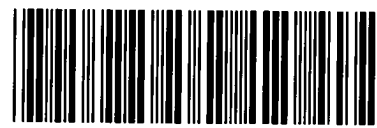


**Pencoose Solar Limited**  
**Previously known as First Solar Project Limited**  
**Directors' Report and**  
**Audited Financial Statements For The Year Ended 31 December 2017**

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**Pencoose Solar Limited**  
**previously known as First Solar Project Limited**

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**For The Year Ended 31 December 2017**

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**Pencoose Solar Limited**  
**previously known as First Solar Project Limited**

**Company Information**  
**For The Year Ended 31 December 2017**

**Directors:**

G D'Andria  
P O'Kane  
K Mangan

**Registered office:**

2nd Floor Edgeborough House  
Upper Edgeborough Road  
Guildford  
Surrey  
GU1 2BJ

**Registered number:**

08126576 (England and Wales)

**Independent auditors:**

Deloitte LLP  
Statutory Auditor  
110 Queen Street  
Glasgow  
Strathclyde  
G1 3BX

**Bankers:**

HSBC  
3 Rivergate  
Temple Quay  
Bristol  
BS1 6ER

**Pencoose Solar Limited**  
**previously known as First Solar Project Limited**

**Directors' Report**  
**For The Year Ended 31 December 2017**

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

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 2.

**Change of name**

The Company passed a special resolution on 27 October 2017 changing its name from First Solar Project Limited to Pencoose Solar Limited.

**Principal activity**

The principal activity of the Company in the period under review was the operation of the 8.145MW solar farm at in Pencoose Farm in Cornwall and this is expected to continue to be the principal activity of the Company.

On 7 July 2017, the Company's previous parent, SF Power Plant 1 Limited sold its 100% holding in the Company to RI Income UK Holdings Limited and subsequently new directors were appointed on the date of the transaction.

The Company will function in the same manner as before and as such there will be no fundamental change to the way the Company is operated or managed.

**Dividends**

The profit during the year ended 31 December 2017 was £1,212,653 (31 December 2016: £(1,257,474) loss).

The directors did not pay any interim dividends in the period (31 December 2016: £nil).

The directors have not recommended payment of a final dividend (31 December 2016: £nil).

**Directors**

The directors who have held office during the period from 1 January 2017 to the date of this report are as follows:

G D'Andria - appointed 7 July 2017

T M K Keith - appointed 14 April 2017 - resigned 7 July 2017

J L Nealis - resigned 14 April 2017

P O'Kane - appointed 7 July 2017

K Mangan - appointed 7 July 2017

**Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 of the Accounting Policies.

**Pencoose Solar Limited**  
**previously known as First Solar Project Limited**

**Directors' Report**  
**For The Year Ended 31 December 2017**

**Risks and uncertainties**

The Company is exposed to fluctuations in UK power prices. The company seeks to manage the volatility in power prices by fixing prices at least six months in advance whenever possible.

**Directors' indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

**Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

The auditors, Deloitte LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**On behalf of the board:**



K Mangan - Director

Date: 25 September 2018

**Pencoose Solar Limited**  
**previously known as First Solar Project Limited**

**Statement of Directors' Responsibilities**  
**For The Year Ended 31 December 2017**

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 Financial Reporting Standard 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent auditor's report to the members of  
Pencoose Solar Limited  
previously known as First Solar Project Limited**

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of Pencoose Solar Limited:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit 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 which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 15.

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".

**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 Financial Reporting Council's (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 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 to report in respect of these matters.

**Independent auditor's report to the members of  
Pencoose Solar Limited  
previously known as First Solar Project Limited**

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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.



**Independent auditor's report to the members of  
Pencoose Solar Limited  
previously known as First Solar Project Limited**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

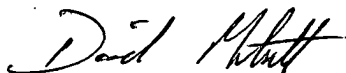
**Matters on which we are required to report by exception**

- 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

**Use of our report**

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



David Mitchell (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Glasgow  
Strathclyde  
26 September 2018

**Pencoose Solar Limited**  
**previously known as First Solar Project Limited**

**Income Statement**  
**For The Year Ended 31 December 2017**

	Notes	31/12/17 £	31/12/16 £
<b>Turnover</b>	3	813,701	602,759
Cost of sales		(634,536)	(791,731)
<b>Gross profit/(loss)</b>		179,165	(188,972)
Administrative expenses		(81,495)	(40,085)
<b>Operating profit/(loss)</b>	5	97,670	(229,057)
Exceptional cost	6	18,998	(551,615)
		116,668	(780,672)
Net finance charges	7	1,101,137	(776,442)
<b>Profit/(loss) before taxation</b>		1,217,805	(1,557,114)
Tax on profit/(loss)		(5,152)	299,640
<b>Profit/(loss) for the financial year</b>		<u>1,212,653</u>	<u>(1,257,474)</u>

The notes on pages 12 to 23 form part of these financial statements

**Pencoose Solar Limited**  
**previously known as First Solar Project Limited**

**Statement of Other Comprehensive Income**  
**For The Year Ended 31 December 2017**

	Notes	31/12/17 £	31/12/16 £
<b>Profit/(loss) for the year</b>		1,212,653	(1,257,474)
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income/(loss) for the year</b>		<u><u>1,212,653</u></u>	<u><u>(1,257,474)</u></u>

The notes on pages 12 to 23 form part of these financial statements

**Pencoose Solar Limited (Registered number: 08126576)**  
**previously known as First Solar Project Limited**

**Balance Sheet**  
**31 December 2017**

	Notes	31/12/17 £	31/12/16 £
<b>Fixed assets</b>			
Tangible fixed assets	8	7,706,721	7,986,916
<b>Current assets</b>			
Debtors	9	577,484	1,319,945
Cash at bank		136,829	692,157
		<u>714,313</u>	<u>2,012,102</u>
<b>Creditors</b>			
Amounts falling due within one year	10	(6,034,831)	(10,946,814)
<b>Net current liabilities</b>		<u>(5,320,518)</u>	<u>(8,934,712)</u>
<b>Total assets less current liabilities</b>		<u>2,386,203</u>	<u>(947,796)</u>
<b>Capital and reserves</b>			
Called up share capital		100	100
Retained earnings		2,386,103	(947,896)
<b>Shareholders' funds</b>		<u>2,386,203</u>	<u>(947,796)</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 25 September 2018 and were signed on its behalf by:



K Mangan - Director

The notes on pages 12 to 23 form part of these financial statements

**Pencoose Solar Limited**  
**previously known as First Solar Project Limited**

**Statement of Changes in Equity**  
**For The Year Ended 31 December 2017**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2016</b>	100	309,578	309,678
<b>Changes in equity</b>			
Total comprehensive loss	-	(1,257,474)	(1,257,474)
<b>Balance at 31 December 2016</b>	100	(947,896)	(947,796)
<b>Changes in equity</b>			
Total comprehensive income	-	1,212,653	1,212,653
Capital contribution from parent	-	2,121,346	2,121,346
<b>Balance at 31 December 2017</b>	100	2,386,103	2,386,203

The notes on pages 12 to 23 form part of these financial statements

**Notes to the Financial Statements**  
**For The Year Ended 31 December 2017**

**1. Statutory information**

Pencoose Solar Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. Accounting policies**

**Basis of preparing the financial statements**

The financial statements have been prepared in accordance with the applicable United Kingdom accounting standards, including Financial Reporting Standard 102 section 1 A small entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements apply the July 2015 amendments to FRS 102. The particular accounting policies adopted are described below and have been applied consistently throughout the current and prior 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 disclosures of net finance charge, current taxation, financial instruments, share capital and reserves.

The financial statements are prepared under the historical cost convention, except for the modification to a fair value basis for certain assets and liabilities.

**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.

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 December 2017**

**2. 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 year. 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.

**Deferred taxation**

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.

**Operating lease commitments**

The classification of leases as operating or finance leases requires the Company to determine, based on evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires recognition on the balance sheet.

**Decommissioning provision**

Liabilities for decommissioning costs are recognised when the Company has an obligation to decommission and restore the land, with which the project has been built upon, to its original state. The obligation is assessed annually for changes in estimated costs which are then discounted to their net present value. If the net present value is deemed to be immaterial then no provision is recognised.

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 December 2017**

**2. Accounting policies - continued**

**Turnover**

Turnover represents the value of power generated during the year, excluding value added tax, in the UK.

**Turnover recognition**

Turnover is recognised when the significant risks and rewards are considered to have transferred to the buyer and is recorded at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before turnover is recognised:

**a) Generation and embedded benefits turnover**

Turnover from the sale of electricity represents the invoice value, pre sales tax, of electricity provided to third parties and is recognised when electricity is generated. Embedded benefits are paid to generating plant located on the distribution network to reflect the lower cost of transporting electricity to the end user and are recorded at the invoice value.

**b) TRIADS turnover**

Turnover from the sale of TRIADS (bonus for generating at peak demand times during the winter months) represents the invoice value, before sales tax, of TRIADS provided to third parties and is recognised when eligible electricity is generated.

**c) ROCs turnover**

Renewable Obligation Certificates (ROCs) are issued to qualifying renewable generators under the terms of the generating station's OFGEM Renewable Obligation registration. These certificates may be traded separately from the electricity to which they relate. The ROCs are recorded as accrued income at fair value and recognised in turnover when the electricity to which they relate is generated. Any impairment of ROCs due to reduction in the market price is recorded in profit and loss.

**Tangible fixed assets**

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

Solar farm plant & machinery - Straight line over 20 years

Plant and machinery is stated at cost less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met, but excludes the costs of day-to-day servicing which is expensed as incurred.



**Notes to the Financial Statements - continued**  
**For The Year Ended 31 December 2017**

**2. Accounting policies - continued**

**Financial instruments**

**Financial instruments**

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

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.

**Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at 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 financing 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 statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either 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, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

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

**Equity instruments**

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

**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.

**Non-financial assets**

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 December 2017**

**2. Accounting policies - continued**  
**Financial instruments - continued**

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired 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 for financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

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.

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 December 2017**

**2. 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.

**Foreign Currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any exchange rate differences on revaluation arising is charged to profit and loss account in the period they arise.

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 December 2017**

**2. Accounting policies - continued**

**Cash**

Cash at bank and in hand on the balance sheet comprise cash in hand and deposits held at call with banks.

**Accrued income**

Accrued income represents accruals for electricity generation and ROC income not yet billed.

**Dividend distribution**

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

**Decommissioning provision**

Liabilities for decommissioning costs are recognised when the Company has an obligation to decommission and restore the land, with which the project has been built upon, to its original state. The obligation is assessed annually for changes in estimated costs which are then discounted to their net present value. If the net present value is deemed to be immaterial then no provision is recognised.

When this provision relates to an asset with sufficient future economic benefits, a decommissioning asset is recognised and included as part of the associated plant and machinery and depreciated accordingly. Changes in these estimates and changes to the discount rates are dealt with prospectively and reflected as an adjustment to the provision with a corresponding decommissioning asset included within plant and machinery. Unwinding of the discount on the provision is included in the income statement within interest expense.

**Operating leases**

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**Borrowing costs**

Borrowing costs are expensed as incurred.

**3. Turnover**

The turnover and profit (2016 - loss) before taxation are attributable to the one principal activity of the Company.

**4. Employees and directors**

There were no staff costs for the year ended 31 December 2017 nor for the year ended 31 December 2016.

The average monthly number of employees during the year was NIL (2016 - NIL).

Services are provided to the Company through a third party asset management agreement.

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 December 2017**

**4. Employees and directors - continued**

No Directors received any remuneration from the Company during the period (31 December 2016: Nil).

**5. Operating profit/(loss)**

The operating profit (2016 - operating loss) is stated after charging:

	31/12/17	31/12/16
	£	£
Rentals under operating lease	51,840	51,840
Depreciation - owned assets	445,607	421,547
Auditor's remuneration - auditing of financial statements	4,576	12,000
	<u>491,023</u>	<u>485,387</u>

**6. Exceptional items**

In 2017 the Company received a receipt of £18,998 for the sale of modules. There were no other exceptional costs.

In the prior year the solar park suffered significant storm damage which resulted in extensive repairs being undertaken to make the solar farm fully operational again. The insurance provider rejected full liability on the damage being storm related, on the basis of the solar farm not being constructed to the required specifications and as a result the company incurred significant expenditure to make the solar farm fully operational again.

All costs of repairs and replacement modules and income received from insurance claim was charged to profit and loss account and was treated as exceptional in nature. A breakdown of the all the related income and expenditure incurred in 2016 is shown below:

	£
Repairs and maintenance costs	999,352
Legal and other costs	41,978
	<u>1,041,330</u>
Insurance compensation received	(365,193)
Sales proceeds from disposal of damaged modules	(124,522)
	<u>551,615</u>

**Pencoose Solar Limited**  
**previously known as First Solar Project Limited**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 December 2017**

**7. Net finance charges**

	31/12/17	31/12/16
	£	£
Interco interest	172,514	80,844
Loan waiver	(1,350,000)	-
Interest receivable	(1,417)	(5,990)
Bank charges	1,627	-
Foreign exchange differences	76,139	701,588
	<u>(1,101,137)</u>	<u>776,442</u>

The loan waiver relates to a loan agreement of US\$550,000 with Shunfeng Investments Limited and a loan agreement of £920,648 with Shunfeng Investments Limited that was settled prior to the acquisition of Pencoose Solar Limited by RI Income UK Holdings Limited.

**8. Tangible fixed assets**

	Solar farm plant & machinery £
<b>Cost</b>	
At 1 January 2017	8,736,055
Additions	165,412
	<u>8,901,467</u>
At 31 December 2017	
<b>Depreciation</b>	
At 1 January 2017	749,139
Charge for year	445,607
	<u>1,194,746</u>
At 31 December 2017	
<b>Net book value</b>	
At 31 December 2017	<u>7,706,721</u>
At 31 December 2016	<u>7,986,916</u>

**Pencoose Solar Limited**  
**previously known as First Solar Project Limited**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 December 2017**

**9. Debtors**

	31/12/17 £	31/12/16 £
Amounts falling due within one year:		
Trade debtors	39,085	-
Amounts owed by group companies	-	886,563
Other debtors	-	23,826
VAT	118,554	-
Deferred tax asset	211,472	216,624
Accrued income	101,153	92,932
Prepayments	7,220	-
	<u>477,484</u>	<u>1,219,945</u>

Amounts falling due after more than one year:		
Other debtors	<u>100,000</u>	<u>100,000</u>

Aggregate amounts	<u>577,484</u>	<u>1,319,945</u>
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Deferred tax asset		
	31/12/17 £	31/12/16 £
Accelerated capital allowances	23,387	(34,585)
Tax losses carried forward	188,085	251,209
	<u>211,472</u>	<u>216,624</u>

Of the total amount owed by the group companies in 2016, £814,139 was owed by SF Power Plant 1 Limited at 1% p.a. interest bearing. On 28th February 2017, the Company entered into a receivable purchase and netting settling agreement whereby, £814,139 receivable from SF Power Plant 1 was assigned to Shunfeng Investments Limited for a consideration of netting the amount outstanding under the outstanding loan payable by the Company to Shunfeng Investments Limited.

The remaining balance of £72,424 was an interest free loan to Shunfeng Investments Limited and was repayable on demand.

**10. Creditors: amounts falling due within one year**

	31/12/17 £	31/12/16 £
Trade creditors	34,999	191,701
Amounts owed to group companies	5,933,265	10,095,330
Other creditors	66,567	659,783
	<u>6,034,831</u>	<u>10,946,814</u>

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 December 2017**

**10. Creditors: amounts falling due within one year - continued**

Amounts owed to group companies are repayable on demand.

Within amounts owed to group companies is an interest bearing amount of £5,933,265 owed to BRI UK Finance Limited (31 December 2016: £nil).

Included within the interest bearing amount is an interest charge for the year of £31,853 (31 December 2016: £nil).

As at 31 December 2016, of the total amount owed to group companies, £4,709,593 related to GBP and USD loan provided by Shunfeng Investments Limited, bearing an interest rate of 1% p.a. On 28th February 2017, the Company entered into a receivable purchase and netting settling agreement whereby £814,139 receivable from SF Power Plant 1 was assigned to Shunfeng Investments Limited for a consideration of netting the amount outstanding under the outstanding loan payable by the Company to Shunfeng Investments Limited. The balance of the loan outstanding was settled on 07 July 2017 as part of the acquisition by RI Income Holdings Limited.

Further amount of £4,617,993 related to Euro loan provided by SF Suntech Deutschland GmbH, bearing an interest rate of 1% p.a. The balance outstanding was settled on 07 July 2017 as part of the acquisition by RI Income Holdings Limited.

The remaining balance related to various group companies, bearing an interest rate of 1% was settled on 07 July 2017 as part of the acquisition by RI Income Holdings Limited.

**11. Leasing agreements**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31/12/17	31/12/16
	£	£
Within one year	51,840	51,840
Between one and five years	207,360	207,360
In more than five years	673,920	725,760
	<u>933,120</u>	<u>984,960</u>

**12. Deferred tax**

	£
Balance at 1 January 2017	(216,624)
Charge to Income Statement during year	<u>5,152</u>
Balance at 31 December 2017	<u>(211,472)</u>

**13. Off-balance sheet arrangements**

The Company enters into operating lease arrangements for the land on which the wind farm is located. The Company's lease rental expense is disclosed in note 5 and the Company commitments under these arrangements are disclosed in note 11. There are no other material off-balance sheet arrangements.



**Notes to the Financial Statements - continued**  
**For The Year Ended 31 December 2017**

**14. Related party disclosures**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**15. Ultimate controlling party**

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, which is in turn an investment company registered in Ireland that accounts for investments at fair value and does not prepare consolidated financial statements.

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

Prior to the acquisition of Pencoose Solar Limited on 7 July 2017, the company was owned by SF Power Plant 1 Limited by virtue of its 100% shareholding whose registered office is 12 New Fetter Lane, London, United Kingdom, EC4A 1JP.