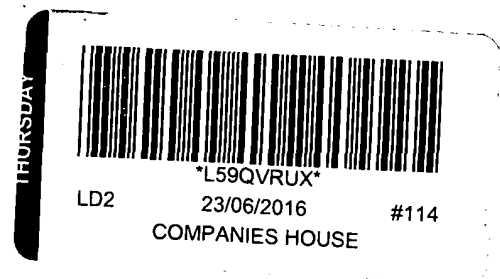


Arevalous Power SPV1 Limited

Directors' report and financial statements

For the year ended 31 December 2015



Arevalous Power SPV1 Limited

Contents

	Page
Company information	1
Directors' report	2 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 12

Arevalous Power SPV1 Limited

Company information

Directors	OCS Services Limited (appointed 19 June 2015) M G Setchell (appointed 21 July 2015)
Company secretary	S Ludlow
Registered number	08321504
Registered office	6th Floor 33 Holborn London EC1N 2HT
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ
Bankers	Coutts & Co 440 Strand London WC2R 0QS
Solicitors	Shakespeare Martineau LLP No. 1 Colmore Square Birmingham B4 6AA

Arevalous Power SPV1 Limited

Directors' report For the year ended 31 December 2015

The directors present their report and the audited financial statements of the company for the year ended 31 December 2015.

Principal activities

The company is a wholly owned subsidiary of a group of companies of which the principal activities are that of construction and operation of solar plants and the generation of solar power.

Going concern

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

Directors

The directors who served during the year and up to the date of signing the financial statements were:

OCS Services Limited (appointed 19 June 2015)
M G Setchell (appointed 21 July 2015)
P S Latham (resigned 19 June 2015)
M Turner (resigned 21 July 2015)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Arevalous Power SPV1 Limited

**Directors' report
For the year ended 31 December 2015**

Statement of disclosure of information to auditors

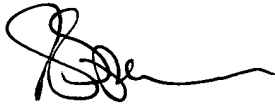
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

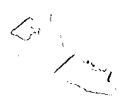
Small companies' exemption

In preparing this report, the directors have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 16 June 2016 and signed on its behalf.



TJ Spevack
Signed on behalf of OCS Services Limited
Director



Independent auditors' report to the members of Arevalous Power SPV1 Limited

Report on the financial statements

Our opinion

In our opinion, Arevalous Power SPV1 Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Directors' report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 December 2015;
- the Profit and loss account for the year ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the Financial Reporting Standard for Smaller Entities (Effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies' regime; take advantage of the small companies' exemption in preparing the Directors' report; and take advantage of the small companies' exemption from preparing a Strategic report. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Arevalous Power SPV1 Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 2, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Richard Lingwood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne

16 June 2016

Arevalous Power SPV1 Limited

Profit and loss account For the year ended 31 December 2015

	Note	2015 £	2014 £
Turnover		1,283,636	1,056,328
Cost of sales		(742,248)	(450,879)
Gross profit		541,388	605,449
Administrative expenses		(244,049)	(206,777)
Operating profit	2	297,339	398,672
Interest payable and similar charges		(982,261)	(875,342)
Loss on ordinary activities before taxation		(684,922)	(476,670)
Tax on loss on ordinary activities	3	(7,411)	-
Loss for the financial year	10	(692,333)	(476,670)

All amounts above relate to continuing operations.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

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

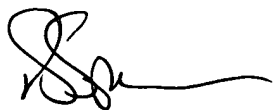
Arevalous Power SPV1 Limited
Registered number: 08321504

Balance sheet
As at 31 December 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	4		10,679,042		11,223,347
Current assets					
Debtors	5	738,040		1,372,371	
Creditors: amounts falling due within one year	6	(593,854)		(369,542)	
Net current assets			144,186		1,002,829
Total assets less current liabilities			10,823,228		12,226,176
Creditors: amounts falling due after more than one year	7		(12,111,458)		(12,829,494)
Provisions for liabilities					
Deferred taxation	8		(7,411)		-
Net liabilities			(1,295,641)		(603,318)
Capital and reserves					
Called up share capital	9		10		-
Profit and loss account	10		(1,295,651)		(603,318)
Total shareholders' deficit	11		(1,295,641)		(603,318)

The financial statements have been prepared in accordance with the special provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 June 2016.



TJ Spevack
Signed on behalf of OCS Services Limited
Director

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

**Notes to the financial statements
For the year ended 31 December 2015**

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015) and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

1.2 Going concern

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

1.3 Turnover

Turnover comprises income receivable from the energy generated during the period. Any uninvoiced income is accrued in the period in which it has been generated.

1.4 Tangible fixed assets and depreciation

Plant and machinery represents the costs of construction of solar plants: solar panels, civil/structural and electrical costs, grid connection, cabling, planning and professional fees and transformers are capitalised and depreciated at 4% per annum on a straight line basis. Costs of inverters and are being depreciated at 10% per annum on a straight line basis.

Tangible fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of tangible assets, less their estimated residual values, over their expected useful lives on the following basis:

Long-term leasehold property	-	4% straight line
Plant and machinery	-	4% and 10% straight line

1.5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

1.6 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Arevalous Power SPV1 Limited

Notes to the financial statements For the year ended 31 December 2015

1. Accounting policies (continued)

1.7 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of the financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

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

1.8 Debtors

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful of collection.

2. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the company	461,954	320,331
Auditors' remuneration	1,855	1,800
Auditors' remuneration - taxation compliance services	695	675
Auditors' remuneration - accounts preparation	605	585
Operating lease charge	85,191	84,221

During the year, no director received any emoluments (2014 - £nil).

3. Tax on loss on ordinary activities

	2015 £	2014 £
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on loss for the year	-	-
Deferred tax (see note 8)		
Origination and reversal of timing differences	7,411	-
Tax on loss on ordinary activities	7,411	-

Arevalous Power SPV1 Limited

**Notes to the financial statements
For the year ended 31 December 2015**

4. Tangible assets

	Long-term leasehold property £	Plant and machinery £	Total £
Cost			
At 1 January 2015	-	11,543,678	11,543,678
Additions	28,419	-	28,419
Disposals	-	(110,770)	(110,770)
At 31 December 2015	<u>28,419</u>	<u>11,432,908</u>	<u>11,461,327</u>
Accumulated depreciation			
At 1 January 2015	-	320,331	320,331
Charge for the year	1,703	460,251	461,954
At 31 December 2015	<u>1,703</u>	<u>780,582</u>	<u>782,285</u>
Net book value			
At 31 December 2015	<u>26,716</u>	<u>10,652,326</u>	<u>10,679,042</u>
At 31 December 2014	<u>-</u>	<u>11,223,347</u>	<u>11,223,347</u>

5. Debtors

	2015 £	2014 £
Trade debtors	69,316	135,533
Amounts owed by group undertakings	324,358	1,027,534
Other debtors	10	-
Prepayments and accrued income	344,356	209,304
	<u>738,040</u>	<u>1,372,371</u>

**6. Creditors:
Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	430	-
Other creditors including taxation and social security	50,666	294,031
Accruals and deferred income	542,758	75,511
	<u>593,854</u>	<u>369,542</u>

Arevalous Power SPV1 Limited

Notes to the financial statements For the year ended 31 December 2015

7. Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Amounts owed to group undertakings	<u>12,111,458</u>	<u>12,829,494</u>

Included within amounts owed to group undertakings are unsecured loans with year end balances totalling £12,111,458 (2014 - £12,829,494). The loans bear interest at 8% (2014 - 8%) and are repayable after more than five years.

8. Deferred taxation

	2015 £	2014 £
At beginning of year	-	-
Charge for the year to the profit and loss account	<u>7,411</u>	<u>-</u>
At end of year	<u>7,411</u>	<u>-</u>

9. Called up share capital

	2015 £	2014 £
Allotted and fully paid		
1,000 (2014 - 1) Ordinary shares of £0.01 each	10	-
20 Deferred shares of £0.01 each	<u>-</u>	<u>-</u>
	<u>10</u>	<u>-</u>

During the year, 1,000 shares were issued for cash at a premium of £nil per share. The nominal value of these shares was £0.01 and the consideration received was £10 after deducting expenses of £nil.

10. Profit and loss account

	£
At 1 January 2015	(603,318)
Loss for the financial year	<u>(692,333)</u>
At 31 December 2015	<u>(1,295,651)</u>

Arevalous Power SPV1 Limited

Notes to the financial statements For the year ended 31 December 2015

11. Reconciliation of movements in shareholders' deficit

	2015 £	2014 £
Opening shareholders' deficit	(603,318)	(126,648)
Loss for the financial year	(692,333)	(476,670)
Shares issued during the year	10	-
Closing shareholders' deficit	<u>(1,295,641)</u>	<u>(603,318)</u>

12. Contingent liabilities

The company has a constructive obligation to return the land on which solar sites are built to its original condition, at the end of the lease. The directors believe that given the nature of the assets, the lessor may wish to either take title of the assets for either continued use or to realise value through selling the assets and as such the directors do not believe that an outflow is probable to settle this restoration obligation. The directors will continue to monitor this situation at each balance sheet date.

13. Related party transactions

During the year ended 31 December 2015, the company was charged £91,238 (2014 - £69,688) and £92,106 (2014 - £7,642) in respect of management fees and rechargeable expenses respectively by Lightsource Renewable Energy Holdings Limited, a related party due to its significant influence over the entity. At the year end, no amount was outstanding (2014 - £nil).

During the year, the company's parent company, Arevalous Power Limited met expenditure of £726,337 (2014 - £1,934,238) and received revenue of £1,376,449 (2014 - £6,398,927) on behalf of the company. The company was also charged interest of £982,261 (2014 - £875,297) by its parent company. At the year end, a total of £11,787,090 (2014 - £11,801,960) was outstanding of which £324,368 (2014 - £1,027,534) is included in debtors and £12,111,458 (2014 - £12,829,494) is included in creditors.

14. Ultimate controlling party

Arevalous Power Limited is the immediate parent company and ultimate parent undertaking. The directors do not consider the company to have an ultimate controlling party, by virtue of a split holding in its shares. The results of the company are not consolidated within any other company.