

Company Registration No. 08151512 (England and Wales)

KS SPV 24 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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KS SPV 24 LIMITED

COMPANY INFORMATION

Director	Mr C Dandanell
Company number	08151512
Registered office	Eversheds House 70 Great Bridgewater Street Manchester M1 5ES
Auditor	KPMG LLP Arlington Business Park Theale Reading RG7 4SD

KS SPV 24 LIMITED

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KS SPV 24 LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The director presents his annual report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the company during the year under review was electricity generation using solar technology.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr C Dandanell

Going Concern

Notwithstanding net current liabilities at 31 December 2018 of £10,060,546 (2017: £10,303,565), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's intermediate parent company, Vortex Solar Investments S.a.r.l., not seeking repayment of the amounts currently due from the group, which at 31 December 2018 amounted to £107,748,667 (2017: £102,685,897) including interest accrued on the loan of £5,076,527 (2017: £13,757). Vortex Solar Investments S.a.r.l. has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Results and dividends

During the year under review the Company made a loss of £79,693 (2017: loss of £126,860). No interim or final dividend was proposed or paid in either the current or prior years.

Political donations

The company made no political donations or incurred any political expenditure during the year.

Auditor

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

Small company exemption

In preparing this report, the director has taken advantage of the small company exemptions provided by section 414B of the Companies Act 2006 not to provide a Strategic report.

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

KS SPV 24 LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of disclosure to auditor

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and the director has taken all the steps that he 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.

On behalf of the board



.....
Mr C Dandanell

Director

Date: 6 June 2019
.....

KS SPV 24 LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including *FRS 101 Reduced Disclosure Framework*.

Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless he either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The director is 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. He is responsible for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KS SPV 24 LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KS SPV 24 LIMITED

Opinion

We have audited the financial statements of KS SPV 24 Limited ("the Company") for the year ended 31 December 2018 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going Concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

KS SPV 24 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KS SPV 24 LIMITED

Director's report

The director is responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon. Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director is not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects:

Responsibilities of director

As explained more fully in their statement set out on page 3, the director is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 he either intends 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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

KS SPV 24 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF KS SPV 24 LIMITED

The purpose of our audit work and to whom we owe our responsibilities

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.



**James Ledward (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Statutory Auditor
Chartered Accountants**

Arlington Business Park
Theale
Reading
RG7 4SD

11 June 2019

KS SPV 24 LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Revenue		1,195,933	1,080,617
Cost of sales		(78,303)	(80,359)
Gross profit		1,117,630	1,000,258
Administrative expenses		(463,451)	(479,945)
Operating profit	3	654,179	520,313
Finance income	4	43	52
Finance costs	5	(745,784)	(746,947)
Loss before taxation		(91,562)	(226,582)
Tax on loss	6	11,869	99,722
Loss for the financial year		(79,693)	(126,860)

The Income Statement has been prepared on the basis that all operations are continuing operations.

The accompanying notes form an integral part of the financial statements

KS SPV 24 LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	£	£
Loss for the year	(79,693)	(126,860)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(79,693)</u>	<u>(126,860)</u>

The accompanying notes form an integral part of the financial statements

KS SPV 24 LIMITED

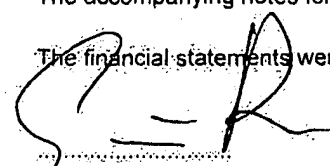
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 £	2017 £
Non-current assets			
Property, plant and equipment	7	8,277,803	8,604,468
Deferred tax	13	288,637	276,768
		<u>8,566,440</u>	<u>8,881,236</u>
Current assets			
Inventories	9	18,726	-
Trade and other receivables	10	515,963	313,505
Cash and cash equivalents		41,813	164,867
		<u>576,502</u>	<u>478,372</u>
Creditors - amounts falling due within one year	11	<u>(10,637,048)</u>	<u>(10,781,937)</u>
Net current liabilities		<u>(10,060,546)</u>	<u>(10,303,565)</u>
Total assets less current liabilities		<u>(1,494,106)</u>	<u>(1,422,329)</u>
Provisions for liabilities	12	<u>(438,989)</u>	<u>(431,073)</u>
Net liabilities		<u>(1,933,095)</u>	<u>(1,853,402)</u>
Equity			
Called up share capital	14	2	2
Retained earnings		(1,933,097)	(1,853,404)
Total equity		<u>(1,933,095)</u>	<u>(1,853,402)</u>

The accompanying notes form an integral part of the financial statements.

The financial statements were approved and signed by the director and authorised for issue on 6 June 2019


 Mr C Dandanell
 Director

Company Registration No. 08151512

KS SPV 24 LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £	Retained earnings £	Total £
Balance at 1 January 2017	2	(1,726,544)	(1,726,542)
Year ended 31 December 2017:			
Loss and total comprehensive income for the year	-	(126,860)	(126,860)
Balance at 31 December 2017	2	(1,853,404)	(1,853,402)
Year ended 31 December 2018:			
Loss and total comprehensive income for the year	-	(79,693)	(79,693)
Balance at 31 December 2018	2	(1,933,097)	(1,933,095)

The accompanying notes form an integral part of the financial statements

KS SPV 24 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

KS SPV 24 Limited is a private limited company incorporated and domiciled in England. The address of the Company's registered office is Eversheds House, 70 Great Bridgewater Street, Manchester, M1 5ES.

The principal activity of the Company during the year under review was the generation of electricity using solar technology.

1.1 Accounting convention

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the requirements of the Companies Act 2006. The accounting policies set out below have, unless otherwise stated, been applied consistently in all periods presented in these financial statements. The financial statements have been prepared under historical cost convention.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Disclosures in respect of transactions with related parties;
- Disclosures in respect of capital management;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.
- The effects of new but not yet effective IFRSs

The presentation currency of these financial statements is sterling. Where appropriate amounts have been rounded to the nearest £.

1.2 Change in accounting policy

The company has adopted the following IFRS's in these financial statements, which were adopted from 1 January 2018:

- IFRS 9 – Financial instruments
- IFRS 15 – Revenue from contracts with customers

KS SPV 24 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.3 Going concern

Notwithstanding net current liabilities at 31 December 2018 of £10,060,546 (2017: £10,303,565), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's intermediate parent company, Vortex Solar Investments S.a.r.l., not seeking repayment of the amounts currently due from the group, which at 31 December 2018 amounted to £107,748,667 (2017: £102,685,897) including interest accrued on the loan of £5,076,527 (2017: £13,757). Vortex Solar Investments S.a.r.l. has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.4 Revenue

Revenue represents income from the generation of energy from the operational solar park during the period. Any income not invoiced is accrued in the period in which it has been generated.

Revenue is stated net of value added tax and is generated entirely within the United Kingdom. Revenue has been recognised in accordance with IFRS 15. The adoption of IFRS 15 does not have a material impact on the financial statements.

1.5 Property, plant and equipment

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	30 years
Decommissioning assets	Over the life of the site lease

The depreciation methods, estimated remaining useful lives and residual values are reviewed at each reporting date, taking into account technological innovations and asset maintenance programs. A change resulting from the review is treated as a change in accounting estimate. The depreciation expense is recognised in the Income statement.

Depreciation commences when an asset is available for use.

KS SPV 24 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.6 Impairment of non-current assets

The carrying amount of non-financial assets is reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognised impairment will be revised in so far as estimates change as a result of an event occurring after the impairment was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Income Statement.

After the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted in the future periods to allocate the asset's revised carrying amount, less its residual value, on a systematic basis over its useful life.

1.7 Inventories

Inventories comprise spare parts held for repairs, and are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash at bank and deposits at reporting date.

1.9 Financial instruments

Financial instruments recognised on the balance sheet include trade and other debtors, cash and cash equivalents, accounts payable and other financial liabilities.

KS SPV 24 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Initial measurement and impairment

Financial assets and financial liabilities are recognised on the balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial instruments are initially recorded at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, directly attributable transaction costs. Subsequent measurement and impairment for each classification is specified in the sections below.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase or sell the financial assets.

Derecognition of financial assets and liabilities

A financial asset, or apportion of a financial asset, is derecognised where:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive the cash flow from the asset, but has assumed an obligation to pay them in full without material delay to a third party under "pass-through" arrangement, or
- The Company has transferred the rights to receive cash flows from the asset and either:
 - a: has transferred substantially all the risks and rewards of ownership of the asset or
 - b: has neither transferred nor retained substantially all the risks and rewards of ownership of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has expired.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade Receivables

Trade receivables are recognised initially at fair value and measured subsequently at amortised cost less provision for impairment. They are first assessed individually for impairment, or collectively where the receivables are not significant individually. Where there is no objective evidence of impairment for an individual receivable, it is included in a group of receivables with similar credit risk characteristics and these are assessed collectively for impairment based on the expected credit loss. Movements in the provision for impairment are recorded in the income statement. IFRS 9 'Financial Instruments' replaces IAS 39 'Financial Instruments: Recognition and Measurement' and sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard has been adopted in the year and includes the requirement that impairment models consider the expected credit losses on an entity's financial assets held at amortised cost and commitments to extend credit. As a result of this forward looking model – which removes the requirement for a "trigger event" to have occurred – earlier recognition of credit losses may occur. Adoption of IFRS 9 has not resulted in any material change to the Company's calculated impairment provisions.

Impairment of financial assets

The Company's financial assets are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether or not there is any indication of impairment.

KS SPV 24 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Financial liabilities

Interest-bearing borrowings and trade and other creditors are classified as financial liabilities and are subsequently measured at amortised cost. Gains and losses are recognised in the Income Statement when the financial liabilities are derecognised or impaired as well as through the amortisation process.

Borrowings and trade and other creditors relating to financial liabilities are included in the Income Statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity comprises the following:

- "Called up capital " represents the nominal value of ordinary equity shares.
- "Profit and Loss account" include all current results as disclosed in the statement of Profit or Loss.

Where the contractual terms of share capital do not have any features meeting the definition of financial liability then such capital is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

KS SPV 24 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Decommissioning provisions

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 tangible item of property, plant and equipment equivalent to the provision is also created.

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.

1.13 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. The loan balances represent intercompany loans.

KS SPV 24 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2018**

2 Judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values that are not readily apparent from other sources. Actual values may differ from these 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 policies and estimates in determining the financial condition and results of the Company are those requiring a greater degree of subjective or complete judgement.

Revenue relating to the ROC recycle

The number of Renewable Obligations Certificates (ROCs) are calculated each month based on the number of mega-watts of power exported. The ROC price is fixed for each Compliance Period and is published in advance by Ofgem. The ROC recycle price is not published until September following the accounting year end and thus management estimate the price. The recycle value of the ROCs is an estimate of the future benefit that may be obtained from the ROC recycle fund at the end of the compliance period. The recycle fund provides a benefit where Supplier buy-out charges (incurred by Suppliers who do not procure sufficient ROCs to satisfy their obligations) are returned to renewable generators on a pro-rata basis. The estimate is based on assumptions about likely levels of renewable generation and supply over the compliance period and is thus subject to some uncertainty.

Management utilises external sources of information in addition to its own forecasts in calculating these estimates. Management monitor the total UK renewable generation on a quarterly basis through the use of an external expert to ensure this assumption remains reasonable. Past experience indicates that the values arrived at are reasonable but they remain subject to possible variation. The revenue relating to the ROC Recycle in the year was £126,358 (2017: £129,296).

KS SPV 24 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

2 Judgements and key sources of estimation uncertainty

(Continued)

Decommissioning costs

As part of the measurement and recognition of assets and liabilities, the Company has recognised a provision for decommissioning obligations associated with the solar park. In determining the fair value of the provision, assumptions and estimates are made in relation to the expected cost to dismantle and remove the plant from the site, the expected timing of those costs, and the discount rate. The decommissioning provision, was revalued during the year following an annual review of the present value of the estimated future expenditure. The associated decommissioning asset, was revalued last year as a result. In determining the present value of the estimated future costs the following assumptions were used.

Expected cost to dismantle and remove the plant from the site

An estimated dismantling cost of £81,400 per MWh was used in assessing the present value of the estimated future expenditure. The cost has been assessed by an external evaluator and reflects the current market conditions.

Discount rate

A discount rate of 1.82% was used in assessing the present value of the estimated future expenditure. The discount rate has been calculated using the 25 year UK bond yield. If the discount rate were to change by +/- 0.5%, then the impact on the present value of the estimated future expenditure would be +/-9%.

Expected timing

The expected timing of the costs has been determined as the minimum between the remaining useful life of the assets and remaining lease period.

Any changes in the present value of the estimated expenditure is added or deducted from the costs of the related decommissioning asset. 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 costs.

Deferred tax

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the net effect of future tax planning strategies. The deferred tax asset at 31 December 2018 was £288,637 (2017:£276,768).

3 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned property, plant and equipment	344,616	345,049
Audit of the financial statements of the company	4,888	4,750
Operating lease charges	57,682	55,518
	<u> </u>	<u> </u>

4 Finance Income

	2018	2017
	£	£
Interest income		
Bank interest	43	52
	<u> </u>	<u> </u>

KS SPV 24 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

(Continued)

4 Finance Income

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	43	52
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5 Finance costs

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	391	535
Other finance costs:		
Unwinding of discount on provisions	7,916	7,773
Interest on intercompany loans	737,477	738,639
	<u>745,784</u>	<u>746,947</u>

6 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	(11,869)	(99,722)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Loss before taxation	(91,562)	(226,582)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(17,397)	(43,617)
Tax effect of expenses that are not deductible in determining taxable profit	4,132	4,166
Adjustments in respect of prior years	-	(42)
Effect of change in corporation tax rate	1,396	13,172
Group relief	-	(73,401)
Taxation credit for the year	<u>(11,869)</u>	<u>(99,722)</u>

Factors that affect the future tax charge

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and from 19% to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31 December 2018 has been calculated based on these rates.

KS SPV 24 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

7 Property, plant and equipment

	Plant and equipment £	Decommissioning Assets £	Total £
Cost			
At 1 January 2018	9,915,548	338,099	10,253,647
Additions	17,951	-	17,951
At 31 December 2018	9,933,499	338,099	10,271,598
Depreciation and impairment			
At 1 January 2018	1,588,728	60,451	1,649,179
Depreciation charged in the year	330,789	13,827	344,616
At 31 December 2018	1,919,517	74,278	1,993,795
Carrying amount			
At 31 December 2018	8,013,982	263,821	8,277,803
At 31 December 2017	8,326,820	277,648	8,604,468

The decommissioning provision and the associated decommissioning asset were reassessed for the year ended 31 December 2018. Following a review of the present value of the estimated future expenditure no indicators of revaluation were identified.

8 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	488,622	291,838
Carrying amount of financial liabilities		
Measured at amortised cost	10,568,917	10,703,813

9 Inventories

	2018 £	2017 £
Stock of spare parts	18,726	-

KS SPV 24 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

10 Trade and other receivables

	2018	2017
	£	£
Amounts falling due within one year:		
Trade receivables	186,562	166,013
Other debtors	123,060	-
Prepayments	27,341	21,667
Accrued Income	179,000	125,825
	<u>515,963</u>	<u>313,505</u>
Amounts falling due after more than one year:		
	£	£
Deferred tax asset (note 13)	<u>288,637</u>	<u>276,768</u>
Total debtors	<u>804,600</u>	<u>590,273</u>

11 Current liabilities

	2018	2017
	£	£
Trade payables	8,617	22,760
Amounts due to group undertakings	9,831,882	9,861,584
Amounts due to group undertakings - interest payable	678,185	800,492
Other taxation and social security	68,131	78,124
Accruals and deferred income	50,233	18,977
	<u>10,637,048</u>	<u>10,781,937</u>

The intercompany payable loan and interest balances with SunE Green Holdco4 Limited are repayable on demand, with an interest rate of 7.5%.

12 Provisions for liabilities

	2018	2017
	£	£
Decommissioning provisions	<u>438,989</u>	<u>431,073</u>

KS SPV 24 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Movements on provisions:

	£
At 1 January 2018	431,073
Unwinding of discount	7,916
At 31 December 2018	<u>438,989</u>

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 @ 1.82%.

The decommissioning provision and the associated decommissioning asset were reassessed for the year ended 31 December 2018. Following a review of the present value of the estimated future expenditure no indicators of revaluation were identified.

13 Deferred taxation

	2018 £	2017 £
Deferred tax		
Accelerated capital allowances	(262,370)	-
Tax losses	551,007	499,727
Revaluations	-	(222,959)
	<u>288,637</u>	<u>276,768</u>

	2018 £
Movements in the year:	
Asset at 1 January 2018	276,768
Charge to profit or loss	13,265
Effect of change in tax rate - profit or loss	(1,396)
Asset at 31 December 2018	<u>288,637</u>

The deferred tax asset at 31 December 2018 has been calculated based upon the rate of 17% substantially enacted at the balance sheet date. All movements in deferred tax in the year have been recognised in the income statement. The Company is expected to generate future taxable profits against which the deferred tax assets can be utilised.

KS SPV 24 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

14 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
2 Ordinary Shares of £1 each	2	2
	<u>2</u>	<u>2</u>

15 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	60,699	57,761
Between two and five years	242,797	231,044
In over five years	855,446	872,230
	<u>1,158,942</u>	<u>1,161,035</u>

16 Ultimate Controlling party

At 31 December 2018, the Company's immediate parent company was SunE Green HoldCo4 Limited.

Vortex Solar UK4 Limited is the largest entity for which group financial statements at 31 December 2018 are reported, with its registered office and the address from which group financial statements can be obtained at Eversheds House, 70 Great Bridgewater Street, Manchester, M1 5ES.

The Company's ultimate holding companies are Tenaga Nasional Berhad (50% Shareholding), Kumpulan Wang Persaraan (Diperbadankan) (45% Shareholding) and EFG-Hermes Holding S.A.E. (5% Shareholding).

EFG Hermes Holding S.A.E. a listed company on Egyptian and London Stock Exchange, incorporated in the Arab Republic of Egypt, whose registered office is located at Building No. B129, Phase 3, Smart Village, Km 28 Cairo Alexandria Desert Road, 6 October, 12577.

Tenaga Nasional Berhad is a listed company on Kuala Lumpur Stock Exchange incorporated under the laws of Malaysia, whose registered office is located at Pejabat Setiausaha Syarikat, Tingkat 2, /bu Pejabat Tenaga Nasional Berhad, No.129, la/an Bangsar, 59200 Kuala Lumpur.

Kumpulan Wang Persaraan (Diperbadankan) is a Malaysian Government Pension Fund incorporated under the laws of Malaysia, whose registered office is located at Level 36 Integra Tower, The Intermark 348, Jalan Tun Razak, 50400 Kuala Lumpur.