

# AquaVenture (BVI) Holdings Limited

Report and Consolidated Financial Statements

Year Ended

31 March 2018

Company number 7890599

SA FRIDAY



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# AquaVenture (BVI) Holdings Limited

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## Company Information

### Directors

The directors of the company are:

- John Curtis
- Lee Muller

### Registered office

Jordan's Corporate Law Limited  
Suite 1, 3<sup>rd</sup> Floor  
11-12 St. James's Square  
London  
SW1Y 4LB

### Company number

7890599

### Auditors

BDO LLP  
31 Chertsey Street  
Guildford  
GU1 4HD

# **AquaVenture (BVI) Holdings Limited**

## **Strategic Report for the year ended 31 March 2018**

### **Financial review**

During the year ended 31 March 2018, AquaVenture (BVI) Holdings Limited the ("Company") continued operations and maintenance of the Sea Water Reverse Osmosis water facility at Paraquita Bay (the "SWRO" facility) in the British Virgin Islands, ("BVI"). During the year ended 31 March 2018, there was operating and maintenance revenue which amounted to \$4.0m. The Company remained profitable in its fourth year of operations with an operating profit of \$0.08m.

### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. Prime amongst these relate to operational and financial performance in the context of the Company's contractual obligations and credit risk in connection with its customer, the Government of the British Virgin Islands. Strategies are in place to mitigate these uncertainties and include a range of management review procedures and subcontracting performance responsibility to an entity with expertise in water desalination operation and management.

### **Analysis using financial key performance indicators**

Our key financial performance indicators include: turnover reported at \$4.3m (2017: \$3.9m), profit on ordinary activities before interest and taxation of \$0.08m (2017: \$0.3m); profit after interest and taxation of \$4.1m (2017: \$4.2m); net cash at bank of \$5.9m (2017: \$8.5m); and total financial assets of \$66.6m (2017: \$70.8m).

### **Significant events**

During September 2017, the British Virgin Islands was impacted by Hurricane Irma resulting in the disruption of electricity, which is the responsibility of the customer, to the Sea Water Reverse Osmosis water facility at Paraquita Bay. Without electricity, the water facility was inoperable for a short period of time in September resulting in the loss of certain turnover. Electricity was restored during October 2017 and the water plant has produced and delivered water to the customer since then. The total cumulative impact of Hurricane Irma on the Company's operations was not material.

On 4 August 2017, the Company entered into an amended water purchase agreement with its sole customer to modify, effective 1 January 2017, certain contractual provisions related to the calculation of the water rate and the overall cash payment profile in exchange for other actions between the Company and the customer. In addition, the Company amended its loan agreement with Barclays Bank on 4 August 2017 to reduce the spread applied to the LIBOR base rate used in the calculation of interest by 50 basis points and extend the amortization to May 2022.

### **Outlook**

The Company believes that total amount of water produced and related turnover will continue at a consistent level for the foreseeable future. Operating costs in future periods are expected to remain consistent as a percentage of turnover.

### **Approval**

The strategic report was approved by order of the board on 7 December 2018



Lee Muller  
Director

# **AquaVenture (BVI) Holdings Limited**

## **Directors' report for the year ended 31 March 2018**

The directors submit their report and the consolidated audited financial statements of AquaVenture (BVI) Holdings Limited (the "Company") for the year ended 31 March 2018.

### **Directors**

The directors of the Company throughout the year were:

- John Curtis
- Lee Muller (Director and Secretary)

### **Principal activities**

The principal activities of the group are the operation and maintenance of water treatment facilities in the British Virgin Islands, "BVI", under a water purchase agreement dated 28 February 2010, as amended on 4 August 2017, between the Government of the Virgin Islands and the Company and its subsequent operation of that facility under a service concession agreement. The principal activity of the Company is to act as an intermediate holding company for the group.

### **Results and dividends**

The result for the year was a profit transferred to reserves of \$4.1m (2017:\$4.2m). Dividends of \$3.0m were paid to AquaVenture Water Corporation during the year ended 31 March 2018. Additional dividends of \$2.0m and \$0.7m were paid to AquaVenture Water Corporation in July 2018 and October 2018, respectively.

### **Auditors**

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

The auditors, BDO LLP, have indicated their willingness to continue.

### **Approval**

The directors' report was approved by order of the board on 7 December 2018.



Lee Muller  
Secretary

# AquaVenture (BVI) Holdings Limited

## Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 elected to prepare the group and company 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 group and company and of the profit or loss of the group 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;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 of United Kingdom. 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.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# AquaVenture (BVI) Holdings Limited

## Independent auditor's report to the shareholders of AquaVenture (BVI) Holdings Limited

### Opinion

We have audited the financial statements of AquaVenture (BVI) Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2018 which comprise the consolidated income statement, consolidated balance sheet, consolidated statement of cash flows, company balance sheet and consolidated and company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

# **AquaVenture (BVI) Holdings Limited**

## **Independent auditor's report to the shareholders of AquaVenture (BVI) Holdings Limited (continued)**

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

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

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

### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

# AquaVenture (BVI) Holdings Limited

## Independent auditor's report to the shareholders of AquaVenture (BVI) Holdings Limited (continued)

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

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kevin Cook (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Guildford  
Date 13 December 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



## AquaVenture (BVI) Holdings Limited

### Consolidated income statement for the year ended 31 March 2018

	Note	2018 \$	2017 \$
Turnover	3	4,346,315	3,881,602
Operating profit	4	76,940	318,300
Interest payable	5	(1,293,078)	(1,453,551)
Interest receivable	5	5,294,600	5,357,770
Profit for the financial year		4,078,462	4,222,519

All activities are derived from continuing operations in both the year ended 31 March 2018 and 2017.

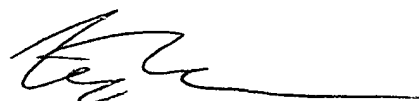
The notes on pages 12 to 19 form part of these accounts

# AquaVenture (BVI) Holdings Limited

## Consolidated balance sheet at 31 March 2018

	Note	2018 \$	2018 \$	2017 \$	2017 \$
<b>Fixed assets</b>					
Financial Asset	8		66,626,275		70,801,242
<b>Current assets</b>					
Debtors: due within one year	10	2,671,145		336,599	
Cash at bank and in hand		<u>5,878,489</u>		<u>8,524,849</u>	
		8,549,634		8,861,448	
Creditors: due within one year	11	<u>(742,795)</u>		<u>(902,328)</u>	
<b>Net current assets</b>			<u>7,806,839</u>		<u>7,959,120</u>
<b>Total assets less current liabilities</b>			<b>74,433,114</b>		<b>78,760,362</b>
<b>Creditors: due after one year</b>	12		<u>(24,498,605)</u>		<u>(29,908,907)</u>
<b>Net assets</b>			<b>49,934,509</b>		<b>48,851,455</b>
<b>Capital and reserves</b>					
Called up share capital	13		2,593		2,593
Share premium			15,285,800		15,285,800
Profit and loss account			<u>34,646,116</u>		<u>33,563,062</u>
<b>Total shareholders' funds</b>			<b>49,934,509</b>		<b>48,851,455</b>

Approved and authorised for issue by the board on 7 December 2018 and signed on its behalf by:



Lee Muller  
Director

The notes on pages 12 to 19 form part of these accounts

# AquaVenture (BVI) Holdings Limited

## Consolidated statement of cash flows for the year ended 31 March 2018

	Note	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Profit for the financial year		76,940	318,300
Decrease in financial asset	8	4,174,967	4,894,966
(Increase)/decrease in debtors		(2,334,546)	883,380
(Decrease) in creditors		(159,533)	(1,302,219)
<b>Cash from operations</b>		<b>1,757,828</b>	<b>4,794,427</b>
Interest received	5	5,294,600	5,357,770
Interest paid	6	(1,293,078)	(1,455,224)
<b>Net cash generated from operating activities</b>		<b>5,759,350</b>	<b>8,696,973</b>
<b>Cash flows from investing activities</b>		-	-
<b>Net cash from investing activities</b>		-	-
<b>Cash flows from financing activities</b>			
Dividends paid	7	(2,995,408)	(1,611,447)
New loans	12	-	675,000
Loans repaid	12	(5,410,302)	(5,965,746)
<b>Net cash (used in) financing activities</b>		<b>(8,405,710)</b>	<b>(6,902,193)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,646,360)</b>	<b>1,794,780</b>
Cash and cash equivalents at beginning of year		8,524,849	6,730,069
<b>Cash and cash equivalents at end of year</b>		<b>5,878,489</b>	<b>8,524,849</b>

The notes on pages 12 to 19 form part of these accounts

# AquaVenture (BVI) Holdings Limited

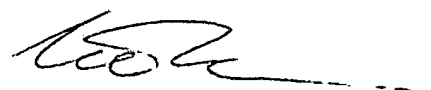
## Company balance sheet at 31 March 2018

Company number 7890599

	Note	2018 \$	2018 \$	2017 \$	2017 \$
<b>Fixed assets</b>					
Investments in group undertakings	9		15,288,391		15,288,391
<b>Current assets</b>					
Debtors: due within one year	10	90,704		86,818	
Creditors: due within one year	11	(96,324)		(79,060)	
<b>Net current assets</b>			(5,620)		7,758
<b>Net assets</b>			15,282,771		15,296,149
<b>Capital and reserves</b>					
Called up share capital	13		2,593		2,593
Share premium			15,285,800		15,285,800
Profit and loss account			(5,622)		7,756
<b>Total shareholders' funds</b>			15,282,771		15,296,149

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit of the parent company for the year was \$2,982,030 (2017: \$1,678,418).

Approved and authorised for issue by the board on 7 December 2018 and signed on its behalf by:



Lee Muller  
Director

The notes on pages 12 to 19 form part of these accounts

# AquaVenture (BVI) Holdings Limited

## Consolidated and Company statement of changes in equity for the year ended 31 March 2018

<b>Group</b>	<b>Share capital \$</b>	<b>Share premium \$</b>	<b>Profit and loss account \$</b>	<b>Total 2018 \$</b>	<b>Total 2017 \$</b>
1 April 2017	2,593	15,285,800	33,563,062	48,851,455	46,240,383
Dividends	-	-	(2,995,408)	(2,995,408)	(1,611,447)
Profit for the financial year	-	-	4,078,462	4,078,462	4,222,519
31 March 2018	2,593	15,285,800	34,646,116	49,934,509	48,851,455

<b>Company</b>	<b>Share capital \$</b>	<b>Share premium \$</b>	<b>Profit and loss account \$</b>	<b>Total 2018 \$</b>	<b>Total 2017 \$</b>
1 April 2017	2,593	15,285,800	7,756	15,296,149	15,229,178
Dividends	-	-	(2,995,408)	(2,995,408)	(1,611,447)
Profit for the financial year	-	-	2,982,030	2,982,030	1,678,418
31 March 2018	2,593	15,285,800	(5,622)	15,282,771	15,296,149

The notes on pages 12 to 19 form part of these accounts

# **AquaVenture (BVI) Holdings Limited**

## **Notes forming part of the financial statements**

### **1 Accounting policies**

#### **Basis of accounting**

AquaVenture (BVI) Holdings Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole, and relevant ones such as exemption to terms of retaining accounting treatment of financial assets.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Functional currency**

The financial statements are prepared in United States Dollars (USD) which is the functional currency of the Company and the group as a whole.

#### **Basis of consolidation**

The consolidated financial statements incorporate the results of AquaVenture (BVI) Holdings Limited and all of its subsidiary undertakings as at 31 March 2018 using the acquisition method of accounting as required. When the acquisition method is used, the results of the subsidiary undertakings are included from date of acquisition.

The profit and loss account of the parent entity are not included, as permitted by Section 408 of the Companies Act 2006. For the year ended 31 March 2018, the result of the parent company was profit of \$2,982,030.

#### **Turnover**

Turnover comprises the value of services provided externally excluding rebates and discounts and is recognised at the point the service element is delivered.

Contract revenue is recognised as the fair value of the amounts received under the concession contract with the Government of the Virgin Islands.

#### **Investments**

Investments are stated at cost less amounts written off in respect of any impairment in value. Impairment reviews are performed by management when there are indications of impairment.

#### **Interest income and expense**

Interest income and expense is recognised in the statement of comprehensive income using the effective interest method.

# AquaVenture (BVI) Holdings Limited

## Notes forming part of the financial statements

### Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

### Financial assets

A financial asset is applied where a private finance initiative ("PFI") or concession contract is entered into which provides an unconditional contractual right to receive a specified or determinable amount of cash from a public body in return for the design and construction of a public sector asset and the operation and maintenance thereof for a specified period of time. Pursuant to Financial Reporting Standards, Reporting the Substance of Transactions ("FRS 5") such assets are not recognized as property, plant and equipment.

FRS 5 is applicable to PFI and concession arrangements comprising a public service obligation and satisfying the following criteria:

- The concession grantor specifies the level of service required over the period of the contract and is required to pay for the capacity of the asset regardless of the volume of output (take or pay arrangements).
- The term of the PFI contract is materially less than the useful economic life of the asset and the residual risk is borne by the concession grantor.

Where funds received for financial assets can be separately identified and the funder has no recourse to the other assets of the Group, a linked presentation is adopted.

Where construction is undertaken for a PFI contract, where the non-recourse lender has advanced funds equal to the market value of the works undertaken to the Company, profits on construction are taken as they arise through the profit and loss account.

Finance costs directly attributable to the acquisition of qualifying assets, are capitalised and added to the cost of those assets.

## 2 Judgements in applying accounting policies and key sources of estimation uncertainty

### *Financial Assets*

In preparing these financial statements, the directors have made judgements related to the fair value of the group's financial asset. Factors taken into consideration in reaching such a decision include the financial condition of the group's customer and related guarantees securing the group's investment, the expected future demand for water by the customer, and the ability of the group to produce water at contractual levels.

### *Other key sources of estimation uncertainty*

The group's financial asset is recorded at fair value using a discounted cash flow model which utilizes unobservable inputs such as forecasted revenues and operating and maintenance costs, which are both based on water production estimates and expected contractual revenue adjustments for changes in the consumer price index or LIBOR, and an imputed discount rate of 7.6%. The group also analyzed the collectability of the financial asset based on the financial condition of the customer and any contractual guarantees in place related to the repayment of the financial asset.

# AquaVenture (BVI) Holdings Limited

## Notes forming part of the financial statements

### 3 Turnover

Turnover by class of business.

	2018 \$	2017 \$
Operating and Maintenance revenue	<b>4,346,315</b>	3,881,602

Turnover by origin and destination arose in the following geographical area.

	2018 \$	2017 \$
The Caribbean	<b>4,346,315</b>	3,881,602

There is only one operating segment to the business which is the Caribbean. Therefore, no segmentation of the performance has been completed.

### 4 Operating profit represents

	2018 \$	2017 \$
Turnover	<b>4,346,315</b>	3,881,602
Sub-contractors	<b>(3,915,599)</b>	(3,496,940)
Fees payable to the company's auditor for audit services	<b>(17,264)</b>	(15,587)
Fees payable to the company's auditor for non-audit services	-	(4,584)
Fees payable to legal counsel and registered agent	<b>(330,811)</b>	(42,582)
Exchange differences	<b>(1,207)</b>	(469)
Other external charges	<b>(4,494)</b>	(3,140)
	<b>76,940</b>	318,300

The company has no employees and the directors receive no remuneration from this group. The directors are paid by another group company.

Fees payable to the company's auditor for current year audit was \$20,000. Fees payable to the company's auditor for the previous year audit was \$23,000.



# AquaVenture (BVI) Holdings Limited

## Notes forming part of the financial statements

### 5 Net interest receivable

	2018 \$	2017 \$
Interest receivable relating to finance asset	5,294,600	5,357,770
Interest payable on bank loan	(1,293,078)	(1,453,551)
	<b>4,001,522</b>	<b>3,904,219</b>

### 6 Interest Paid

	2018 \$	2017 \$
Interest payable on prior year accrual	-	1,673
Interest payable on bank loan (note 5)	1,293,078	1,453,551
Less: Interest accrual (note 11)	(6,386)	-
Total interest paid	<b>1,286,692</b>	<b>1,455,224</b>

### 7 Dividends paid

The Group paid a net dividend of \$2,995,408 to AquaVenture Water Corporation during the year ended 31 March 2018. The subsidiary undertaking issued a \$3,000,000 dividend to the Company and the Company then released the amount to AquaVenture Water Corporation. \$4,592 remained owed to the Company from AquaVenture Water Corporation ensuring the Company had sufficient reserves at the time the dividend was paid.

### 8 Financial asset

	Total \$
<b>Gross financial asset</b>	
Balance at 1 April 2017	70,801,242
Fair Value Adjustment	(1,137,623)
Receipts	(3,037,344)
<b>Balance at 31 March 2018</b>	<b>66,626,275</b>

The Company has engaged on the construction and operation and maintenance of water treatment facilities in the BVI under a water purchase agreement dated 28 February 2010 between the Government of the Virgin Islands and the Company. There were no finance costs incurred or capitalized during the year ended 31 March 2018 since construction was completed in November 2014.

On 4 August 2017, Seven Seas Water (BVI) Limited entered into an amended water purchase agreement, effective 1 January 2017 to amend certain contractual provisions related to the calculation of the water rate and the overall cash payment profile in exchange for other actions between itself and the Government of the Virgin Islands. All other terms of the original water purchase agreement remained unchanged. The amended resulted in a fair value adjustment of the financial asset during the year ended 31 March 2018.

# AquaVenture (BVI) Holdings Limited

## Notes forming part of the financial statements

### 9 Investments in group undertakings

	2018 \$	2017 \$
Investments in group undertakings at cost	15,288,391	15,288,391

See note 15 for further discussion on wholly owned subsidiary.

### 10 Debtors: due within one year

Group	2018 \$	2017 \$
Trade debtors	2,578,065	247,458
Amount owed from related parties	90,463	86,588
Prepayments	2,617	2,553
	2,671,145	336,599

Company	2018 \$	2017 \$
Trade debtors	2	2
Amount owed from related parties	90,463	86,588
Prepayments	239	228
	90,704	86,818

### 11 Creditors: amounts falling due within one year

Group	2017 \$	2017 \$
Amount owed to related parties	653,178	495,016
Interest accruals	6,386	-
Other accruals	39,852	25,526
Other creditors	43,379	381,786
	742,795	902,328

# AquaVenture (BVI) Holdings Limited

## Notes forming part of the financial statements

### 11 Creditors: amounts falling due within one year (continued)

Company	2018 \$	2017 \$
Accruals	39,850	23,000
Amount owed to related parties	56,474	56,060
	<b>96,324</b>	<b>79,060</b>

Amounts due to creditors are interest free and payable on demand. See note 14 for further discussion on amounts owed to related parties.

Outstanding at 31 March 2017, for the group, was a payable of \$196,650 which was being held for payment to Biwater International Limited until certain conditions of the original water sales agreement were satisfied. During March 2018, the amount was transferred to AquaVenture Water Corporation and subsequently released to Biwater International Limited in June 2018.

### 12 Creditors: amounts falling due after one year

Non-recourse funds	Total \$
Balance at 1 April 2017	(29,908,907)
Payments	5,410,302
Balance at 31 March 2018	<b>(24,498,605)</b>

The Company agreed to a non-recourse credit facility with Barclays Bank to finance the British Virgin Islands construction project with an initial drawdown of \$22,000,000 in November 2013. The credit facility is secured by all assets and equity of the Company with recourse to the Government of the BVI in the event of non-repayment. The maximum draw down of the facility is \$43,000,000. On 21 July 2016, the Company drew down \$675,000 on the non-recourse credit facility. The Company elected to not draw upon the remaining \$162,000.

On 4 August 2017, Seven Seas Water (BVI) Limited amended the existing non-recourse credit facility to extend the tenure through to May 2022 and reduce the spread applied to the LIBOR base rate used in the calculation of interest by 50 basis points to LIBOR plus 3.0% per annum. The United Kingdom Export Finance also extended its participation in the project to match the extended term of the amended non-recourse credit facility. All other terms of the original non-recourse credit facility remained unchanged.

Maturity of Non-recourse funds	Total \$
In one year or less, or on demand	(5,397,390)
In more than one year but not more than two years	(5,726,556)
In more than two years but not more than five years	(13,374,659)
In more than five years	-
Total	<b>(24,498,605)</b>

# AquaVenture (BVI) Holdings Limited

## Notes forming part of the financial statements

### 13 Called up share capital

	2018 \$	2017 \$
Allotted 1,620 (2017:1,620) shares	2,593	2,593

Note that the above table and following paragraph relate both to the consolidated group and the Company as these amounts will not differ between the two.

The Company notes that the number of shares issued since 5 June 2015 was 1,620. This was incorrectly disclosed in the prior period as 1,120. However, no additional shares have been issued since 5 June 2015.

### 14 Related party transactions

The Company has contracted with related parties for the operating and maintenance portion of the water sales agreement. The agreements were conducted at an arm's length basis on normal trading terms. The services performed by AquaVenture Water Corporation amounted to \$3,915,599 for the year ended 31 March 2018 of which \$360,764 was outstanding at 31 March 2018.

The Group had \$185,615 due to AquaVenture Water Corporation and \$16,313 due from AquaVenture Water Corporation related to miscellaneous operating expenses paid on behalf of each other. The Group also had \$125,794 due from a related party, AquaVenture Holdings Limited, for miscellaneous operating expenses paid on their behalf.

There was a net dividend of \$2,995,408 paid to AquaVenture Water Corporation during the year ended 31 March 2018. The subsidiary undertaking issued a \$3,000,000 dividend to the Company and the Company then released the amount to AquaVenture Water Corporation. \$4,592 remained owed to the Company from AquaVenture Water Corporation ensuring the Company had sufficient reserves at the time the dividend was paid. There was a net dividend of \$1,611,447 paid to AquaVenture Water Corporation during the year ended 31 March 2017. The subsidiary undertaking issued a \$1,700,000 dividend to the Company and the Company then released the amount to AquaVenture Water Corporation. \$88,553 remained owed to the Company from AquaVenture Water Corporation ensuring the Company had sufficient reserves at the time the dividend was paid. Both of the amounts owed to the Company remained outstanding at 31 March 2018.

### 15 Subsidiary undertaking

The only subsidiary undertaking is as follows:

Subsidiary undertaking	Country of incorporation	Proportion of voting rights and ordinary share capital held	Registered Office
Seven Seas Water (BVI) Limited	British Virgin Islands	100%	c/o Conyers Corporate Services (B.V.I.) Limited Commerce House, Wickhams Cay 1 P.O. Box 3140 Road Town British Virgin Islands VG11110

The accounts of the subsidiary undertaking are included within the consolidated results of the Company herein and are exempt under Section 479A of the Companies Act 2006.

# AquaVenture (BVI) Holdings Limited

## Notes forming part of the financial statements

### 16 Subsequent events

The Company has evaluated subsequent events through December 2017, the date the financial statements were approved by the board of directors and authorised for issuance. The subsequent events include the following:

- In July 2018, the Group paid a net dividend of \$1,965,000 to AquaVenture Water Corporation. The subsidiary undertaking issued a \$2,000,000 dividend to the Company and the Company then released the amount to AquaVenture Water Corporation. \$35,000 remained owed to the Company from AquaVenture Water Corporation ensuring the Company had sufficient reserves at the time the dividend was paid.
- In October 2018, the Group paid a net dividend of \$700,000 to AquaVenture Water Corporation. The subsidiary undertaking issued a \$700,000 dividend to the Company and the Company then released the amount to AquaVenture Water Corporation. The Company had sufficient reserves at the time the dividend was paid.

### 17 Ultimate parent undertaking

On 11 June 2015, AquaVenture Water Corporation became the ultimate parent undertaking. The accounts of AquaVenture Water Corporation are consolidated under its parent undertaking, AquaVenture Holdings Limited. AquaVenture Holdings Limited accounts are filed in accordance with U.S. GAAP with the Securities and Exchange Commission. No other group accounts include the results of the Company.