

REGISTERED NUMBER: 07699362 (England and Wales)

Report of the Directors and
Unaudited Financial Statements for the Year Ended 31 March 2018
for
Charon Solar 16 Limited



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for the Year Ended 31 March 2018

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Charon Solar 16 Limited

Company Information
for the Year Ended 31 March 2018

DIRECTORS:

Dr R Johnson
Pinecroft Corporate Services Limited
G E Shaw

REGISTERED OFFICE:

The Shard
c/o Foresight Group LLP
32 London Bridge Street
London
SE1 9SG

REGISTERED NUMBER:

07699362 (England and Wales)

Report of the Directors
for the Year Ended 31 March 2018

The directors present their report with the financial statements of the company for the year ended 31 March 2018.

PRINCIPAL ACTIVITY

The company's principal activity is the generation of electricity on part of a Solar Park sub-leased from Bridgewater Solar Limited.

This contract ended on 31 March 2018 and from this date the company ceased to trade.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

Dr R Johnson
Pinecroft Corporate Services Limited
G E Shaw

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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Charon Solar 16 Limited (Registered number: 07699362)

Report of the Directors
for the Year Ended 31 March 2018

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:

A handwritten signature in black ink, appearing to read 'G. E. Shaw', written in a cursive style.

G E Shaw - Director

7 December 2018

Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 March 2018

| | Notes | 31.3.18 £ | 31.3.17 £ |
|--|-------|-----------------------|-------------------|
| CONTINUING OPERATIONS | | | |
| Revenue | | 99,978 | 112,094 |
| Cost of sales | | <u>(62,120)</u> | <u>(62,663)</u> |
| GROSS PROFIT | | 37,858 | 49,431 |
| Administrative expenses | | <u>(2,554)</u> | <u>(11,579)</u> |
| OPERATING PROFIT | | 35,304 | 37,852 |
| Finance costs | 5 | (36,540) | (35,259) |
| Finance income | 5 | <u>-</u> | <u>3</u> |
| (LOSS)/PROFIT BEFORE INCOME TAX | 6 | (1,236) | 2,596 |
| Income tax | 7 | <u>-</u> | <u>(1,735)</u> |
| (LOSS)/PROFIT FOR THE YEAR | | (1,236) | 861 |
| OTHER COMPREHENSIVE INCOME | | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u><u>(1,236)</u></u> | <u><u>861</u></u> |

The notes form part of these financial statements

Statement of Financial Position

31 March 2018

| | Notes | 31.3.18 £ | 31.3.17 £ |
|-------------------------------------|-------|--------------|------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 8 | - | 1,141,235 |
| CURRENT ASSETS | | | |
| Trade and other receivables | 8 | - | 198,704 |
| Cash and cash equivalents | 9 | 4,989 | 7,039 |
| | | 4,989 | 205,743 |
| TOTAL ASSETS | | <u>4,989</u> | <u>1,346,978</u> |
| EQUITY | | | |
| SHAREHOLDERS' EQUITY | | | |
| Called up share capital | 10 | 100 | 300,032 |
| Retained earnings | 11 | (90) | 1,146 |
| TOTAL EQUITY | | <u>10</u> | <u>301,178</u> |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | - | 932,863 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 4,979 | 110,701 |
| Tax payable | | - | 2,236 |
| | | 4,979 | 112,937 |
| TOTAL LIABILITIES | | <u>4,979</u> | <u>1,045,800</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>4,989</u> | <u>1,346,978</u> |

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2018.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2018 in accordance with Section 476 of the Companies Act 2006.

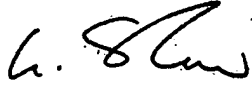
The directors acknowledge their responsibilities for:

- 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

Statement of Financial Position - continued
31 March 2018

The financial statements were approved by the Board of Directors on 7 December 2018 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'G. E. Shaw', written in a cursive style.

G E Shaw - Director

Statement of Changes in Equity
for the Year Ended 31 March 2018

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|---------------------------------|------------------------------------|---------------------------|----------------------|
| Balance at 1 April 2016 | 300,032 | 285 | 300,317 |
| Changes in equity | | | |
| Total comprehensive income | - | 861 | 861 |
| Balance at 31 March 2017 | <u>300,032</u> | <u>1,146</u> | <u>301,178</u> |
| Changes in equity | | | |
| Issue of share capital | (299,932) | - | (299,932) |
| Total comprehensive income | - | (1,236) | (1,236) |
| Balance at 31 March 2018 | <u>100</u> | <u>(90)</u> | <u>10</u> |

Statement of Cash Flows
for the Year Ended 31 March 2018

| | 31.3.18 | 31.3.17 |
|---|-----------------|-----------------|
| | £ | £ |
| Cash flows from operating activities | | |
| Cash generated from operations 1 | 83,964 | 51,009 |
| Tax paid | <u>(2,236)</u> | <u>-</u> |
| Net cash from operating activities | <u>81,728</u> | <u>51,009</u> |
| Cash flows from investing activities | | |
| Interest received | <u>-</u> | <u>3</u> |
| Net cash from investing activities | <u>-</u> | <u>3</u> |
| Cash flows from financing activities | | |
| Loan repayments in year | (47,238) | (46,483) |
| Interest paid | <u>(36,540)</u> | <u>(35,259)</u> |
| Net cash from financing activities | <u>(83,778)</u> | <u>(81,742)</u> |
| | <u>-</u> | <u>-</u> |
| Decrease in cash and cash equivalents | (2,050) | (30,730) |
| Cash and cash equivalents at beginning of year 2 | 7,039 | 37,769 |
| | <u>-</u> | <u>-</u> |
| Cash and cash equivalents at end of year 2 | <u>4,989</u> | <u>7,039</u> |

Notes to the Statement of Cash Flows
for the Year Ended 31 March 2018

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

| | 31.3.18 | 31.3.17 |
|--|----------------------|----------------------|
| | £ | £ |
| (Loss)/profit before income tax | (1,236) | 2,596 |
| Taxation | - | (1,735) |
| Finance costs | 36,540 | 35,259 |
| Finance income | - | (3) |
| | <u>35,304</u> | <u>36,117</u> |
| Decrease/(increase) in trade and other receivables | 114,980 | (110,018) |
| (Decrease)/increase in trade and other payables | <u>(66,320)</u> | <u>124,910</u> |
| Cash generated from operations | <u>83,964</u> | <u>51,009</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 March 2018

| | 31.3.18 | 1.4.17 |
|---------------------------|--------------|--------------|
| | £ | £ |
| Cash and cash equivalents | <u>4,989</u> | <u>7,039</u> |

Year ended 31 March 2017

| | 31.3.17 | 1.4.16 |
|---------------------------|--------------|---------------|
| | £ | £ |
| Cash and cash equivalents | <u>7,039</u> | <u>37,769</u> |

Notes to the Financial Statements
for the Year Ended 31 March 2018

1. GENERAL INFORMATION

Charon Solar 16 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 on sub-leased equipment from Bridgewater Solar Limited.

This contract ended on 31 March 2018 and from this date the company ceased to trade.

2. STATUTORY INFORMATION

Charon Solar 16 Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

3. 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.

Measurement convention

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

Adopted IFRSs not yet applied

The following Adopted IFRSs have been issued but, not being effective for the financial year ended 31 March 2018 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 (Applicable for accounting periods beginning on or after 1 Jan 2018)
- IFRS 15 Revenue from Contracts with Customers (Applicable for accounting periods beginning on or after 1 Jan 2018)
- IFRS 16 Leases (Applicable for accounting periods beginning on or after 1 Jan 2019)

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

3. ACCOUNTING POLICIES - continued

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.

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 March 2018

3. 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 normal 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 recognised 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.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

3. ACCOUNTING POLICIES - continued

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.

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.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Equity

Equity comprises the following

- "Share capital" represents the nominal value of ordinary equity shares.
- "Retained earnings" 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.

4. EMPLOYEES AND DIRECTORS

| | 31.3.18 | 31.3.17 |
|-------------------------|------------|--------------|
| | £ | £ |
| Directors' remuneration | <u>950</u> | <u>1,918</u> |

5. NET FINANCE COSTS

| | 31.3.18 | 31.3.17 |
|--------------------------|----------|----------|
| | £ | £ |
| Finance income: | | |
| Bank interest receivable | <u>-</u> | <u>3</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

5. NET FINANCE COSTS - continued

| | 31.3.18 | 31.3.17 |
|-----------------------|---------------|---------------|
| | £ | £ |
| Finance costs: | | |
| Bank interest payable | <u>36,540</u> | <u>35,259</u> |
| Net finance costs | <u>36,540</u> | <u>35,256</u> |

6. (LOSS)/PROFIT BEFORE INCOME TAX

The loss before income tax (2017 - profit before income tax) is stated after charging:

| | 31.3.18 | 31.3.17 |
|-----------------|---------------|---------------|
| | £ | £ |
| Operating lease | <u>38,168</u> | <u>38,168</u> |

7. INCOME TAX

Analysis of tax expense

| | 31.3.18 | 31.3.17 |
|---|----------|--------------|
| | £ | £ |
| Current tax: | | |
| Tax | <u>-</u> | <u>1,735</u> |
| Total tax expense in statement of profit or loss and other comprehensive income | <u>-</u> | <u>1,735</u> |

8. TRADE AND OTHER RECEIVABLES

| | 31.3.18 | 31.3.17 |
|-------------------|----------|------------------|
| | £ | £ |
| Current: | | |
| Trade debtors | - | 4,681 |
| Other debtors | <u>-</u> | <u>194,023</u> |
| | <u>-</u> | <u>198,704</u> |
| Non-current: | | |
| Other Debtors | <u>-</u> | <u>1,141,235</u> |
| Aggregate amounts | <u>-</u> | <u>1,339,939</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

9. CASH AND CASH EQUIVALENTS

| | 31.3.18 | 31.3.17 |
|----------------------|--------------|--------------|
| | £ | £ |
| Bank deposit account | <u>4,989</u> | <u>7,039</u> |

10. CALLED UP SHARE CAPITAL

| Share capital | Nominal value | 2018 number | 31/3/18 £ | 31/3/17 £ |
|------------------------------------|---------------|-------------|--------------|----------------|
| Allotted, called up and fully paid | | | | |
| A Ordinary shares | 1 | 100 | 100 | 100,000 |
| B Ordinary shares | - | - | - | 200,000 |
| C Ordinary shares | - | - | - | 30 |
| D Ordinary shares | - | - | - | 2 |
| | | | <u>100</u> | <u>300,032</u> |

11. RESERVES

| | Retained earnings £ |
|----------------------|------------------------|
| At 1 April 2017 | 1,146 |
| Deficit for the year | <u>(1,236)</u> |
| At 31 March 2018 | <u>(90)</u> |

12. TRADE AND OTHER PAYABLES

| | 31.3.18 £ | 31.3.17 £ |
|-------------------|--------------|------------------|
| Current: | | |
| Other creditors | - | 104,072 |
| VAT | <u>4,979</u> | <u>6,629</u> |
| | <u>4,979</u> | <u>110,701</u> |
| Non-current: | | |
| Other creditors | <u>-</u> | <u>932,863</u> |
| Aggregate amounts | <u>4,979</u> | <u>1,043,564</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

12. TRADE AND OTHER PAYABLES - continued

Debt

On 2 May 2013 the Company entered into a loan agreement with Bridgewater Solar Limited for £1,148,007. The terms of this loan are identical to an RPI linked bond that Bridgewater Solar Limited is jointly and severally liable for. The loan is repayable in six monthly instalments with the last due in August 2034. The rate of interest is 2.598%. The instalments and interest are subject to an RPI uplift.

Under the terms of the bond the lender must keep cash in reserve to cover certain future costs and potential underperformance of electricity generation. The loan agreement contains equivalent provisions and these reserves are shown in debtors.

This loan agreement was cancelled on 31 March 2018 and all relevant balances were written off.

13. ULTIMATE CONTROLLING PARTY

The directors consider there to be no ultimate controlling party.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

14. FINANCIAL INSTRUMENTS

Fair Value category

The financial assets and liabilities held by the Company for both 31 March 2018 and the 31 March 2017 were 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 31/3/2018 £ | Carrying Amount 31/3/2017 £ | Fair Value 31/3/2018 £ | Fair Value 31/3/2017 £ |
|-------------------------------|--------------------------------------|--------------------------------------|---------------------------------|---------------------------------|
| Financial assets: | | | | |
| Cash & cash equivalents | 4,989 | 7,039 | 4,989 | 7,039 |
| Trade and other receivables | - | 1,339,939 | - | 1,339,939 |
| Total | <u>4,989</u> | <u>1,346,978</u> | <u>4,989</u> | <u>1,346,978</u> |
| Financial liabilities: | | | | |
| Trade and other payables | - | 1,036,935 | - | 1,036,935 |

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.

Trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of the instruments.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

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 March 2018 or 31 March 2017. 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 is 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.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

Year ended 31 March 2018

| | On demand | Less than 3 months | 3 to 12 months | 2 to 5 periods | >5 periods | Total |
|------------------------------|--------------|--------------------------|-------------------|-------------------|------------|----------|
| | £ | £ | £ | £ | £ | £ |
| Financial Liabilities | | | | | | |
| Trade and other payables | - | - | - | - | - | - |
| | | | | | | <u>-</u> |
| | | | | | | <u>-</u> |

Year ended 31 March 2017

| | On demand | Less than 3 months | 3 to 12 months | 2 to 5 periods | >5 periods | Total |
|------------------------------|--------------|--------------------------|-------------------|-------------------|------------|------------------|
| | £ | £ | £ | £ | £ | £ |
| Financial Liabilities | | | | | | |
| Trade and other payables | - | - | 104,072 | 185,932 | 746,931 | <u>1,036,935</u> |
| | | | | | | <u>1,036,935</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.