fields) Ltd**

### **Directors' Report for the Year Ended 31 December 2017**

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

The requirements for Financial Risk Management, Future Developments and Dividends are disclosed in the Strategic Report.

#### **Directors of the company**

The directors who held office during the year were as follows:

Mr Richard Russell

Mr Christopher Smith (resigned 6 April 2018)

Mr Mark Wayment

The following director was appointed after the year end:

Mr Steven Hughes (appointed 6 April 2018)

#### **Directors indemnities**

The Company has made no qualifying third party indemnity provisions for the benefit of its directors.

#### **Company Secretary**

Mr Dominic Hearth served as the company secretary throughout the current and prior year.

#### **Going concern**

The financial position of the Company is set out in the Balance Sheet, the Statement of Cash Flows and the accompanying notes to the financial statements.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies in the notes to the financial statements.

#### **Political donations**

During the year the company made no political donations.

#### **Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

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

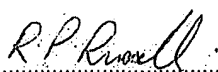
**Sunsave 12 (Derrifon Fields) Ltd**

**Directors' Report for the Year Ended 31 December 2017 (continued)**

**Reappointment of auditors**

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board on 26 June 2018 and signed on its behalf by:



Mr Richard Russell  
Director

## **Sunsave 12 (Derriton Fields) Ltd**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Annual 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 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 judgements 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.

## **Sunsave 12 (Derriton Fields) Ltd**

### **Independent Auditor's Report to the Members of Sunsave 12 (Derriton Fields) Ltd**

#### **Opinion**

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 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.

We have audited the financial statements of Sunsave 12 (Derriton Fields) Ltd (the 'company') for the year ended 31 December 2017, which comprise:

- the Profit and Loss Account,
- the Statement of Comprehensive Income,
- the Balance Sheet,
- the Statement of Changes in Equity,
- the Statement of Cash Flows; and
- the related notes 1 to 21

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).

#### **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.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters 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 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.

We have nothing further to report in respect of these matters.

#### **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.



## **Sunsave 12 (Derriton Fields) Ltd**

### **Independent Auditor's Report to the Members of Sunsave 12 (Derriton Fields) Ltd (continued)**

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 respect of these matters.

#### **Responsibilities of directors**

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, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our 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 and the Directors' Report.

**Sunsave 12 (Derriton Fields) Ltd**

**Independent Auditor's Report to the Members of Sunsave 12 (Derriton Fields) Ltd  
(continued)**

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

*Anthony Matthews*

.....  
Anthony Matthews (FCA) (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP, Statutory Auditor

London, United Kingdom

29 June 2018

# Sunsave 12 (Derriton Fields) Ltd

## Profit and Loss Account for the Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Revenue	3	1,262	1,224
Cost of sales		<u>(986)</u>	<u>(831)</u>
Gross profit		276	393
Administrative expenses		<u>(3)</u>	<u>(9)</u>
Operating profit	4	<u>273</u>	<u>384</u>
Other interest receivable and similar income	3	2	1
Interest payable and similar expenses	8	<u>(623)</u>	<u>(449)</u>
		<u>(621)</u>	<u>(448)</u>
Loss before tax		(348)	(64)
Taxation	9	<u>(114)</u>	<u>96</u>
(Loss)/profit for the financial year		<u><u>(462)</u></u>	<u><u>32</u></u>

All transactions are derived from continuing operations.

The notes on pages 14 to 31 form an integral part of these financial statements.

**Sunsave 12 (Derriton Fields) Ltd**

**Statement of Comprehensive Income for the Year Ended 31 December 2017**

	Note	2017 £ 000	2016 £ 000
(Loss)/profit for the year		(462)	32
Unrealised loss on cash flow hedges (net of tax)	15	<u>(20)</u>	<u>(237)</u>
Total comprehensive loss for the year		<u><u>(482)</u></u>	<u><u>(205)</u></u>

The notes on pages 14 to 31 form an integral part of these financial statements.

**Sunsave 12 (Derriton Fields) Ltd**  
**(Registration number: 08195632)**  
**Balance Sheet as at 31 December 2017**

	Note	2017 £ 000	2016 £ 000
<b>Fixed assets</b>			
Tangible assets	10	11,068	11,658
<b>Current assets</b>			
Debtors	11	476	407
Cash at bank and in hand		<u>1,373</u>	<u>1,109</u>
		1,849	1,516
<b>Creditors: Amounts falling due within one year</b>	12	<u>(689)</u>	<u>(596)</u>
<b>Net current assets</b>		<u>1,160</u>	<u>920</u>
<b>Total assets less current liabilities</b>		12,228	12,578
<b>Creditors: Amounts falling due after more than one year</b>	12	(8,334)	(8,222)
<b>Provisions for liabilities</b>	13	<u>(994)</u>	<u>(974)</u>
<b>Net assets</b>		<u>2,900</u>	<u>3,382</u>
<b>Capital and reserves</b>			
Called up share capital	16	1	1
Hedging reserve	17	(257)	(237)
Profit and loss account	17	<u>3,156</u>	<u>3,618</u>
<b>Total equity</b>		<u>2,900</u>	<u>3,382</u>

Registered Number 08195632

Approved and authorised by the Board on 26 June 2018 and signed on its behalf by:



Mr Richard Russell  
Director

# Sunsave 12 (Derriton Fields) Ltd

## Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital £ 000	Hedging reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	1	(237)	3,618	3,382
Loss for the year	-	-	(462)	(462)
Other comprehensive loss	-	(20)	-	(20)
Total comprehensive income	-	(20)	(462)	(482)
At 31 December 2017	1	(257)	3,156	2,900

	Share capital £ 000	Hedging reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2016	5,843	-	94	5,937
Profit for the year	-	-	32	32
Other comprehensive loss	-	(237)	-	(237)
Total comprehensive income	-	(237)	32	(205)
Dividends (Note 19)	-	-	(2,350)	(2,350)
Other share capital movements	(5,842)	-	5,842	-
At 31 December 2016	1	(237)	3,618	3,382

## Sunsave 12 (Derriton Fields) Ltd

### Statement of Cash Flows for the Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
<b>Cash flows from operating activities</b>			
(Loss)/profit for the year		(462)	32
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	542	530
Finance income	3	(2)	(1)
Finance expense	8	623	449
Income tax charge/(credit)	9	114	(96)
		815	914
Working capital adjustments			
Decrease/(increase) in debtors	11	99	(8)
Decrease in creditors	12	(159)	(69)
Cash generated from operations		755	837
Income taxes paid		(138)	-
Net cash flow from operating activities		617	837
<b>Cash flows from investing activities</b>			
Interest received		2	1
Proceeds from sale of tangible assets		48	-
Net cash flows from investing activities		50	1
<b>Cash flows from financing activities</b>			
Interest paid		(161)	(359)
Repayment of bank borrowing		(242)	-
Proceeds from other borrowing draw downs		-	3,138
Repayment of other borrowing		-	(196)
Dividends paid	19	-	(2,350)
Net cash flows from financing activities		(403)	233
Net increase in cash and cash equivalents		264	1,071
Cash and cash equivalents at 1 January		1,109	38
Cash and cash equivalents at 31 December		1,373	1,109

Cash and cash equivalents represent cash at bank and in hand.

The notes on pages 14 to 31 form an integral part of these financial statements.

## **Sunsave 12 (Derriton Fields) Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2017**

#### **1 General information**

The company is a private company limited by share capital and incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The particular accounting policies adopted by the directors are described below. The registered office is Beaufort Court, Egg Farm Lane, Off Station Road, Kings Langley, Hertfordshire, WD4 8LR.

#### **2 Accounting policies**

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £000 unless otherwise stated.

##### **Foreign currency transactions and balances**

Transactions denominated in foreign currencies are initially recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange ruling at the date. The translation difference are included in the profit and loss account.

##### **Revenue recognition**

Revenue comprises amounts received and receivable in respect of the invoiced value of generated electricity, Renewable Obligation Certificates (ROCs) and accrued income. Revenue is recognised when it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and sales taxes or duty.

Revenue on the generation of energy comprises the value of units supplied during the year. Units are determined by energy volumes recorded on the solar farm meters and market settlement systems.

Under the terms of its Power Purchase Agreements with customers, ROC's are immediately transferable to the customer. Revenue in relation to ROCs is recognised in line with the generation of energy.

Accrued income represents the sales value of energy (and related ROCs) which is yet to be invoiced and is based upon the value of units supplied with respect to energy and quantity of units supplied with respect to ROCs.

There is only one operating activity and all revenue is generated within the United Kingdom.

##### **Finance income and costs policy**

Interest received and paid is recognised on a time apportioned basis.



## **Sunsave 12 (Derriton Fields) Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)**

#### **2 Accounting policies (continued)**

##### **Tangible assets**

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes the cost of replacing parts of the property, plant and equipment, and borrowing costs for long-term construction projects if the recognition criteria are met. All repair and maintenance costs are recognised in the profit and loss account as incurred. The present value of the expected cost for the decommissioning of the asset after its use, is included in the cost of the respective asset if the recognition criteria for a provision are met.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

##### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Property, plant and equipment	4%
Solar Inverters	8%

##### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

##### **Tax**

The tax expense for the year comprises current tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

## **Sunsave 12 (Derriton Fields) Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)**

#### **2 Accounting policies (continued)**

##### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

##### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

##### **Provisions**

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

##### **Decommissioning costs**

Provisions for decommissioning are recognised in full when the related facilities are constructed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to plant and equipment. The unwinding of the discount on the decommissioning provision is included as a finance cost. The carrying amount for the provision as at 31 December 2017 was £994,115 (2016: £973,623).

##### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

## Sunsave 12 (Derriton Fields) Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 2 Accounting policies (continued)

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### Financial instruments

##### *Classification*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### *Recognition and measurement*

The company has chosen to adopt the recognition and measurement provisions of Sections 11 and 12 of FRS 102 for financial instruments:

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

## Sunsave 12 (Derriton Fields) Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 2 Accounting policies (continued)

##### Derivative financial instruments and hedging

###### *Derivatives*

The Company uses derivative financial instruments to reduce exposure to interest rate movements.

###### *Hedging*

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether there are any causes that would result in the derivatives that are used in hedging transactions to be ineffective.

The gain or loss is recognised immediately in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account. Amounts previously recognised in other comprehensive income and accumulated equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss.

###### **Going concern**

The financial statements have been prepared on the going concern basis.

The Renewables Infrastructure Group (UK) Investments Ltd, has confirmed to the directors that it will not demand repayment for existing intercompany loans such that insolvency would result, for a period of at least twelve months from the date of signing of the Annual Report and Financial Statements.

The directors have considered the company's cash flow forecast for the period to the end of June 2019 and are satisfied that the company, taking account of reasonably possible changes in trading performance and the current funds available, is able to operate for at least twelve months from the signing of the Annual Report and Financial Statements. For this reason the directors believe that the company has adequate resources to continue in operational existence and therefore it is appropriate that the company continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

###### **Financial risk management**

###### **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market process. Market prices comprise of a number of types of risk, the following are discussed below: interest rate risk and currency risk. Financial instruments affected by market risk include: loans and borrowings, deposits and derivative financial instruments.

The Company's risk management focuses on the major areas of credit risk and liquidity risk.

###### **Interest rate risk**

The Company's interest rate risk arises from long-term borrowings. The company's only long term debt incurs a fixed interest rate following the adoption of an interest rate swap agreement which is in place for 75% of external borrowings and therefore the company has mitigated its significant exposure to this risk.

## **Sunsave 12 (Derriton Fields) Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)**

#### **2 Accounting policies (continued)**

##### **Financial risk management (continued)**

###### **Currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The company does not have significant exposure in this respect.

###### **Regulatory risk**

Regulatory risk is the risk that a change in regulations and law that might affect an industry or a business. Renewable energy projects are dependent for their commercial viability on a suitable regulatory regime. There is a risk that governments introduce retrospective changes to the regime that is agreed at the time the project commenced. This however is unusual in the market and changes to the regulatory regime are more typically for future projects.

###### **Energy resource risk**

The energy resource risk is the risk that the amount of the renewable energy resource (e.g. wind and solar irradiation) that is available for a given project is lower than the amount that is expected in the financial model.

###### **Capital risk management**

Capital held by the Company and managed centrally as part of the European Solar Investments Holdings Limited comprises share capital and reserves which can be found in the Balance Sheet on page 11.

###### **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. the company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

###### **Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The company's policy for managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities and by ensuring adequate internally generated funds.

## **Sunsave 12 (Derriton Fields) Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)**

#### **2. Accounting policies (continued)**

##### ***Summary of significant accounting judgements and key accounting estimates***

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 year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The most critical accounting judgements and estimates in determining the financial condition and results of the company are those requiring a greater degree of subjective or complete judgement. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### ***Critical judgements in applying accounting policies***

###### ***Deferred tax***

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

###### ***Key source of estimation uncertainty***

###### ***Derivative financial instruments***

The Company uses derivative financial instruments to reduce exposure to interest rate movements. The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether there are any causes that would result in the derivatives that are used in hedging transactions to be ineffective. The gain or loss are recognised immediately in the other comprehensive income.

###### ***Decommissioning provision***

Decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new technology or experience at other assets. The expected timing, work scope, amount of expenditure and risk weighting may also change. Therefore significant estimates and assumptions are made in determining the provision for decommissioning, which at 31 December 2017 was £994,115 (2016: £973,623).

## Sunsave 12 (Derriton Fields) Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2017 £ 000	2016 £ 000
Area of activity:		
Sale of electricity, including renewable incentives	<u>1,262</u>	<u>1,224</u>

The analysis of the company's revenue for the year by market is as follows:

	2017 £ 000	2016 £ 000
UK	<u>1,262</u>	<u>1,224</u>
Interest income on bank deposits	<u>2</u>	<u>1</u>

#### 4 Operating profit

Arrived at after charging:

	2017 £ 000	2016 £ 000
Depreciation expense	542	530
Operating lease expense - property	<u>70</u>	<u>57</u>

#### 5 Auditor's remuneration

	2017 £ 000	2016 £ 000
Audit of the financial statements	<u>3</u>	<u>8</u>

#### 6 Directors' remuneration

No director received any form of remuneration in lieu of their services to the Company in the current or prior year.

## Sunsave 12 (Derriton Fields) Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 7 Staff costs

The company had no employees in the current nor previous financial year.

#### 8 Interest payable and similar expenses

	2017 £ 000	2016 £ 000
Interest on bank overdrafts and borrowings	109	-
Unwinding of discount on provision	19	24
Other finance costs	75	-
Interest payable on loans from group undertakings	420	425
	<u>623</u>	<u>449</u>



## Sunsave 12 (Derriton Fields) Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 9 Taxation

Tax charged/(credited) in the profit and loss account

	2017 £ 000	2016 £ 000
<b>Current taxation</b>		
UK corporation tax	41	-
UK corporation tax adjustment to prior years	<u>237</u>	<u>-</u>
	278	-
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>(164)</u>	<u>(96)</u>
Tax expense/(receipt) in the profit and loss account	<u><u>114</u></u>	<u><u>(96)</u></u>

Tax relating to items recognised in other comprehensive income or equity

	2017 £ 000	2016 £ 000
Deferred tax related to items recognised as items of other comprehensive income	<u>(4)</u>	<u>(49)</u>

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2016: lower than the standard rate of corporation tax in the UK) of 19.25% (2016: 20%).

The differences are reconciled below:

	2017 £ 000	2016 £ 000
Loss before tax	<u>(348)</u>	<u>(64)</u>
Corporation tax at standard rate	(67)	(13)
Expenses not deductible for tax purposes	16	10
Tax rate changes	11	4
Adjustments to tax charge in respect of prior years	<u>154</u>	<u>(97)</u>
Total tax charge/(credit)	<u><u>114</u></u>	<u><u>(96)</u></u>

The rate of corporation tax changed from 20% to 19% on 1 April 2017. At the Summer Budget 2016, the Government announced a reduction in the rate from 19% to 17% for the year beginning 1 April 2020. As deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods of reversal, the company has restated all deferred tax closing balances using a rate of 17%.

## Sunsave 12 (Derriton Fields) Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 9 Taxation (continued)

##### Deferred tax

Deferred tax assets and liabilities

	Asset £ 000
<b>2017</b>	
Fixed asset timing differences	204
Short term timing differences	68
	<u>272</u>
<b>2016</b>	
Fixed asset timing differences	43
Short term timing differences	61
	<u>104</u>

#### 10 Tangible assets

	Solar Inverters £ 000	Other property, plant and equipment £ 000	Total £ 000
<b>Cost or valuation</b>			
At 1 January 2017	586	12,403	12,989
Disposals	-	(48)	(48)
At 31 December 2017	<u>586</u>	<u>12,355</u>	<u>12,941</u>
<b>Depreciation</b>			
At 1 January 2017	84	1,247	1,331
Charge for the year	47	495	542
At 31 December 2017	<u>131</u>	<u>1,742</u>	<u>1,873</u>
<b>Carrying amount</b>			
At 31 December 2017	<u>455</u>	<u>10,613</u>	<u>11,068</u>
At 31 December 2016	<u>502</u>	<u>11,156</u>	<u>11,658</u>

**Sunsave 12 (Derriton Fields) Ltd**

**Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)**

**11 Debtors**

	<b>2017</b>	<b>2016</b>
	<b>£ 000</b>	<b>£ 000</b>
Trade debtors	-	157
Other debtors	-	9
Prepayments	34	20
Accrued income	170	117
Deferred tax assets	272	104
	<u>476</u>	<u>407</u>
Less non-current portion	<u>(150)</u>	<u>(56)</u>
Total current trade and other debtors	<u>326</u>	<u>351</u>

## Sunsavé 12 (Derriton Fields) Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 11 Debtors (continued)

##### Details of non-current trade and other debtors

£150,343 (2016: £55,866) of Deferred tax asset is classified as non current.

#### 12 Creditors

	Note	2017 £ 000	2016 £ 000
<b>Due within one year</b>			
Loans and borrowings	14	389	244
Trade creditors		27	80
Other payables		56	78
Accrued expenses		78	194
Income tax liability		139	-
		<u>689</u>	<u>596</u>
<b>Due after one year</b>			
Loans and borrowings	14	8,023	7,936
Derivative financial instruments	15	311	286
		<u>8,334</u>	<u>8,222</u>

#### 13 Deferred tax and other provisions

	Decommissioning provision £ 000
At 1 January 2017	974
Provisions used	<u>20</u>
At 31 December 2017	<u>994</u>

A provision has been recognised for decommissioning costs associated with the solar farm owned by the Company.

The Company is committed to decommissioning the solar farm as a result of the construction of the solar farm for the production of power.

The decommissioning provision provides for the future costs of decommissioning of the solar farm. The decommissioning costs were estimated at the time of construction based on the number of panels installed. The provision has been discounted at an annual rate of 2% (2016: 2%) and this discount will be unwound and charged to the profit and loss account until 2039 the estimated date of decommissioning.

## Sunsave 12 (Derriton Fields) Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 14 Loans and borrowings

	2017 £ 000	2016 £ 000
<b>Non-current loans and borrowings</b>		
Bank borrowings	2,387	2,721
Intercompany borrowings	5,636	5,215
	<u>8,023</u>	<u>7,936</u>

	2017 £ 000	2016 £ 000
<b>Current loans and borrowings</b>		
Bank borrowings	<u>389</u>	<u>244</u>

#### Bank borrowings

Bank loans are repayable in non-equal instalments over 16 years. Interest is payable at 1.735% above LIBOR. Interest rate swaps have been used to reduce the company's exposure to fluctuating interest rates. The swaps are in place for at least 75% of all outstanding non-revolving bank loans, for a minimum of 10 years from the date of first utilisation of the loan. The assets of the Company form part of the security for the bank loans via fixed and floating charges. Loan issue cost of £172,957 incurred in obtaining finance have been netted off against the loan value and will be amortised over the remaining life of the loans using the effective interest rate method.

#### Intercompany borrowings

Intercompany borrowings consist of unsecured loan notes denominated in GBP and bearing interest at 7.9% per annum. The loan notes are redeemable on 31 December 2034.

## Sunsave 12 (Derriton Fields) Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 14 Loans and borrowings (continued)

##### Borrowings due after five years

##### Loan maturities

31 December 2016	On demand £ 000	Up to 3 months £ 000	3 to 12 months £ 000	2 to 5 years £ 000	Over 5 years £ 000	Total £ 000
Intercompany borrowings	-	-	-	-	5,215	5,215
Bank borrowings	-	-	242	1,605	1,291	3,138
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>242</b>	<b>1,605</b>	<b>6,506</b>	<b>8,353</b>
31 December 2017	On demand £ 000	Up to 3 months £ 000	3 to 12 months £ 000	2 to 5 years £ 000	Over 5 years £ 000	Total £ 000
Intercompany borrowings	-	-	-	-	5,635	5,635
Bank borrowings	-	-	179	717	2,062	2,958
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>179</b>	<b>717</b>	<b>7,697</b>	<b>8,593</b>

#### 15 Financial instruments

##### Categorisation of financial instruments

	2017 £ 000	2016 £ 000
Financial liabilities measured at amortised cost	8,411	8,180
	<u>8,411</u>	<u>8,180</u>

##### Financial liabilities measured at fair value

###### *Derivative*

The fair value is £(310,106) (2016: £(285,941)) and the change in value included in the statement of other comprehensive income is £(24,165) (2016: £(237,331)).

##### Items of income, expense, gains or losses

The total interest expense for financial liabilities not measured at fair value through profit or loss is £420,140 (2016: £(424,531)).

## Sunsave 12 (Derriton Fields) Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 15 Financial instruments (continued)

##### Cash flow hedges

##### *Interest Rate SWAP*

At 31 December 2017, the company had one interest rate swap agreement in place with a total notional amount of £5,850,657 (2016: £3,040,310) whereby the company pays a fixed rate of interest of 1.735% and receives a variable rate equal to LIBOR on the notional amount. The swap is being used to hedge the cash flow exposure to changes in the interest rate of its variable rate Libor secured loan. The hedged cash flows are expected to occur and to affect profit or loss over the period to maturity of the interest rate swaps.

The fair value of the financial liabilities measured at fair value through profit or loss and designated as hedging instruments in an effective hedging relationship at 31 December 2017 is £(310,106) (2016: £(285,941)). The fair value has been determined by discounting the future cash flows of the interest rate swaps.

The movement in fair value of the hedging instrument that was recognised in other comprehensive income (excluding tax) during the period is £(24,165) (2016: £(285,941)). Deferred tax on this movement also recognised in other comprehensive income during the period is £(4,108) (2016: £48,610). The net movement recognised in other comprehensive income during the period is £(20,057) (2016: £(237,331)).

#### 16 Share capital

##### Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary share capital of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

The company has one class of ordinary shares which carry no right to fixed income.

#### 17 Reserves

The company's other reserves are as follow:

The hedging reserve consist of the accumulated movements in the fair value of the company's derivative financial instruments, net of tax.

The profit and loss reserve represent cumulative profit or losses, net of dividend and other adjustments.

## Sunsave 12 (Derriton Fields) Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 18 Obligations under leases and hire purchase contracts

##### Operating leases

The company has entered into lease agreements with the landowners on which its solar farm is situated to pay rent based on fixed amounts and amounts linked to turnover and production. Future minimum rentals payable under non-cancellable operating leases are as follows:

	2017 £ 000	2016 £ 000
Not later than one year	56	52
Later than one year and not later than five years	222	209
Later than five years	634	650
	<u>912</u>	<u>911</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £69,864 (2016: £57,424).

#### 19 Dividends

	2017 £ 000	2016 £ 000
Interim dividend of £Nil (2016: £2,350.00) per ordinary share	-	2,350

The directors are proposing a final dividend of £Nil (2016: £Nil) per share totalling £Nil (2016: £Nil).

#### 20 Related party transactions

##### Loans from related parties

2017	Parent £ 000
At start of year	(5,216)
Interest transactions	(420)
At end of year	<u>(5,636)</u>
2016	Parent £ 000
At start of year	(5,346)
Repaid	196
Interest transactions	(66)
At end of year	<u>(5,216)</u>



## **Sunsave 12 (Derriton Fields) Ltd**

### **Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)**

#### **20 Related party transactions (continued)**

##### **Terms of loans from related parties**

Intercompany borrowings consist of unsecured loan notes maturing in 2034 and bearing interest at 7.9% per annum.

#### **21 Parent and ultimate parent undertaking**

The company's immediate parent is European Solar Investments Holdings Limited, incorporated in Great Britain and registered address is 12 Charles II street, London, SW1Y 4QU.

The ultimate parent is The Renewables Infrastructure Group Limited, incorporated in Guernsey, and registered address is 1 Le Truchot, St Peter Port, GW1 1WD.

These financial statements are available upon request from Companies House.

The ultimate controlling party is The Renewables Infrastructure Group Limited, and is owned by a number of investors with no one investor having individual control. No group financial statements are drawn up for any group of which the company is a member.