Registered No. 10645798

# Renewable Energy Income Partnership Holdings 2 Limited

## Annual Report and Financial Statements

30 June 2019

## Contents of the Report and Financial Statements as at and for the year ended 30 June 2019

# Company information

**Directors**
T Rosser
K A Shenton
A D K Brierley

**Secretary**
Octopus Company Secretarial Services Limited
6th Floor
33 Holborn
London
EC1N 2HT

**Auditors**
Ernst & Young LLP
Bedford House
Bedford Street
Belfast
BT2 7DT

**Bankers**
Royal Bank of Scotland
280 Bishopsgate
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ECZM 4R8

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Burges Salmon
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London
EC4A 3BF

**Registered Office**
6th Floor
33 Holborn
London
EC1N 2HT

# Strategic report

The directors present their strategic report of Renewable Energy Income Partnership Holdings 2 Limited (the 'Company') for the year ended 30 June 2019.

## Principal activities and review of the business

The Company is a holding company for a group of companies (together, the 'Group') of which the principal activity is the operation of solar plants for the generation of power.

During the year, there was an impairment charge of £10,460,682 to bring amounts due from group undertakings in line with the recoverable amount, being the enterprise value of the underlying solar plants, causing a significant loss for the year. Notwithstanding this impairment charge, the result for the year is in line with the expectations of the directors.

As the trade carried out by the Company is limited and straightforward, the directors do not consider monitoring of performance using key performance indicators to be necessary.

## Principal risks and uncertainties

The objective of the Group is to deliver an annualised gross return of 6.35% over its term through the distribution of proceeds derived from the sale of ROCs and electricity generated by a portfolio of 26 solar photovoltaic plants located in the United Kingdom.

The Group's activities expose it to a variety of financial risks: market risk (including interest rate and price risks), credit risk and liquidity risk.

***Market risk***

Market risk is the risk that the fair value of future cash flows of financial instruments changes due to variables such as interest rates, electricity prices, and inflation rates.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows. The Group is subject to cash flow interest rate risk due to fluctuation in the prevailing levels of market interest rate.

The Company has issued loan notes which are held by the immediate parent undertaking. The interest rate is fixed. As a result, the Group is considered to have limited exposure to interest rate risk.

The Group is exposed to price risk due to external sales of electricity at market rates. The Group is able to mitigate price risk by fixing prices in a proportion of the Power Purchase Agreements (PPAs).

***Credit risk***

The Group takes on exposure to credit risk, which is the risk that one party will cause a financial loss for the other party by failing to discharge an obligation. The group is exposed to the risk of non-payment of revenue generating activities, primarily from its PPA customers.

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect the Group's counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

The Group assesses all counterparties, including its partners, for credit risk before contracting with them. The Group monitors credit risk regularly and maintains credit support guarantee amounts from certain PPA customers.

***Liquidity risk***

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Group invests through its direct and indirect holding subsidiaries in various companies that are not traded in an organised market and may be illiquid. The Group manages liquidity risk by maintaining cash levels to fund short term operating expenses, and to repay interest and principal on long-term borrowings.

***Capital risk management***

The Group's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns to its parent and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Group.

## Important events since the year end

There have been no significant events affecting the Company’s business since the year end.

On behalf of the Board

T Rosser
Director
20 March 2020

Registered No. 10645798

# Directors' report

The directors present their report and financial statements of Renewable Energy Income Partnership Holdings 2 Limited (the 'Company') for the year ended 30 June 2019.

The principal activity of the Company and the principal risks and uncertainties faced by the Company are stated and set out in the Strategic report.

## Results and dividends

The loss for the year amounted to £10,472,471 (2018: £20,946). The directors note that an impairment charge has been incurred in the year in order to bring amounts due from group undertakings in line with the recoverable amount, being the enterprise value of the underlying solar plants, causing a significant loss for the year. This impairment charge is considered to be an accounting loss and therefore does not have any impact on the cashflows or trade of the Company.

The directors do not propose the payment of a dividend.

## Going concern

The financial statements have been prepared on the going concern basis. The directors have prepared forecasts and reviewed capital requirements for the 12 months from the date of approving these financial statements, which indicate the Company can continue trade for at least 12 months.

Additionally, the parent company, Renewable Energy Income Partnership Holdings 1 Limited, is in a position to support the Company if required.

## Directors

The directors who served the company during the period and appointed subsequently were as follows:

T Rosser
A D K Brierley
K A Shenton

## Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

## Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

On behalf of the Board

T Rosser
Director

20 March 2020

# Directors’ responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 period. 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

# Independent auditors' report

## to the members of Renewable Energy Income Partnership Holdings 2 Limited

**Opinion**

We have audited the financial statements of Renewable Energy Income Partnership Holdings 2 Limited (the 'company') for the year ended 30 June 2019 which comprise the Statement of income and retained earnings, the Statement of financial position and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2019 and of its loss for the year 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.

**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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Overview of our audit approach**

| | |
|---|---|
| Key audit matters | • Recoverability of intercompany debtors (£257,149,135) |
| Materiality | • Overall materiality of £2,571,491 which represents 1% of total assets. |

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

| **Risk** | **Our response to the risk** | **Key observations communicated to the Audit Committee** |
|---|---|---|
| **Recoverability of intercompany debtors (£257,149,135)**<br><br>*Refer to Accounting policies (page 13); and Notes 8 and 9 of the Financial Statements (page 18)*<br><br>The company listed loan notes with a face value of £273,935,626 on the International Stock Exchange (Channel Islands). The loan notes are redeemable in 2066 and pay a fixed interest rate of 6.7%. The funds generated from the loan notes have been lent to other companies within the Group. The ability of the company to repay the loan notes as well as the interest when it falls due depends on the recoverability of the intercompany debtor. As such the recoverability of the intercompany debtor is considered to be a Key Audit Matter.<br><br>The Company's policy to ensure credit worthiness of the debtor is to assess the debtor balance annually for objective evidence of impairment. When the counterparty does not have the ability to repay the entire debt a provision for impairment is recognised.<br><br>Following a reduction in enterprise value of the underlying solar plants, an impairment of £10,460,682 was recognised in the current year. Management has concluded that the intercompany balance, after the impairment, is recoverable based on the underlying financial performance and position of the relevant entities. | In order to establish the recoverability of the intercompany debtors, we:<br><br>• Assessed the credit worthiness of the counterparty by obtaining their financial statements and comparing the intercompany debtor balance against the net assets of the counterparty and net cashflow;<br><br>• Obtained management's assessment of the recoverability of intercompany debtors;<br><br>• Obtained evidence to support the financial performance of the subsidiaries based on our work of the result of subsidiaries undertaking and discounted cash flow models;<br><br>• Considered the methodology, sources of key assumptions; and tested the integrity of the model;<br><br>• Discussed with management the basis of the key assumptions used in the models, being the discount rate and energy prices. | Based on the procedures performed, we are satisfied that the intercompany debtors, following the impairment recognised in the year, is recoverable and no further impairment is necessary. |

**An overview of the scope of our audit**

**Tailoring the scope**
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

**Our application of materiality**

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

**Materiality**
*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the company to be £2,571,491, which is 1% of total assets. We believe that total assets provides us with a consistent year on year basis for determining materiality and is the most relevant measure to the stakeholders of the entity.

During the course of our audit, and at completion, we reconfirmed that the initial calculation of materiality was appropriate.

**Performance materiality**
*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 75% of our planning materiality, namely £1,928,619. We have set performance materiality at this percentage to ensure that total detected and undetected audit differences do not exceed our planning materiality for the financial statements as a whole.

**Reporting threshold**
*An amount below which identified misstatements are considered as being clearly trivial.*

We report all uncorrected audit differences in excess of £128,575, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

**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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

# Independent auditors' report (continued)

## to the members of Renewable Energy Income Partnership Holdings 2 Limited

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

### 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.

Ernst & Young LLP

*Michael Kidd (Senior statutory auditor)*
*for and on behalf of Ernst & Young LLP, Statutory Auditor*
*Belfast*
*Date:* 20 March 2020

# Statement of income and retained earnings

**for the year ended 30 June 2019**

| | Notes | *Year ended 30 June 2019* £ | *Year ended 30 June 2018* £ |
|---|---|---|---|
| ***Turnover*** | | - | - |
| Cost of sales | | - | - |
| ***Gross profit*** | | - | - |
| Administrative expenses | | (4,140) | (20,350) |
| Impairment loss | | (10,460,682) | |
| ***Operating loss*** | *4* | (10,464,822) | (20,350) |
| Interest receivable and similar income | | 17,765,826 | 17,807,824 |
| Interest payable and similar charges | | (17,773,475) | (17,808,420) |
| ***Loss before taxation*** | | (10,472,471) | (20,946) |
| Tax on loss | 6 | - | - |
| ***Loss for the financial period*** | | (10,472,471) | (20,946) |
| Retained earnings at the beginning of the period | | (20,946) | - |
| Loss for the financial period | | (10,472,471) | (20,946) |
| ***Retained earnings at the end of the period*** | | (10,493,417) | (20,946) |

All amounts relate to continuing activities.

# Statement of financial position

**at 30 June 2019**

| | | | *30 June 2019* | | *30 June 2018* |
|---|---|---|---|---|---|
| | *Notes* | £ | £ | £ | £ |
| ***Fixed assets*** | | | | | |
| Investments in subsidiaries | 7 | | 1 | | 1 |
| Loans to group undertakings | 8 | | 252,373,750 | | 267,450,786 |
| | | | 252,373,751 | | 267,450,787 |
| ***Current assets*** | | | | | |
| Debtors: | | | | | |
| amounts falling due within one year | 9 | 4,775,385 | | 5,220,833 | |
| ***Creditors:*** amounts falling due within one year | 10 | (4,404,350) | | (5,223,794) | |
| ***Net current assets/(liabilities)*** | | | 371,035 | | (2,961) |
| ***Total assets less current liabilities*** | | | 252,744,786 | | 267,447,826 |
| ***Creditors:*** amounts falling due after more than one year | 11 | | (263,238,202) | | (267,468,771) |
| ***Net assets*** | | | (10,493,416) | | (20,945) |
| ***Capital and reserves*** | | | | | |
| Called up share capital | 12 | | 1 | | 1 |
| Retained earnings | | | (10,493,417) | | (20,946) |
| ***Total shareholders' funds*** | | | (10,493,416) | | (20,945) |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

T Rosser
Director

20 March 2020

# Notes to the financial statements

**at 30 June 2019**

## 1. General information

Renewable Energy Income Partnership Holdings 2 Limited (the 'Company') is a private company, limited by shares, incorporated in and domiciled in the United Kingdom, Registration number 10645798. The Registered office is 6th Floor, 33 Holborn, London, EC1N 2HT.

The Company is a wholly owned subsidiary of a group of companies of which the principal activity is the operation of solar plants for the generation of solar power.

This is the Company's individual financial statements, which have been prepared in compliance with FRS 102 as it applies to the Company for the period ended 30 June 2019.

## 2. Accounting policies

***Basis of preparation of financial statements***

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements are prepared in Sterling (£) which is the functional currency of the Company and are rounded to the nearest £.

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

The following is the Company's key source of estimation uncertainty:

*Recoverable amount of amounts due from group undertakings*

In order to estimate the valuation of the amounts due from group undertakings, management have estimated the recoverable amount to be equal to the enterprise value of the underlying solar plants. The enterprise value is based on projected future cashflows and is therefore judgemental in nature. The total carrying amount of amounts due from group undertakings as at end of the reporting period is £257,149,135 (2018: £272,671,619) after recording impairment loss of £10,460,682 during the year (2018: £nil).

The following principal accounting policies have been applied:

***Exemptions for qualifying entities under FRS 102***

The Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

- from disclosing related party transactions that are wholly owned within the same group under paragraph 33.1A from the provisions of FRS 102, on the grounds that at 30 June 2019 it was a wholly owned subsidiary.

- from presentation of a statement of cash flow and related notes and disclosures under section 7 'Statement of Cash Flows'

# Notes to the financial statements

**at 30 June 2019**

## 2. Accounting policies (continued)

***Going concern***

The financial statements have been prepared on the going concern basis. The directors have prepared forecasts and reviewed capital requirements for the twelve months from the date of approving these financial statements, which indicate the business can continue to trade for at least twelve months.

Additionally, the parent company, Renewable Energy Income Partnership Holdings 1 Limited, is in a position to support the net liability position of the Company if required.

***Equity investments***

Equity investments are recognised initially at cost which is normally the transaction price. Subsequently, they are measured at cost less impairment.

***Debtors***

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

***Related party transactions***

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

***Share capital***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

***Financial instruments***

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like loans from parents and to subsidiaries.

***Financial assets***

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost.

At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets' original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in statement of comprehensive income.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (iii) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

# Notes to the financial statements

**at 30 June 2019**

## 2. Accounting policies (continued)

***Financial liabilities***

Basic financial liabilities, including trade and other payables and loans from fellow group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Creditors***

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

***Finance costs***

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest 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.

***Interest income***

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

***Deferred taxation***

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

***Dividends***

Dividends are recognised when they are approved by shareholders and are accounted for as a reduction in equity within the statement of changes in equity.

# Notes to the financial statements

**at 30 June 2019**

## 3. Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. On the statement of financial position, loans to group undertakings has been reclassified from current to fixed assets. This reclassification had no effect on the reported results of operations and net assets of the Company.

## 4. Operating profit

The operating profit is stated after charging audit fees of £4,140 (2018: £4,000).

## 5. Employees and directors' remuneration

The Company has no employees other than the directors, who did not receive any remuneration from the Company (period ended 30 June 2018 – £nil).

## 6. Taxation

Factors affecting tax charge for the year:

The tax assessed for the year differs from the standard rate of corporation tax of 19%. The differences are explained below:

| | *2019* | *2018* |
|---|---|---|
| | £ | £ |
| Loss before tax | (10,472,471) | (20,946) |
| Loss multiplied by standard rate of corporate tax of 19% | (1,989,769) | (3,980) |
| Disallowed expenses and non-taxable income | 1,988,389 | - |
| Group relief surrendered for no payment | 1,380 | 3,980 |
| Total tax charge for the period | - | - |

## 7. Investments in subsidiaries

| | *Shares in participating interests* |
|---|---|
| | £ |
| **Cost** | |
| At 30 June 2018 | 1 |
| Acquired during the year | - |
| At 30 June 2019 | 1 |

# Notes to the financial statements

**at 30 June 2019**

## 7. Investments in subsidiaries (continued)

| *Name of company* | *Holding* | *Registered office* | *Proportion of voting rights and shares held* | *Nature of business* |
|---|---|---|---|---|
| Renewable Energy Income Partnership Holdings Limited | Ordinary | London, EC1N 2HT | 100% | Holding company |
| Arevalous Power SPV 1 Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Belakane Solar SPV 1 Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Channel Solar Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Lodge Farm Solar Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Elli Solar SPV 1 Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| KS SPV 21 Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Krieger Energy SPV 1 Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Walland Farm Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Little Morton Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Somerton Door Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Malwine Solar SPV 1 Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Mitzi Solar SPV 1 Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| MTS Rydon Solar Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Oda Solar SPV 1 Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Push Energy (Bardfield) Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Rashmika SPV 1 Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Cloford Common Farm Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Pollington Airfield Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Ash Solar Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Peter Hill Solar Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Lawn Lane Solar Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Ratcliffe House Farm Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Carlisle Estate Solar Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Guisborough Solar Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Holtwood Solar Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Brickkiln Farm Solar Limited | Ordinary | London, EC1N 2HT | 100%* | Solar electricity production |
| Elios Energy Limited | Ordinary | London, EC1N 2HT | 100%* | Dormant |

*Held by a subsidiary undertaking

# Notes to the financial statements

**at 30 June 2019**

## 8. Loans to group undertakings

| | 30 June 2019 | 30 June 2018 |
|---|---|---|
| | £ | £ |
| Amounts owed by group undertakings | 252,373,750 | 267,450,786 |
| | 252,373,750 | 267,450,786 |

The loans earn interest at 6.7% and are repayable after more than five years.

## 9. Debtors

| | 30 June 2019 | 30 June 2018 |
|---|---|---|
| | £ | £ |
| Amounts owed by group undertakings | 4,775,385 | 5,220,833 |
| | 4,775,385 | 5,220,833 |

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

| | 30 June 2019 | 30 June 2018 |
|---|---|---|
| | £ | £ |
| Amounts owed to group undertakings | 4,397,160 | 5,220,744 |
| Other creditors | 7,190 | 3,050 |
| | 4,404,350 | 5,223,794 |

Amounts owed to group undertakings relate to interest payable on the unsecured loan.

## 11. Creditors: amounts falling due after more than one year

| | 30 June 2019 | 30 June 2018 |
|---|---|---|
| | £ | £ |
| Amounts owed to group undertakings | 263,238,202 | 267,468,771 |

Amounts owed to group undertakings relate to unsecured loans which bears interest at 6.7% and is repayable after more than 5 years.

## 12. Issued share capital

| | 30 June 2019 | 30 June 2018 |
|---|---|---|
| *Allotted, called up and fully paid* | | £ |
| 100 Ordinary shares of £0.01 each | 1 | 1 |

# Notes to the financial statements

**at 30 June 2019**

## 13. Related party transactions

The Company has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102, on the grounds that at 30 June 2019 it was a wholly owned subsidiary.

## 14. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking and the parent undertaking of the smallest and largest group of which this company is a member, and for which consolidated financial statements are prepared is Renewable Energy Income Partnership Holdings 1 Limited, a company incorporated in the United Kingdom. Copies of the group financial statements of Renewable Energy Income Partnership Holdings 1 Limited can be obtained from 6th Floor, 33 Holborn, London, EC1N 2HT.

The ultimate controlling party is Renewable Energy Income Partnership Limited Partnership, a limited partnership in the United Kingdom.

## 15. Post balance sheet events

The Directors have been monitoring the progress of the COVID-19 pandemic throughout 2020, and its impact on the Company and its subsidiaries (‘Group’). Whilst it will have a detrimental impact on the economy in the short term, it is unlikely to adversely affect energy demand in the United Kingdom. The Group also benefits from fixed price PPAs which help to mitigate price risk. It is therefore the view of the Directors that COVID-19 will not affect the going concern status of the Group, and that all assets and liabilities remain fairly stated as at 30 June 2019. The Directors will continue to monitor the situation as it develops.