CLEVE HILL SOLAR PARK

FUNDING STATEMENT

November 2018
Revision A

Document Reference: 4.2
APFP Regulation: 5(2)(h)

www.clevehillsolar.com

CLEVE HILL
SOLAR PARK

CONTENTS

APPENDIX

1. INTRODUCTION

Overview

1.1. This Funding Statement has been prepared on behalf of Cleve Hill Solar Park Limited ('CHSPL'). It forms part of the application (the 'Application') for a Development Consent Order (a 'DCO'), that has been submitted to the Secretary of State (the 'SoS') for Business, Energy and Industrial Strategy, under section 37 of 'The Planning Act 2008' (the 'PA 2008').

1.2. CHSPL is seeking development consent for the construction, operation and maintenance of a new solar photovoltaic electricity generating station with a gross output capacity of over 50 megawatts ('MW'), an energy storage facility with a capacity of over 50 MW, and electrical connections, a habitat mitigation area, works to the site's sea defence and other Associated Development (the 'Project' or 'Proposed Development') on land approximately 2 km (1 mile) to the northeast of Faversham, and 5 km (3 miles) west of Whitstable on the north Kent coast.

1.3. A DCO is required for the Proposed Development as it falls within the definition and thresholds for a Nationally Significant Infrastructure Project (an 'NSIP') under sections 14 and 15(2) of the PA 2008.

1.4. The DCO, if made by the SoS, would be known as the Cleve Hill Solar Park Order (the 'Order').

The Proposed Development

1.5. The main components of the Proposed Development are summarised below:

1.5.1. A solar electricity generating station with a gross output capacity of over 50 MW (Work No. 1);

1.5.2. An energy storage facility with a gross storage capacity of over 50 MW, or an extension to the solar electricity generating station (Work No. 2);

1.5.3. A substation, flood protection bund, with a network of cables and cable circuits connecting to Work Nos 1 and 2 (Work No.3);

1.5.4. Works to lay cables connecting Work no. 2 and the existing National Grid substation and works to create and maintain means of access with the existing access road in Work No.6 (Work No. 4);

1.5.5. Works to lay cables connecting Work No. 3 and the existing substation and works to create and maintain means of access connecting the existing access road in Work No. 7;

1.5.6. Works to create and maintain a means of access connecting Work Nos 1 and 3 with the existing access road in Work No. 6 (Work No.6);

1.5.7. Works to maintain the existing access road (Work No.7);

1.5.8. Works to create and maintain a habitat management area, comprising earth works, means of access, drainage etc. (Work No.8); and

1.5.9. Works to maintain the existing flood defence, comprising inspection, investigation, replacement of joint material, etc. (Work No.9);

1.6. The 'Associated Development', for the purposes of section 115 of the PA 2008 comprises Work Nos. 3 to 9 of the Proposed Development.

1.7. A more detailed description of the Proposed Development is provided at Schedule 1 'Authorised Development' of the draft DCO and Chapter 5 Development Description of the ES Volume I (Application Document Ref. 6.1.5) and the areas within which each of the main components of the Proposed Development are to be built is shown by the coloured and hatched areas on the Works Plans (Application Document Ref. 2.2).

The Purpose and Structure of this Document

1.8. This Statement has been produced pursuant to Regulation 5(2)(h) of the APFP Regulations and the Department of Communities and Local Government guidance, 'Planning Act 2008: Guidance related to procedures for the compulsory acquisition of land' (September 2013) (the 'Guidance').

1.9. This Statement is required because the development consent order sought for the Project would authorise the compulsory acquisition of land or interests in land. This gives rise to the requirement under Regulation 5(2)(h) of the APFP Regulations for the applicant to provide a statement indicating how the Order containing these powers is proposed to be funded.

1.10. This Statement is one of a number of documents accompanying the Application and submitted to the Secretary of State, and should be read in conjunction with those documents. In particular, this document supplements the Statement of Reasons (Application Document Ref. 4.1).

2. CAPITAL FUNDING

Corporate Structure and Assets

2.1. CHSPL (Company Number 08904850) is the applicant for the Order pursuant to the APFP Regulations. CHSPL is registered in England and Wales. CHSPL is a joint venture formed by two solar industry specialists: Hive Energy Ltd and Wirsol Energy Ltd. Both companies have an extensive background in the development of solar energy parks in the UK and abroad.

2.2. CHSPL is part owned by Hive Energy Ltd ('Hive') via Hive Cleve Hill LLP, a subsidiary of Hive. Founded in 2010 by Giles Redpath, Hive Energy has become established as one of the largest and most experienced solar PV developers in the UK, responsible for the installation of in excess of 300 MW of solar PV generating capacity across the country.

2.3. Hive developed the Southwick Estate Solar Farm in Hampshire, energised in March 2015, and at the time the largest solar park in the UK with an installed capacity of 48 MW. Hive is now commencing the roll out of a pipeline of subsidy-free solar parks in the UK.

2.4. Building on it's UK experience, Hive has opened a number of overseas offices and is currently developing a pipeline of international projects across Europe, South America, Africa and Asia, including an operational site in Turkey and a 58 MW solar park in Cuba about to commence construction.

2.5. Hive is committed to using the knowledge and expertise gained in the UK to develop large-scale, low-cost solar, across the world.

2.6. The other shareholder of CHSPL is Wirsol Energy Limited ('Wirsol'). Wirsol is the UK component of the Wirsol Group of companies. Wirsol is a highly experienced solar park developer, constructor and operator across the UK and Australia. Wirsol has built and operates 24 solar parks (totalling 159 MW of generation capacity) across the UK, and 5 solar parks across Australia (totalling 397 MW of generation capacity). Wirsol has a current pipeline in the UK of 150 MW of solar schemes, and 577 MW in Australia. For the year ending 31 December 2017, Wirsol's accounts reported an annual turnover of over £50 million.

2.7. Wirsol is a brand of the energy service provider WIRCON GmbH, which is the majority shareholder of Wirsol. WIRCON is based in Germany, and as of 2016 had an annual turnover of over €150 million. WIRCON's majority shareholder is Dietmar Hopp, a German software entrepreneur.

2.8. The audited accounts for Wirsol are attached at **Appendix 1**.

Project Cost

2.9. The current cost estimate for the Project is approximately £450m. This cost estimate includes construction costs, preparation costs, supervision costs and land acquisition costs (including compensation payable in respect of any compulsory acquisition) of approximately £50m. This includes all aspects for the project including land acquisition, equipment purchase, construction, installation, commissioning and connection to fuel supply and power export.

2.10. This is an estimate of the anticipated outturn cost and therefore includes an allowance for inflation.

Project Funding

2.11. Through its two parent companies CHSPL has the ability to procure the financial resources necessary to fund the works to be authorised by the Order.

2.12. Project development costs incurred prior to the commencement of construction will be funded from the cash reserves of CHSPL, with additional support from Hive and Wirsol if required. Construction costs may also be funded from a combination of equity and debt finance, with the exact combination dependent upon market conditions at the date construction commences.

2.13. CHSPL will work with a variety of financial institutions and advisors on projects both within the UK and Europe and have extensive experience of financing major capital projects.

2.14. These funds will meet the capital expenditure for the cost of the Project, the cost of acquiring land or obtaining necessary rights for the Project (as identified in the draft Development Consent Order (Document Ref. 3.1) and whether compulsorily or otherwise), and any compensation payable as a result of the Project and in accordance with the Order.

2.15. A Final Investment Decision on the Project will be taken by CHSPL, once development consent is granted.

2.16. CHSPL has assessed and taken expert advice on the commercial viability of the Project and are confident that the Project will be commercially viable and can therefore be funded if development consent is granted.

2.17. CHSPL has already committed significant resources to date and is seeking to develop the Project to meet the Government's recognised and urgent need for new electricity generating capacity.

2.18. It is clear that CHSPL will have access to sufficient funding, to carry out the Project.

3. FUNDING FOR LAND ACQUISITION AND BLIGHT

3.1. The current cost estimate (see paragraph 2.5 above) includes an amount to cover the total cost of the payment of compensation for the compulsory acquisition included in the Order and required for the Project.

3.2. Should any claims for blight arise as a consequence of the Application, CHSPL has sufficient funds to meet the cost of acquiring these interests at whatever stage they are served. However, CHSPL has not identified any interests in the Order land who it considers could be eligible to serve a blight notice.

Appendix 1: Audited Accounts (Wirsol Energy Ltd)

Registered number: 08989005

Wirsol Energy Limited

Annual report and financial statements

For the Year Ended 31 December 2017

Wirsol Energy Limited

Company Information

Directors	Mr M Hogan Mr M Wirth Mr K P Vest
Registered number	08989005
Registered office	Unit 5E Park Farm Chichester Road Arundel West Sussex BN18 0AG
Independent auditors	Kreston Reeves LLP Statutory Auditor & Chartered Accountants 37 St Margaret's Street Canterbury Kent CT1 2TU
Bankers	National Westminster Bank PLC 27 South Street Worthing West Sussex BN11 3AR

Wirsol Energy Limited

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Wirsol Energy Limited

Strategic report
For the Year Ended 31 December 2017

Introduction

The directors of Wirsol Energy Limited ("WEL") are satisfied with the results for the period ending 31 December 2017 showing good levels of operating income and cash generated in what has been a challenging year.

Business review

During 2017 WEL were able to deliver value through the acquisition of consented green field solar projects from developers it had transacted with during the prior three years of trading. WEL's ability to successfully transact and build the projects through to successful grid connection was a key factor in building the portfolio of projects offered, we ultimately consolidated our acquisition of projects to partners with whom we had prior experience as that provided greater certainty as we approached the end of the Renewable Obligation ("RO") regime, ending 31st March 2017.

Following on from prior project debt structuring, WEL completed a second round of non-recourse debt across a further set of projects, once again with renewable sector investment bank Bayerische Landesbank with a view to building out the projects and selling to a long-term investment bank from within the Wircon GmbH group. WEL subsequently sold the solar parks to Wircon GmbH who in turn ultimately concluded a sale to a UK investment capital group mid-2017.

Given the ending of the UK RO scheme, WEL had already taken the strategic decision to enter the Australian solar market. This decision has proven to be highly successful, during 2017 we completed several milestones: -

- WEL set up Wirsol Energy PTY Ltd. ("WEL PTY") as a wholly own subsidiary of WEL
- WEL PTY are structured as a management, service and developer of projects in Australia
- WEL PTY invested and funded a newly formed company called Renew Estates PTY Ltd. and hold 30% equity. At year end Renew Estates has 577MWp of projects in development with the call option to acquire said projects belonging to the Wircon group.
- Wircon GmbH acquired and funded 3 solar projects totalling 198MWp with long-term non-recourse debt with both contracted and non-contracted energy off-takers (Whitsunday 69MWp located in Queensland / Hamilton 69MWp located in Queensland / Gannawarra 60MWp located in Victoria)
- Wircon GmbH acquired and funded a further 2 solar projects totalling 199MWp with long-term non-recourse debt on a fully merchant non-contracted energy off-taker basis (Clermont 89MWp located in Queensland / Wemen 110MWp located in Victoria)
- WEL PTY acquired the land rights and signed a long-term lease for the acquisition of the land used for the Clermont Solar Park, totalling 967 acres.

The Financial Plan for 2018 was submitted within the group with the primary focus on four key areas: -

1. The ongoing acquisition, funding, build and sale of the UK solar parks on a non-subsidised basis (post RO scheme)
2. Establishing an operation and maintenance team to support the constructed solar parks which are under contract to WEL
3. Co-invest in the Cleve Hill Solar Park where we have a 50% ownership aside Hive Energy Ltd. Upon successful adjudication of planning (expected mid-late 2019) Cleve Hill will be the largest solar park in the UK and a project deemed of "National Significance"
4. The ongoing development and funding of the Renew Estate solar projects in Australia with a view to acquire and fund accordingly, providing management, operational and business support within the Wircon group

In all aspects, the business is highly focused and achieving the objectives, goals and ongoing profitability in line or above group expectations. WEL have continued to invest in the business through various project acquisitions, investment in people through training and additional staff and via capital expenditure requirements to support the ongoing business needs.

The directors recognise the importance of research into new geographical markets and technologies. It is not the intention of the directors to expand into geographical areas which have poor macroeconomics regardless of the perceived higher returns, hence the decision to follow Australia whilst keeping appraised of other emerging opportunities both geographically and via complimentary technologies. Alternative technologies such as storage, co-location of data mining remain on the companies' radar but as of now there are no immediate plans to enter these markets on a stand-alone basis, the company intends to remain a follower in terms of technology deployment rather than lead, thus reducing risk.

Principal risks and uncertainties

The management team continues to develop and improve its core competencies across the various functions with our aim to lead the business forward in our pursuit of excellence across all areas of the business.

Internal change and improvements by way of investment and operational changes is ongoing in several key areas including:

1. Communication - all employees continue to be regularly briefed to ensure Health and Safety procedures are communicated, understood and implemented together with open involvement and participation in the business's performance. This includes updates from the ultimate parent company.

2. Significant new capital investment has been approved by the board for 2018. This investment will see the purchase of several new sites across the UK, the continued investment in Cleve Hill. WEL PTY will continue to invest in Renew Estates and wherever possible, WEL PTY will acquire the land rights for projects where the value is both accretive in terms of fiscal return and of strategic value to a specific project.

3. Strengthening and development of the inter group co-operation across all relevant departments which we see as essential for growth potential on a global basis

Industry Competition

The company manages competitive threats to its business by maintaining a strong ongoing relationship with landowners and project developers focusing on building parks which are synonymous with quality in the supply of electricity from solar power.

Raw material price variance

The company is subject to fluctuation in raw material prices from time to time. Through supplier relationships and strategic purchasing these fluctuations are effectively managed.

Foreign exchange and treasury policy

The company has significant purchases outside the UK in foreign currency and as such is exposed to movements in exchange rates on the payment of a proportion of the payables.

The Groups finance treasury function reviews on an ongoing basis the requirement to maintain and hold specific foreign exchange currency cash balances and contracts to protect future cash flows from the impact of potentially volatile exchange rate movements.

Environmental matters

The company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The company has complied with all legislation and regulations.

Employee involvement

The company's policy with respect to employees is as follows: -

1. The development of employee involvement and communication policies which are appropriate to their particular needs and are in line with accepted practices in its country of operation.

2. Ensuring that no employee or potential employee receives less favourable treatment on the grounds of sex, marital status, colour, race, sexual orientation, nationality, religious beliefs or disability.

3. Selection and promotion being based on suitability of an individual's skills, aptitude and experience for the job.

4. Fully and fairly considering applications for employment from disabled persons having regard to the aptitudes and abilities of the applicant. In the event of the disability, every effort is made to ensure that suitable training for employment with the company or elsewhere is given.

The company takes its responsibilities to employees, customers and the environment seriously. The company maintains its own health, safety and environmental policies and to implement good working practices and procedures to ensure that's its operations and products comply with the appropriate law, regulations and standards.

Financial key performance indicators

The business is measured with Key Performance Indicators on a monthly basis.

This report was approved by the board on 31st MAY 2018 and signed on its behalf.

[redacted]

Mr M Wirth
Director

Directors' report
For the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

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 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.

Results and dividends

The profit for the year, after taxation, amounted to £2,761,248 (2016 - £3,809,355).

After the year end, the directors declared a payment of dividend totalling £6,000,000.

Directors

The directors who served during the year were:

Mr M Hogan
Mr M Wirth
Mr K P Vest

Directors' report (continued)
For the Year Ended 31 December 2017

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.

This report was approved by the board on 31st MAY 2018 and signed on its behalf.

[redacted]

Mr M [redacted]
Director

Independent auditors' report to the shareholders of Wirsol Energy Limited

Opinion

We have audited the financial statements of Wirsol Energy Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity 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 31 December 2017 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.

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.

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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 4, 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.

Independent auditors' report to the shareholders of Wirsol Energy Limited (continued)

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.

Scott Miles FCCA (Senior statutory auditor)

for and on behalf of
Kreston Reeves LLP

Statutory Auditor
Chartered Accountants

Canterbury
Date:

Wirsol Energy Limited

Statement of comprehensive income
For the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover		**50,153,788**	83,797,650
Cost of sales		**(41,974,246)**	(77,148,876)
Gross profit		**8,179,542**	6,648,774
Administrative expenses		**(4,585,301)**	(1,313,710)
Other operating income	5	**10,754**	-
Operating profit	6	**3,604,995**	5,335,064
Interest payable and expenses	9	**(155,747)**	(570,285)
Profit before tax		**3,449,248**	4,764,779
Tax on profit	10	**(688,000)**	(955,424)
Profit for the year		**2,761,248**	3,809,355

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 12 to 25 form part of these financial statements.

Wirsol Energy Limited
Registered number: 08989005

Balance sheet
As at 31 December 2017

	Note		2017 £		2016 £
Fixed assets					
Tangible assets	11		**65,553**		92,636
Investments	12		**4,061**		4,000
			69,614		96,636
Current assets					
Stocks	13	**1,038,668**		7,901,921	
Debtors: amounts falling due after more than one year	14	**-**		23,291,548	
Debtors: amounts falling due within one year	14	**17,138,564**		20,508,849	
Current asset investments	15	**650,232**		14,382,137	
Cash at bank and in hand		**239,941**		596,614	
		19,067,405		66,681,069	
Creditors: amounts falling due within one year	16	**(10,967,796)**		(61,369,730)	
Net current assets			**8,099,609**		5,311,339
Total assets less current liabilities			**8,169,223**		5,407,975
Net assets			**8,169,223**		5,407,975
Capital and reserves					
Called up share capital	17		**100**		100
Profit and loss account	18		**8,169,123**		5,407,875
			8,169,223		5,407,975

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
31st MAY 2018

[redacted]

Mr [redacted]
Director
The notes on pages 12 to 25 form part of these financial statements.

Statement of changes in equity
For the Year Ended 31 December 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	100	1,598,520	1,598,620
Comprehensive income for the year			
Profit for the year	-	3,809,355	3,809,355
Total comprehensive income for the year	-	3,809,355	3,809,355
At 1 January 2017	100	5,407,875	5,407,975
Comprehensive income for the year			
Profit for the year	-	2,761,248	2,761,248
Total comprehensive income for the year	-	2,761,248	2,761,248
At 31 December 2017	100	8,169,123	8,169,223

The notes on pages 12 to 25 form part of these financial statements.

1. Company information

Wirsol Energy Limited is a limited liability company incorporated in England and Wales.

The company's registered office is Unit 5E, Park Farm, Chichester Road, Arundel, West Sussex, BN18 0AG.

The principal activity of the company is the development of renewable energy projects.

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 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 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Wircon GmbH as at 31 December 2017 and these financial statements may be obtained from Schwetzingerstr. 22-26, Waghausel, 68753, Germany. .

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following basis:

Plant & machinery	-	25% straight line
Motor vehicles	-	25% straight line
Office equipment	-	25% straight line
Software	-	25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the statement of comprehensive income.

2.5 Operating leases: the Company as lessee

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

2. Accounting policies (continued)

2.6 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.8 Stocks

Development sites are defined as those sites in respect of which construction and development have not been completed at the balance sheet date and are classified as work in progress within stocks until sold.

Developments are recognised at the point of legal exchange, and are stated at the lower of cost and net realisable value where cost consists of the purchase price of the land and direct expenditure incurred in developing the sites.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the

2. Accounting policies (continued)

2.11 Financial instruments (continued)

future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.14 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.

On a monthly basis 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 Profit and loss account 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 Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'other operating income'.

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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.

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

The progress of the contracts provided by the company have been estimated by management with reference to key milestones achieved. The related income, expenditure and profit are then released to the statement of comprehensive income dependent upon this progress.

There no other key sources of estimation uncertainty at 31 December 2017 which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

4. Turnover

The whole of the turnover is attributable to the development of renewable energy projects.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	**48,652,491**	83,797,650
Rest of the world	**1,501,297**	-
	50,153,788	83,797,650

5. Other operating income

	2017 £	2016 £
Insurance claims receivable	**10,754**	-
	10,754	-

6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	**26,890**	9,342
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**7,000**	7,000
Exchange differences	**(79,878)**	(1,138,480)
Operating lease rentals	**2,238**	1,719
Defined contribution pension cost	**41,739**	29,225

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	**1,075,811**	674,813
Social security costs	**134,007**	79,429
Cost of defined contribution scheme	**41,739**	29,225
	1,251,557	783,467

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Director	**3**	1
Administrative	**11**	10
	14	11

8. Directors' remuneration

During the year retirement benefits were accruing to 1 director (2016 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £452,066 (2016 - £200,000).

9. Interest payable and similar expenses

	2017 £	2016 £
Other loan interest payable	**11,654**	1,475
Loans from group undertakings	**144,093**	568,810
	155,747	570,285

10. Taxation

	2017	2016
	£	£
Corporation tax		
Current tax on profits for the year	**688,000**	956,676
Adjustments in respect of previous periods	**-**	(1,252)
	688,000	955,424
Total current tax	**688,000**	955,424

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.24% (2016 - 20.08%). The differences are explained below:

	2017	2016
	£	£
Profit on ordinary activities before tax	**3,449,248**	4,764,779
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.24% (2016 - 20.08%)	**663,635**	956,768
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**19,390**	12,956
Capital allowances for year in excess of depreciation	**4,880**	(13,642)
Adjustments to tax charge in respect of prior periods	**370**	(1,252)
Increase or decrease in pension fund prepayment leading to an increase (decrease) in tax	**(275)**	594
Total tax charge for the year	**688,000**	955,424

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Office equipment £	Other fixed assets £	Total £
Cost or valuation					
At 1 January 2017	**4,100**	**82,983**	**20,732**	**447**	**108,262**
Additions	**-**	**-**	**2,098**	**-**	**2,098**
Disposals	**-**	**(11,000)**	**-**	**-**	**(11,000)**
At 31 December 2017	**4,100**	**71,983**	**22,830**	**447**	**99,360**
Depreciation					
At 1 January 2017	**1,623**	**7,916**	**5,938**	**149**	**15,626**
Charge for the year on owned assets	**1,025**	**20,288**	**5,465**	**112**	**26,890**
Disposals	**-**	**(8,709)**	**-**	**-**	**(8,709)**
At 31 December 2017	**2,648**	**19,495**	**11,403**	**261**	**33,807**
Net book value					
At 31 December 2017	**1,452**	**52,488**	**11,427**	**186**	**65,553**
At 31 December 2016	2,477	75,067	14,794	298	92,636

12. Fixed asset investments

	Investments in subsidiary companies £	Other fixed asset investments £	Total £
Cost or valuation			
At 1 January 2017	-	4,000	4,000
Additions	61	-	61
At 31 December 2017	61	4,000	4,061
Net book value			
At 31 December 2017	61	4,000	4,061
At 31 December 2016	-	4,000	4,000

13. Stocks

	2017 £	2016 £
Capitalised project expenditure	1,038,668	7,901,921
	1,038,668	7,901,921

14. Debtors

	2017 £	2016 £
Due after more than one year		
Amounts owed by group undertakings	-	23,291,548
	-	23,291,548

	2017 £	2016 £
Due within one year		
Trade debtors	**14,803,615**	5,539
Amounts owed by group undertakings	**1,986,371**	9,946,795
Other debtors	**155,934**	53,693
Prepayments and accrued income	**131,287**	228,311
Amounts recoverable on long term contracts	**61,357**	10,274,511
	17,138,564	20,508,849

15. Current asset investments

	2017 £	2016 £
Investment in group undertakings	**650,232**	14,382,137
	650,232	14,382,137

During the year the company purchased the following subsidiaries in which it held 100% of the share capital:

1) WEL Solar Park 22 Limited
2) WEL Solar Park 24 Limited
3) WEL Solar Park 25 Limited

During the year end, the company sold 100% of the share capital of the following subsidiaries:

1) WEL Solar Park 12 Limited
2) WEL Solar Park 13 Limited
3) WEL Solar Park 14 Ltd
4) WEL Solar Park 15 Ltd
5) WEL Solar Park 16 Limited
6) WEL Solar Park 17 Limited
7) WEL Solar Park 18 Limited
8) WEL Solar Park 19 Limited
9) WEL Solar Park 20 Limited
10) WEL Solar Park 21 Limited

Following the year end, the company has acquired the entire share capital of the following companies:

1) WEL Solar Park 26 Limited
2) WEL Solar Park 27 Limited

16. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	**493,834**	10,766,362
Amounts owed to group undertakings	**7,788,309**	39,389,796
Amounts owed to joint ventures	**77,677**	-
Corporation tax	**691,862**	956,676
Other taxation and social security	**1,357,828**	3,557,665
Other creditors	**7,589**	-
Accruals and deferred income	**550,697**	6,699,231
	10,967,796	61,369,730

17. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	**100**	100

18. Reserves

Profit & loss account

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the company's shareholders.

19. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £41,739 (2016 - £29,225). Contributions totalling £1,529 (2016 - £2,957) were payable to the fund at the balance sheet date

20. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	**55,630**	48,644
Later than 1 year and not later than 5 years	**111,147**	101,923
Later than 5 years	**33,953**	52,473
	200,730	203,040

21. Transactions with directors

	2017 £	2016 £
Loan account with Mr M Hogan		
Balance brought forward	**40,267**	295,267
Additional advances	**169,000**	45,000
Interest charged	**(2,267)**	755
Repayments	**(60,066)**	(300,755)
Balance carried forward	**146,934**	40,267

Notes to the financial statements
For the Year Ended 31 December 2017

22. Post balance sheet events

Since the year end, the company has acquired the entire share capital of the following companies:

1) WEL Solar Park 26 Limited
2) WEL Solar Park 27 Limited

23. Controlling party

Wircon GmbH, incorporated in Germany, is the ultimate controlling party and immediate parent of the company by virtue of its majority shareholding.

CLEVE HILL
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