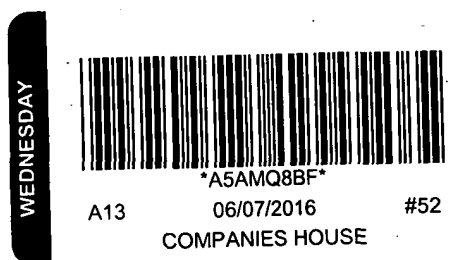


COMPANY REGISTRATION NUMBER: 07123788

Romney Hydropower Company Limited
Financial statements
31 March 2016



Romney Hydropower Company Limited

Financial statements

Year ended 31 March 2016

Contents	Pages
Strategic report	1
Directors report	2
Directors responsibilities statement	3
Independent auditor's report to the shareholders	4 to 5
Statement of income and retained earnings	6
Statement of financial position	7
Notes to the financial statements	8 to 12

Romney Hydropower Company Limited

Strategic report

Year ended 31 March 2016

Principal activities

The company operates a hydro-electric power station in the river Thames at Romney Weir, Windsor which generates electricity which is sold to a third party purchaser.

Strategy review

The company's operations are monitored both remotely and by regular site visits by the managing director, who has expertise in this area, to ensure the proper running of the turbines that generate the electricity. The electricity generated is sold under a long term contract. Beyond this the strategic issues are outwith the directors' control: either the river current generates enough electricity to enable the company to meet its loan obligations or it doesn't.

This report was approved by the board of directors on 30th June 2016 and signed on behalf of the board by:



S J K Barratt
Company Secretary

Registered office:
Melita House
124 Bridge Road
Chertsey
Surrey
KT16 8LA

Romney Hydropower Company Limited

Directors report

Year ended 31 March 2016

The directors present their report and the financial statements of the company for the year ended 31 March 2016.

Directors

The directors who served the company during the year were as follows:

Mr NA Roberts
Mr D DeChambeau
Mr JJ Silkowski

Dividends

The directors do not recommend the payment of a dividend.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

This report was approved by the board of directors on 30th June 2016 and signed on behalf of the board by:



S J K Barratt
Company Secretary

Registered office:
Melita House
124 Bridge Road
Chertsey
Surrey
KT16 8LA

Romney Hydropower Company Limited

Directors responsibilities statement

Year ended 31 March 2016

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 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). 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 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 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.

Romney Hydropower Company Limited

Independent auditor's report to the shareholders of Romney Hydropower Company Limited

Year ended 31 March 2016

We have audited the financial statements of Romney Hydropower Company Limited for the year ended 31 March 2016 set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Company's shareholders, 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 shareholders 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Romney Hydropower Company Limited

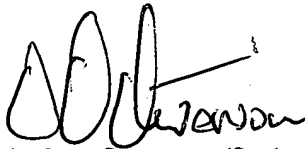
Independent auditor's report to the shareholders of Romney Hydropower Company Limited (continued)

Year ended 31 March 2016

Matters on which we are required to report by exception

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

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



Andrew Stevenson (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Arlington Business Park
Theale

RG7 4SD
Date: 30/6/2016

Romney Hydropower Company Limited

Statement of income and retained earnings

Year ended 31 March 2016

	Note	2016 £	2015 £
Turnover	3	325,881	337,958
Cost of sales		<u>(10,042)</u>	<u>(18,890)</u>
Gross profit		315,839	319,068
Administrative expenses		<u>(205,524)</u>	<u>(201,599)</u>
Operating profit	4	110,315	117,469
Interest payable	6	<u>(473,890)</u>	<u>(489,481)</u>
Loss on ordinary activities before taxation		(363,575)	(372,012)
Taxation on ordinary activities	7	<u>—</u>	<u>—</u>
Loss for the financial year and total comprehensive income		<u>(363,575)</u>	<u>(372,012)</u>
Retained losses at the start of the year		<u>(1,332,980)</u>	<u>(960,968)</u>
Retained losses at the end of the year		<u>(1,696,555)</u>	<u>(1,332,980)</u>

All the activities of the company are from continuing operations.

The notes on pages 8 to 12 form part of these financial statements.

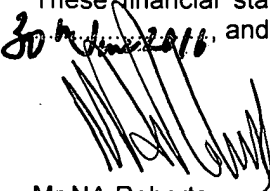
Romney Hydropower Company Limited

Statement of financial position

31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	8	2,558,460	2,707,496
Current assets			
Debtors	9	136,391	96,890
Cash at bank and in hand		<u>19,385</u>	<u>121,091</u>
		155,776	217,981
Creditors: amounts falling due within one year	10	<u>(71,513)</u>	<u>(168,613)</u>
Net current assets		84,263	49,368
Total assets less current liabilities		2,642,723	2,756,864
Creditors: amounts falling due after more than one year	11	<u>(4,339,276)</u>	<u>(4,089,842)</u>
Net liabilities		<u>(1,696,553)</u>	<u>(1,332,978)</u>
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account	13	<u>(1,696,555)</u>	<u>(1,332,980)</u>
Shareholders deficit		<u>(1,696,553)</u>	<u>(1,332,978)</u>

These financial statements were approved by the board of directors and authorised for issue on 30 March 2016 and are signed on behalf of the board by:


Mr NA Roberts
Director

Company registration number: 07123788

The notes on pages 8 to 12 form part of these financial statements.

Romney Hydropower Company Limited

Notes to the financial statements

Year ended 31 March 2016

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 April 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 16.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Summit Asset Management Ltd which can be obtained from Companies House. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) No disclosure has been given of related party transactions where all parties to the transaction are wholly owned within the group.

The company intends to apply this exemption both this year and indefinitely hereafter.

Revenue recognition

Turnover represents the amounts receivable (excluding value added tax) from the company's activities described in the strategic report.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Taxation

Deferred taxation is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.

Tangible assets

Fixed assets held under construction are recorded at their then current cost. Once completed, they are depreciated over their expected useful life.

Romney Hydropower Company Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2016

2. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant & Machinery - 20 years straight line

Financing arrangements

The financial statements have been prepared on the going concern basis, notwithstanding the company's net liabilities and dependence upon third party loans. The directors believe that this is the correct basis of preparation given that the cash retained by the company and the income generated from its operations are projected to be sufficient to meet its obligations under the third party loans for at least the next twelve months from the date of signature of these financial statements.

3. Turnover

Turnover arises from:

	2016 £	2015 £
Rendering of services	<u>325,881</u>	<u>337,958</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

4. Operating profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible assets	149,036	148,574
Fees payable for the audit of the financial statements	<u>4,350</u>	<u>2,500</u>

5. Particulars of employees and directors

In both years, there were no employees other than directors and directors' remuneration was £nil.

6. Interest payable

	2016 £	2015 £
Other interest payable and similar charges	<u>473,890</u>	<u>489,481</u>

Romney Hydropower Company Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2016

7. Taxation on ordinary activities

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 21%).

	2016 £	2015 £
Loss on ordinary activities before taxation	<u>(363,575)</u>	<u>(372,012)</u>
Loss on ordinary activities by rate of tax	<u>(72,715)</u>	<u>(78,123)</u>
Effect of expenses not deductible for tax purposes	17	14
Effect of capital allowances and depreciation	<u>29,807</u>	<u>31,201</u>
Unused tax losses	<u>42,891</u>	<u>46,908</u>
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

The company had no taxable profits for either of the years ended 31 March 2015 or 2016.

Factors that may affect future tax income

The company has a deferred tax asset of £339,168 (2015: £266,470), which consists of unutilised tax losses of £255,208 (2015: £212,317) and timing differences on depreciation of £83,960 (2015: £54,153) which would be recoverable against future taxable profits of the company. This asset has been provided for in full. The directors are unaware of any other factors which may affect the future tax charge of the company.

The movement in the year represents the timing differences on fixed assets and losses not utilised as shown above.

8. Tangible assets

	Plant and machinery £	Total £
Cost		
At 1 Apr 2015 and 31 Mar 2016	<u>2,978,260</u>	<u>2,978,260</u>
Depreciation		
At 1 April 2015	270,764	270,764
Charge for the year	<u>149,036</u>	<u>149,036</u>
At 31 March 2016	<u>419,800</u>	<u>419,800</u>
Carrying amount		
At 31 March 2016	<u>2,558,460</u>	<u>2,558,460</u>
At 31 March 2015	<u>2,707,496</u>	<u>2,707,496</u>

Romney Hydropower Company Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2016

9. Debtors

	2016	2015
	£	£
Trade debtors	54,170	–
Prepayments and accrued income	52,221	66,890
Other debtors	30,000	30,000
	<u>136,391</u>	<u>96,890</u>

10. Creditors: amounts falling due within one year

	2016	2015
	£	£
Amounts owed to group undertakings	3,095	4,212
Accruals and deferred income	28,753	118,862
Other creditors	39,665	45,539
	<u>71,513</u>	<u>168,613</u>

Included within other creditors is an amount of £34,971 (2015: £41,119) relating to loans due within one year (see creditors due after one year for the terms of the loan).

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

	2016	2015
	£	£
Other loans	<u>4,339,276</u>	<u>4,089,842</u>

At the year-end other loans (falling due within one year and after one year) represent a senior secured loan of £4,418,533 (2015: £2,731,272) from Ability Insurance Company ("Ability") made under a facility agreement dated 25 February 2014 (as amended by an agreement dated 23 December 2015). The loan now bears interest at 9% per annum. The loan is repayable by quarterly instalments in the period to 23 February 2033 (before amendment: in the period to 30 April 2028). The loan is secured by a debenture over the entirety of the company's assets. The loan is stated net of capitalised legal costs of £50,840, which are being amortised over 207 months from March 2014 to 23 February 2033 (2015: £46,000 over 170 months to 30 April 2028). The obligations of the company under the loan facility agreement are guaranteed by its immediate parent company, Southeast Power Engineering Limited.

In 2015, other loans included a loan note of £1,442,171 issued by the company to a US fund on 26 February 2014, pursuant to the terms of a loan note instrument dated 31 October 2011. The obligations of the company under the loan note instrument were guaranteed by its immediate parent company, Southeast Power Engineering Limited, and were subordinated to the rights of Ability under the loan specified in the previous paragraph. The loan note bore interest at 12% per annum. The loan was repaid on 23 December 2015.

12. Called up share capital

Authorised share capital

	2016		2015	
	No	£	No	£
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

Romney Hydropower Company Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2016

12. Called up share capital *(continued)*

Issued, called up and fully paid

	2016		2015	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

13. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

14. Related party transactions

During the year the company paid the following fees to related parties:

Summit Asset Management Ltd ("SAM")

£6,000 (2015: £6,000) paid for management and accountancy services and the provision of non-executive directors. Amounts owed to SAM at the year end are £nil (2015: £464). SAM is the parent company of the immediate parent company, SEPEL.

SQN Capital Management LLC ("SQN")

Mr J Silkowski is a director of the company. Mr Silkowski is also president and chief executive officer of, and holds ownership interests in, SQN, which manages assets on behalf of Ability and the SQN fund referred to in note 11 above. SQN receives fees for such management services. During the year the company paid interest to Ability and the SQN fund totalling £469,344 (2015: £304,658); the year-end balances owed to those two entities were £4,374,247 (2015: £2,688,790) and £nil (2015: £1,442,171) respectively.

15. Controlling party

The ultimate parent company is Brighthand Ltd and the immediate parent company is Southeast Power Engineering Ltd. Both companies are registered in England and Wales. Accounts for both these companies are available at Companies House.

16. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 April 2014.

No transitional adjustments were required in equity or profit or loss for the year.