

Chalgrove Solar Limited

Report and Financial Statements

Period Ended

31 December 2015

Company Number 08578829

FRIDAY



L59BVT8B

LD7

17/06/2016

#24

COMPANIES HOUSE

Chalgrove Solar Limited

**Report and financial statements
for the period ended 31 December 2015**

Directors	P Raftery	(appointed 22 Oct 15)
	C Reid	(appointed 22 Oct 15)
	A Newman	(resigned 22 Oct 15)
	K Schofield	(resigned 22 Oct 15)

Registered office

12 Throgmorton Avenue,
London,
United Kingdom,
EC2N 2DL

Company number - 08578829

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Chalgrove Solar Limited

Report and financial statements for the period ended 31 December 2015

Contents

Page:

1	Report of the directors
2	Statement of directors' responsibilities
3	Independent auditor's report
5	Statement of comprehensive income
6	Balance sheet
7	Cash flow statement
8	Statement of changes in equity
9	Notes forming part of the financial statements

Chalgrove Solar Limited

Report of the directors for the period ended 31 December 2015

The directors are pleased to present their report and the audited consolidated financial statements of Chalgrove Solar Ltd for the period ended 31 December 2015 and the unaudited comparatives for the period 1 July 2014 to 30 June 2015.

Principal activity and review of the business

The principal activity of the company is the production of solar generated renewable energy.

Business review

During the period ended 31 December 2015 the Company recorded a loss of £837,517 (June 2015: £260,598)

Directors

The directors of the company throughout the six month period were:

P Raftery (appointed 22 Oct 15)
C Reid (appointed 22 Oct 15)

A Newman (resigned 22 Oct 15)
K Schofield (resigned 22 Oct 15)

Auditors

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and BDO LLP will therefore continue in office.

Approval

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

This Directors' Report was approved by order of the Board on 16-6-16



C Reid

Director

Chalgrove Solar Limited

Statement of directors' responsibilities

Directors' responsibilities

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 company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Chalgrove Solar Limited

Auditors report for the period ended 31 December 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHALGROVE SOLAR LIMITED

We have audited the financial statements of Chalgrove Solar Limited for the period ended 31 December 2015 which comprise the Statement of Comprehensive Income, the balance sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the period 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.

Other matter

The corresponding figures for the period ended 30 June 2015 are unaudited.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Chalgrove Solar Limited

Auditors report for the period ended 31 December 2015

Matters on which we are required to report by exception

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;
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the directors' report in accordance with the small companies' regime and to the exemption to prepare a strategic report.



Marc Reinecke (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU
United Kingdom

16 June 2016

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

Chalgrove Solar Limited

Statement of comprehensive income for the period ended 31 December 2015

	Note	31 December 2015 audited £	30 June 2015 unaudited £
Turnover	3	830,323	443,786
Cost of sales		(459,115)	(198,762)
Gross profit		371,208	245,024
Administrative expenses		(438,472)	(98,254)
Group operating (Loss) / profit	4	(67,264)	146,770
Other interest receivable and similar income		5	-
Interest payable and similar charges	5	(770,258)	(407,368)
Loss on ordinary activities before taxation		(837,517)	(260,598)
Taxation on profit on ordinary activities	6	-	-
Total comprehensive income for year		(837,517)	(260,598)

The notes on pages 9 to 15 form part of these financial statements.

Chalgrove Solar Limited

Balance sheet at 31 December 2015

Company number 08578829	Note	31 December 2015 audited £	31 December 2015 audited £	30 June 2015 unaudited £	30 June 2015 unaudited £
Fixed assets					
Tangible assets	7		19,768,850		19,373,106
Current assets					
Debtors	8	436,841		551,431	
Cash at bank and in hand		1,299,507		169,933	
		1,736,348		721,364	
Creditors: amounts falling due within one year	9	(22,505,033)		(20,256,788)	
Net current liabilities			(20,768,685)		(19,535,424)
Total assets less current liabilities			(999,835)		(162,318)
Provision for liabilities	11		(98,278)		(98,278)
Net liabilities			(1,098,113)		(260,596)
Capital and reserves					
Called up share capital	12		2		2
Profit and loss account			(1,098,115)		(260,598)
			(1,098,113)		(260,596)

The financial statements were approved by the Board of Directors and authorised for issue on 16-6-16


C Reid
Director

The notes on pages 9 to 15 form part of these financial statements.

Chalgrove Solar Limited

Statement of cash flows for the year ended 31 December 2015

	Note	31 December 2015 £ Audited	30 June 2015 £ Unaudited
Cash flows from operating activities			
(Loss)/profit for the financial year		(67,264)	146,770
Adjustments for:			
Depreciation and amortisation of fixed assets	7	412,201	194,696
Decrease/(increase) in trade and other debtors		114,591	(551,431)
(Decrease)/increase in trade creditors		(7,582,667)	8,364,916
Cash from operations		(7,123,139)	8,154,951
Interest received		5	-
Net cash generated from operating activities		(7,123,134)	8,154,951
Cash flows from investing activities			
Purchases of tangible fixed assets	7	(807,945)	(19,469,524)
Net cash from investing activities		(807,945)	(19,469,524)
Cash flows from financing activities			
New loans		21,219,565	11,484,506
Repayment of loans		(12,158,912)	-
Net cash used in financing activities		9,060,653	11,484,506
Net increase in cash and cash equivalents		1,129,574	169,933
Cash and cash equivalents at beginning of year		169,933	-
Cash and cash equivalents at end of year		1,299,507	169,933
Cash and cash equivalents comprise:			
Cash at bank and in hand		1,299,507	169,933
		1,299,507	169,933

The notes on page 9 to 15 form part of these financial statements.

Chalgrove Solar Limited
Statement of changes in equity
For the period ended 31 December 2015

	Share capital £	Profit and loss account £	Total equity £
1 July 2015	2	(260,598)	(260,596)
Comprehensive income for the period	-	(837,517)	(837,517)
	<hr/>	<hr/>	<hr/>
31 December 2015	2	(1,098,115)	(1,098,115)
	<hr/>	<hr/>	<hr/>

The notes on pages 9 to 15 form part of these financial statements.

Chalgrove Solar Limited

Notes forming part of the financial statements for the year ended 31 December 2015

1 Accounting policies

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £20,768,685 (30 June 2015 £19,535,425), which the members believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by RI UK Income Holdings Limited, the Company's and has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the group and in particular will only seek repayment of the amounts due when the company is in a position to do so.

Revenue

Revenue principally represents recurring revenues from power purchase agreements for electricity generated by solar photovoltaic systems owned by the company as well as for renewable obligation certificates. Revenue is recognised in the period in which the electricity is generated.

Tangible fixed assets

All tangible fixed assets are stated at cost less depreciation. Such costs include costs directly attributable to making the asset capable of operating as intended.

Depreciation

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Solar Plant - 4% per annum

Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Chalgrove Solar Limited

Notes forming part of the financial statements for the period ended 31 December 2015 (*continued*)

Finance costs

Finance costs, apart from those directly attributable to the construction of qualifying assets per below, are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Finance costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) is capitalised up to the date when the qualifying asset is ready for its intended use as part of the cost of the respective asset and amortised over the useful life of the asset. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Decommissioning provision

Liabilities for decommissioning costs are recognised when the Company has an obligation to dismantle and remove the Solar PV equipment and to restore the land on which it is located. Liabilities may arise upon construction of such facilities, upon acquisition or through a subsequent change in legislation or regulations. The amount recognised is the estimated present value of expenditure determined in accordance with local conditions and requirements. A corresponding item of property, plant and equipment has also been recognised.

Any changes in the present value of the estimated expenditure is added to or deducted from the cost of the asset to which it relates. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. The unwinding of the discount on the decommissioning provision is included as a finance cost.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 7)*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Decommissioning provision (see note 11)*

Liabilities for decommissioning costs are recognised when the Company has an obligation to dismantle and remove the Solar PV equipment and to restore the land on which it is located. The amount recognised is the estimated present value of expenditure determined in accordance with local conditions and requirements.

Chalgrove Solar Limited

Notes forming part of the financial statements
for the period ended 31 December 2015 (*continued*)

3 Analysis of Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

4 Operating profit	31 December 2015 audited £	30 June 2015 unaudited £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	412,201	194,696
Auditors remuneration for audit services	2,500	-
	<u> </u>	<u> </u>

5 Interest payable and similar charges	31 December 2015 audited £	30 June 2015 unaudited £
Interest payable on senior debt	(770,258)	(407,368)
	<u> </u>	<u> </u>

Included within interest payable is £190,701 due to BRI UK Finance Limited. The balance of interest incurred in the year relates to interest incurred on senior debt prior to RI Income UK Holdings acquisition of the Company.

Chalgrove Solar Limited

Notes forming part of the financial statements
for the year ended 31 December 2015 (*continued*)

6 Taxation on profit on ordinary activities

	31 December 2015 audited £	30 June 2015 unaudited £
<i>UK corporation tax</i>		
Current tax on profits of the year	-	-
Taxation on profit on ordinary activities	-	-

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	31 December 2015 audited £	30 June 2015 unaudited £
Loss on ordinary activities before tax	837,517	260,598
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (June 2015 - 20.75%)	167,507	71,665
Effects of:		
Expenses not deductible for tax purposes	(82,140)	(53,451)
Carried forward losses not recognised	(85,367)	(18,214)
Total tax charge for period	-	-

The company has not recognised a deferred tax asset in respect of the losses carried forward of £102,980 (June 2015 £18,214).

Chalgrove Solar Limited

Notes forming part of the financial statements
for the period ended 31 December 2015 (*continued*)

7 Tangible fixed assets

	Solar plant and equipment £
<i>Cost or valuation</i>	
At 1 July 2015	19,567,802
Additions	807,945
	<hr/>
At 31 December 2015	20,375,747
	<hr/>
<i>Depreciation</i>	
At 1 July 2015	194,696
charge for period	412,201
	<hr/>
At 31 December 2015	606,897
	<hr/>
<i>Net book value</i>	
At 31 December 2015	19,768,850
	<hr/>
At 30 June 2015	19,373,106
	<hr/>

Chalgrove Solar Limited

Notes forming part of the financial statements
for the period ended 31 December 2015 (continued)

8 Debtors

	31 December 2015 audited £	30 June 2015 unaudited £
Accrued income	239,270	342,052
Prepayments	41,977	25,580
VAT receivable	99,075	183,799
Other Debtors	56,519	-
	<u>436,841</u>	<u>551,431</u>

9 Creditors: amounts falling due within one year

	31 December 2015 £'000	30 June 2015 £'000
Short term debt due within one year	503,220	11,891,874
Trade creditors	428,065	8,335,835
Amounts owed to group undertakings	21,219,565	-
Accruals and deferred income	354,183	29,079
	<u>22,505,033</u>	<u>20,256,788</u>

Short term debt due to group undertakings totalling £15,561,360 for the period ended 31 December 2015 accrued interest at 6.3% accrued interest of £190,701 in the period. The balance of loans due to group undertakings was interest free.

Amounts owed to group undertakings are repayable on demand.

10 Financial instruments

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors, deferred income, amounts due to former members, and accruals.

There were no financial assets or liabilities measured at fair value through profit or loss.

Chalgrove Solar Limited

Notes forming part of the financial statements
for the period ended 31 December 2015 (*continued*)

11 Provisions for liabilities

	Decommissioning cost £'000
At 1 July 2015	98,278
At 31 December 2015	<u>98,278</u>

12 Share capital and reserves

	31 December 2015 audited £	30 June 2015 unaudited £
<i>Allotted, called up and fully paid</i> (2015 - 2) ordinary shares of £1 each	2	2

13 Related party disclosures

For accounting purposes, the Company's ultimate parent and controlling party is Renewable Income UK, a sub-fund of Blackrock Infrastructure Funds plc.

The immediate parent company of the company is RI Income UK Holdings Limited.

There are no post balance sheet events to report.

At 31 December 2015 the Company owed £15,752,061 to BRI UK Finance Limited

At 31 December 2015 the Company owed £5,467,504 to RI Income UK Holdings Limited