Registered number: 07238703

AEE Renewables UK 3 Limited

Report And Financial Statements

30 April 2018

Rees Pollock
Chartered Accountants

COMPANY INFORMATION

Directors	B Aydinoglu B Guest
Registered number	07238703
Registered office	Octagon Point 5 Cheapside London EC2V 6AA
Independent auditors	Rees Pollock 35 New Bridge Street London EC4V 6BW

DIRECTORS' REPORT
For the Year Ended 30 April 2018

The directors present their report and the financial statements for the year ended 30 April 2018.

Principal activity

The principal activity of the company during the year was that of constructing and operation of a solar farm.

Results

The profit for the year, after taxation, amounted to £458,834 *(2017 - £598,474)*.

Directors

The directors who served during the year were:

B Aydinoglu
B Guest

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

Disclosure of information to auditors

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

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

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 30 April 2018

Auditors

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

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

This report was approved by the board on 13 December 2018 and signed on its behalf.

B Aydinoglu
Director

Rees Pollock

Rees Pollock
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AEE RENEWABLES UK 3 LIMITED

Opinion

We have audited the financial statements of AEE Renewables UK 3 Limited (the 'Company') for the year ended 30 April 2018, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes, 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 Company's affairs as at 30 April 2018 and of its 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 the 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.

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 Auditors' 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.

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AEE RENEWABLES UK 3 LIMITED (CONTINUED)

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors
As explained more fully in the Directors' responsibilities statement on page 1, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report
This report is made solely to the 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 Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Catherine Kimberlin (Senior Statutory Auditor)
for and on behalf of
Rees Pollock
Date: 17/12/18

STATEMENT OF INCOME AND RETAINED EARNINGS
For the Year Ended 30 April 2018

	Note	2018 £	*2017 £*
Turnover	4	**1,734,135**	*1,882,829*
Administrative expenses		**(696,036)**	*(679,782)*
Operating profit		**1,038,099**	*1,203,047*
Interest payable and expenses		**(471,436)**	*(482,032)*
Profit before tax		**566,663**	*721,015*
Tax on profit		**(107,829)**	*(122,541)*
Profit after tax		**458,834**	*598,474*
Retained earnings at the beginning of the year		**1,338,061**	*739,587*
Profit for the year		**458,834**	*598,474*
Retained earnings at the end of the year		**1,796,895**	*1,338,061*

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of income and retained earnings.

The notes on pages 7 to 13 form part of these financial statements.

BALANCE SHEET
As at 30 April 2018

	Note		2018 £		2017 £
Fixed assets					
Tangible fixed assets			**7,530,366**		*7,945,212*
			7,530,366		*7,945,212*
Current assets					
Debtors: amounts falling due within one year	6	**655,941**		*652,755*	
Cash at bank and in hand		**2,673,551**		*2,180,389*	
		3,329,492		*2,833,144*	
Creditors: amounts falling due within one year	7	**(8,090,343)**		*(8,575,504)*	
Net current liabilities			**(4,760,851)**		*(5,742,360)*
Total assets less current liabilities			**2,769,515**		*2,202,852*
Provisions for liabilities					
Deferred tax	8	**(522,520)**		*(414,691)*	
			(522,520)		*(414,691)*
Net assets			**2,246,995**		*1,788,161*
Capital and reserves					
Called up share capital	9		**850**		*850*
Share premium account			**449,250**		*449,250*
Profit and loss account			**1,796,895**		*1,338,061*
			2,246,995		*1,788,161*

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
13 December 2018

B Aydinoglu
Director

The notes on pages 7 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 April 2018

1. General information

AEE Renewables UK 3 Limited is a UK Limited company incorporated on 29 April 2010.

The registered address of the company is Octagon Point, 5 Cheapside, London EC2V 6AA.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

Forecasts have been prepared that show the company is able to operate for at least 12 months from the balance sheet date. Accordingly, the directors consider it appropriate to prepare the financial statements on a going concern basis.

2.3 Cash flow

The Company, being a qualifying entity according to Section 1 of FRS 102, is exempt from the requirement to draw up a cash flow statement.

2.4 Turnover

Turnover comprises revenue recognised by the company in respect of electricity generated during the year, exclusive of Value Added Tax.

2.5 Tangible fixed assets

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

Plant & machinery	- 25 years straight line
Fixtures & fittings	- 10 year straight line

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 April 2018

2. Accounting policies (continued)

2.7 Financial instruments

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Other financial assets, including investments in equity instruments of entities which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is nominally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the profit and loss account.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the associated contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

2.8 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income and retained earnings within 'other operating income'.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

An effective interest rate is charged on the loan from Lunar 1 Limited, the immediate parent undertaking. The effective interest rate is derived from management workings based on estimates of the future RPI for the remaining life of the loan (see note 7). The effective interest rate is regularly reviewed by management.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 April 2018

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

5. Tangible fixed assets

	Plant & machinery £	Fixtures & fittings £	Total £
COST			
At 1 May 2017	**10,182,857**	**22,940**	**10,205,797**
Additions	**25,750**	**-**	**25,750**
Disposals	**(30,000)**	**-**	**(30,000)**
At 30 April 2018	**10,178,607**	**22,940**	**10,201,547**
Depreciation			
At 1 May 2017	**2,253,707**	**6,878**	**2,260,585**
Charge for the year on owned assets	**408,471**	**2,292**	**410,763**
Disposals	**(167)**	**-**	**(167)**
At 30 April 2018	**2,662,011**	**9,170**	**2,671,181**
Net book value			
At 30 April 2018	**7,516,596**	**13,770**	**7,530,366**
At 30 April 2017	*7,929,150*	*16,062*	*7,945,212*

6. Debtors

	2018 £	*2017 £*
Trade debtors	**1,886**	*27,408*
Other debtors	**173,307**	*72,865*
Prepayments and accrued income	**480,748**	*552,482*
	655,941	*652,755*

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 April 2018

7. Creditors: Amounts falling due within one year

	2018 £	2017 £
Amounts due to parent undertaking	**5,142,842**	*5,927,322*
Other loans	**1,799,600**	*1,799,600*
Trade creditors	**111,889**	*35,054*
Amounts owed to group undertakings	**484,949**	*400,137*
Other creditors	**472,832**	*335,696*
Accruals and deferred income	**78,231**	*77,695*
	8,090,343	*8,575,504*

Loan from parent

A loan of £5,142,842 (2017: £5,927,322) is due to Lunar 1 Limited, the immediate parent undertaking. Interest is charged on this loan based on calculating an estimated effective interest rate over the term of the loan. Interest was charged at 5.47% per annum to 2 June 2017 and 6.14% to 30 April 2018. The change followed a revision to the effective interest rate calculation, the current estimation for the rate over the full term of the loan being 5.92%.

The interest charged on this loan during the year was £327,862 (2017: £338,064). The accrued interest balance outstanding at the year end is £127,118 (2017: £132,355) and is included within 'Other creditors'. The loan has no set repayment date.

Other loans

Other loans of £1,799,600 (2017: £1,799,600) are due to the previous shareholders of the company. Interest accrues at 8% per annum on these loans, interest of £143,574 (2017: £143,968) has been charged on these loans during the year. Accrued interest £345,314 (2017: £201,740) is recognised at the year end and included in 'Other creditors'.

This loan is secured at all times by a debenture containing fixed and floating charges over all the company's assets and undertaking.

The repayment terms are as follows:

The loan may be repaid at any time after 5 years and 1 day, but no later than 20 years after 26 July 2011 (the date the loan was drawn). At any time after 5 years and 1 day after the loan is drawn the lender may, without having to provide a reason, require immediate repayment of all or any part of the loan and all or any accrued interest.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 April 2018

8. Deferred taxation

	2018 £
At beginning of year	(414,691)
Charged to profit or loss	(107,829)
At end of year	**(522,520)**

The provision for deferred taxation is made up as follows:

	2018 £	*2017 £*
Accelerated capital allowances	(922,990)	*(903,021)*
Tax losses carried forward	400,470	*488,330*
	(522,520)	*(414,691)*

9. Share capital

	2018 £	*2017 £*
Allotted, called up and fully paid		
850 *(2017 - 850)* Ordinary shares of £1.00 each	850	*850*

10. Commitments under operating leases

At 30 April 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	*2017 £*
Not later than 1 year	89,267	*107,340*
Later than 1 year and not later than 5 years	321,068	*309,360*
Later than 5 years	1,466,797	*1,490,648*
	1,877,132	*1,907,348*

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 April 2018

11. Controlling party

Lunar 1 Limited, a company incorporated in England and Wales, was the immediate parent undertaking throughout the year.

In the opinion of the directors there is no ultimate controlling party.