

Report of the Directors and
Unaudited Financial Statements for the Year Ended 31 December 2015
for
Southam Solar Farm Ltd



Southam Solar Farm Ltd

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for the Year Ended 31 December 2015

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Southam Solar Farm Ltd

Company Information
for the Year Ended 31 December 2015

DIRECTORS:

D E J Bott
T Harper
T W Moore
R S S D C Pineiro

REGISTERED OFFICE:

The Shard
32 London Bridge Street
London
SE1 9SG

REGISTERED NUMBER:

08985708 (England and Wales)

Southam Solar Farm Ltd

Report of the Directors for the Year Ended 31 December 2015

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

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2015 to the date of this report.

D E J Bott
T Harper

Other changes in directors holding office are as follows:

T W Moore - appointed 23 July 2015
R S S D C Pineiro - appointed 23 July 2015

IFRS TRANSITION

The company is preparing their financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union for the first time; previous accounts were prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). An explanation of how the transition has affected the reported financial position, financial performance and cashflows is provided in note 17.

GOING CONCERN

The Directors have a reasonable expectation that the Company has adequate resources to be in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual report and accounts.

SMALL COMPANY EXEMPTION

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 not to provide a Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 International Financial Reporting Standards as adopted by the European Union. 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.

Southam Solar Farm Ltd

Report of the Directors
for the Year Ended 31 December 2015

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

ON BEHALF OF THE BOARD:


.....
R S D C Pineiro - Director

Date: 30/09/2016

Southam Solar Farm Ltd

Statement of Profit or Loss
for the Year Ended 31 December 2015

		Year Ended 31/12/15 £	Period 8/4/14 to 31/12/14 £
	Notes		
CONTINUING OPERATIONS			
Revenue		907,199	-
Cost of sales		(57,045)	-
GROSS PROFIT		850,154	-
Administrative expenses		(438,473)	-
Other operating expenses		(20,511)	-
OPERATING PROFIT		391,170	-
Finance costs	4	(392,711)	-
LOSS BEFORE INCOME TAX	5	(1,541)	-
Income tax	6	-	-
LOSS FOR THE YEAR		(1,541)	-

The notes form part of these financial statements

Southam Solar Farm Ltd

Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 December 2015

	Year Ended 31/12/15 £	Period 8/4/14 to 31/12/14 £
LOSS FOR THE YEAR	(1,541)	-
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(1,541)</u>	<u>-</u>

The notes form part of these financial statements

Statement of Financial Position

31 December 2015

	Notes	31/12/15 £	31/12/14 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	10,750,953	2,827,408
CURRENT ASSETS			
Trade and other receivables	8	371,276	563,586
Cash and cash equivalents	9	29,933	-
		401,209	563,586
TOTAL ASSETS		11,152,162	3,390,994
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	10	1	1
Retained earnings	11	(1,541)	-
TOTAL EQUITY		(1,540)	1
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	12	11,060,150	-
CURRENT LIABILITIES			
Trade and other payables	12	93,552	3,390,993
TOTAL LIABILITIES		11,153,702	3,390,993
TOTAL EQUITY AND LIABILITIES		11,152,162	3,390,994

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2015.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2015 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

Southam Solar Farm Ltd (Registered number: 08985708)

Statement of Financial Position - continued
31 December 2015

The financial statements were approved by the Board of Directors on 30/09/2016 and were signed on its behalf by:

Ricardo 
R S S D C Pineiro - Director

The notes form part of these financial statements

Southam Solar Farm Ltd

Statement of Changes in Equity
for the Year Ended 31 December 2015

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Issue of share capital	1	-	1
Balance at 31 December 2014	1	-	1
Changes in equity			
Total comprehensive income	-	(1,541)	(1,541)
Balance at 31 December 2015	1	(1,541)	(1,540)

The notes form part of these financial statements

Southam Solar Farm Ltd

Statement of Cash Flows
for the Year Ended 31 December 2015

		Year Ended 31/12/15 £	Period 8/4/14 to 31/12/14 £
Cash flows from operating activities			
Cash generated from operations	1	(2,364,992)	2,827,407
Net cash from operating activities		<u>(2,364,992)</u>	<u>2,827,407</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(8,272,514)	(2,827,408)
Net cash from investing activities		<u>(8,272,514)</u>	<u>(2,827,408)</u>
Cash flows from financing activities			
New loans in year		11,060,150	-
Share issue		-	1
Interest paid		(392,711)	-
Net cash from financing activities		<u>10,667,439</u>	<u>1</u>
Increase in cash and cash equivalents		<u>29,933</u>	<u>-</u>
Cash and cash equivalents at beginning of year	2	-	-
Cash and cash equivalents at end of year	2	<u><u>29,933</u></u>	<u><u>-</u></u>

The notes form part of these financial statements

Notes to the Statement of Cash Flows
for the Year Ended 31 December 2015

1. **RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	Year Ended 31/12/15 £	Period 8/4/14 to 31/12/14 £
Loss before income tax	(1,541)	-
Depreciation charges	348,969	-
Finance costs	392,711	-
	<u>740,139</u>	<u>-</u>
Decrease/(increase) in trade and other receivables	192,310	(563,586)
(Decrease)/increase in trade and other payables	(3,297,441)	3,390,993
	<u>(2,364,992)</u>	<u>2,827,407</u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2015

	31/12/15 £	1/1/15 £
Cash and cash equivalents	<u>29,933</u>	<u>-</u>

Period ended 31 December 2014

	31/12/14 £	8/4/14 £
	<u></u>	<u></u>

The notes form part of these financial statements

1. GENERAL INFORMATION

Southam Solar Farm Limited was a company incorporated and domiciled in the United Kingdom. The address of the registered office is Foresight Group LLP, The Shard, London Bridge Street, London, SE1 9SG.

During the period the Company's activity is development and generation of electricity using solar technology of the solar farm located in Southam, Warwickshire.

2. ACCOUNTING POLICIES

Basis of preparation

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at 8 April 2014 for the purposes of the transition to Adopted IFRSs.

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

IFRS Transition

The company is preparing their financial statements in accordance with Adopted IFRS for the first time; previous accounts were prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP). An explanation of how the transition has affected the reported financial position, financial performance and cashflows is provided in note 17.

Measurement convention

The financial statements have been prepared under the historical cost convention.

Going concern

Having reviewed the company's current position and cash flow projections for the next twelve months, the directors believe the company is well placed to manage its business risks despite the net liabilities position.

Adopted IFRSs not yet applied

The following Adopted IFRSs have been issued but, not being effective for the financial year ended 31 December 2015 have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements.

- IFRS 9 Financial Instruments (effective date to be confirmed).
- IFRS 15 Revenue from Contracts with Customers (effective date to be confirmed).
- Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38

Revenue recognition

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.

2. ACCOUNTING POLICIES - continued

Property, plant and equipment

Property, plant and equipment 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. Borrowing costs are expensed as incurred as they do not meet the capitalisation criteria under IAS 23, as the construction of the related assets does not require a substantial period of time. Items of property, plant and equipment are depreciated to their estimated residual values on a straight line basis over their expected useful lives as follows:

Solar Photovoltaic (PV) assets - over 25 years - 4% straight line

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

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Impairment of non-financial assets

Carrying value 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.

A previously recognised impairment will be revised insofar as estimates change as a result of an event occurring after the impairment was recognised. An impairment 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.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

2. ACCOUNTING POLICIES - continued

Financial instruments

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

Initial recognition and measurement

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.

De-recognition 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:
 - (i) has transferred substantially all the risks and rewards of ownership of the asset or
 - (ii) 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 de-recognised when the obligation under the liability is discharged, cancelled or has expired.

Trade and other receivables

Trade and other receivables reflected on the balance sheet are net of an allowance for uncollectible amounts.

Financial liabilities

Loans and accounts payables are classified as financial liabilities and are subsequently measured at amortised cost. Gains and losses are recognised in income when the financial liabilities are derecognised or impaired as well as through the amortisation process.

Finance costs and gains or losses 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.

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.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

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.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

2. **ACCOUNTING POLICIES - continued**

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable profits from which the reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Equity

Equity comprises the following

- "Share capital" represents the nominal value of ordinary equity shares.
- "Retained deficit" include all current results as disclosed in the income statement.

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 inter-company loans.

3. **EMPLOYEES AND DIRECTORS**

There were no staff costs for the year ended 31 December 2015 nor for the period ended 31 December 2014.

	Year Ended 31/12/15 £	Period 8/4/14 to 31/12/14 £
Directors' remuneration	-	-
	=====	=====

4. **NET FINANCE COSTS**

	Year Ended 31/12/15 £	Period 8/4/14 to 31/12/14 £
Finance costs:		
Interest payable	392,711	-
	=====	=====

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

5. **LOSS BEFORE INCOME TAX**

The loss before income tax is stated after charging:

	Year Ended 31/12/15 £	Period 8/4/14 to 31/12/14 £
Depreciation - owned assets	<u>348,969</u>	<u>-</u>

6. **INCOME TAX**

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2015 nor for the period ended 31 December 2014.

A deferred tax asset is currently being held but not recognized.

7. **PROPERTY, PLANT AND EQUIPMENT**

	Plant and machinery £
COST	
At 1 January 2015	2,827,408
Additions	8,272,514
At 31 December 2015	<u>11,099,922</u>
DEPRECIATION	
Charge for year	348,969
At 31 December 2015	<u>348,969</u>
NET BOOK VALUE	
At 31 December 2015	<u>10,750,953</u>
At 31 December 2014	<u>2,827,408</u>

8. **TRADE AND OTHER RECEIVABLES**

	31/12/15 £	31/12/14 £
Current:		
Other debtors	<u>371,276</u>	<u>563,586</u>

9. **CASH AND CASH EQUIVALENTS**

	31/12/15 £	31/12/14 £
Bank deposit account	<u>29,933</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

10. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value: £1	31/12/15 £	31/12/14 £
Number:	Class:			
1	Ordinary		<u>1</u>	<u>1</u>

11. **RESERVES**

	Retained earnings £
Deficit for the year	<u>(1,541)</u>
At 31 December 2015	<u>(1,541)</u>

12. **TRADE AND OTHER PAYABLES**

	31.12.15 £	31.12.14 £
Amount falling due within one year:		
Trade creditors	60,245	-
VAT	11,208	-
Other creditors	22,099	3,390,993
	<u>93,552</u>	<u>3,390,993</u>
Amount falling due more than one year:		
Shareholders Loan	11,060,150	-
	<u>11,060,150</u>	<u>-</u>
Aggregate amounts	<u>11,153,702</u>	<u>3,390,993</u>

13. **OTHER FINANCIAL COMMITMENTS**

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

Financial Liabilities	1 year	2 to 5 years	After 5 years
Operating leases	62,844	252,474	1,230,810

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

14. **FINANCIAL INSTRUMENTS**

Fair Value category

The financial assets and liabilities held by the Company for both 31 December 2015 and the 31 December 2014 we categorised under loans and receivable.

Fair value measurement

The fair value of the financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	Carrying Amount 31-Dec-2015 £	Carrying Amount 31-Dec-2014 £	Fair Value 31-Dec-2015 £	Fair Value 31-Dec-2014 £
Financial assets:				
Trade and other receivables	351,276	563,586	351,276	563,586
Financial liabilities:				
Trade and other payables	11,133,702	3,390,993	11,133,702	3,390,993

The fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

15. FINANCIAL RISK MANAGEMENT

The company's principal financial assets and liabilities comprise trade receivables, cash, interest bearing loans and trade payables.

The company has exposure to the following risks from its use of financial instruments:

- Market risks, including foreign currency, commodity price, interest rate, inflation rate risks
- Credit risk
- Liquidity risk

This note represents information about the company's exposure to each of the above risks and the company's objectives, policies and processes for assessing and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

a) Market risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

The company is not exposed to significant foreign currency risk as the majority of all payables and receivables are denominated in pounds sterling which is the functional currency in which the company operates.

The company has limited exposure to interest rate risk. The company is fully funded by the parent company and has no floating rate interest bearing loans or borrowings at 31 December 2015 or 31 December 2014. The company does not intend to hold cash for the purpose of generating interest income. The company does not currently consider it necessary to actively manage interest rate risk.

b) Credit risk

The company's policy are aimed at minimising losses as a result of counterparty's failure to honour its obligations. Exposure to credit risk arises as a result of the transactions with counterparties. The counterparties used by the company are considered by management to be of appropriate credit rating. At each balance sheet date, the company's financial assets were neither impaired nor past due. The maximum credit exposure at reporting date are the carrying value of the credit balances if any.

c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company monitors its risks of shortage of funds using projected cash flows and by monitoring the maturity of both its financial assets and obligations.

Year ended 31 December 2015

	On demand £	Less than 3 month £	3 to 12 months £	1 to 5 periods £	>5 periods £	Total £
Financial Liabilities						
Trade and other payables	60,245	-	13,307	20,000	-	93,552
Owing to group company	-	-	-	11,060,150	-	11,060,150
						<u>11,153,702</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

Period ended 31 December 2014

	On demand £	Less than 3 month £	3 to 12 months £	1 to 5 periods £	>5 periods £	Total £
Financial Liabilities						
Trade and other payables	-	-	3,390,993	-	-	3,390,993
						<u>3,390,993</u>

d) Capital management

Management considers capital to consist of equity plus net debt as disclosed in the balance sheet. The primary objective of the company's capital management is to ensure healthy capital ratios in order to support its business and maximise shareholder value. The company's financial instruments comprise cash and liquid resources and various items, such as receivables and trade payables that arise directly from its operations. The company's policy is to finance its operations through group borrowings. It is the company's policy not to hold financial instruments for speculative purposes.

16. **RELATED PARTY DISCLOSURE**

At the period end the company owed a long-term loan of £11,060,150 to FS Southam Limited, a parent company. Interest payable is calculated at a flat rate of 8% and amounted to £392,711 during the reported period, none of which was outstanding at the end of the year.

The amount of £219,368 is owed by FS Southam Ltd for short term working capital requirements during the course of the year, which was outstanding at the year end.

On 23 July 2015, Southam Solar Limited entered into contract with Belectric Solar Limited related to provision of operation and maintenance services. Belectric Solar Limited and Southam Solar Limited have two directors in common, Duncan Bott and Toddington Harper.

During the reported period the aggregate cost of services provided by Belectric Solar Limited amounts to £45,563 and £10,335 remains outstanding as of 31 December 2015.

17. **IMPACT OF IFRS TRANSACTIONS**

The first time adoption of IFRS did not have an impact on the reported financial position or financial performance of the company and therefore no adjustments were made to the equity position as at 8 April 2014 or 31 December 2015 or to the total comprehensive income for the year ended 31 December 2015.

Under UK GAAP, the company was exempt under FRS1 from the requirement to prepare a cash flow statement including comparatives has been prepared this year in accordance with IFRS.

18. **ULTIMATE CONTROLLING PARTY**

The company is a wholly owned subsidiary of FS Paddock Wood Limited. Foresight Solar Fund Ltd is the ultimate parent company incorporated in Jersey.