

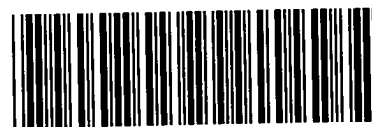
FORESIGHT SOLAR (UK HOLD CO) LIMITED

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2014**

COMPANY NUMBER: 08584284

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Foresight Solar (UK Hold Co) Limited

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Foresight Solar (UK Hold Co) Limited

Directors' report For the year ended 31 December 2014

The Directors of Foresight Solar (UK Hold Co) Limited (the "Company") present their report and Financial Statements for the year ended 31 December 2014.

Incorporation and Structure

Foresight Solar (UK Hold Co) Limited is a private limited company within the meaning of section 4(1) of the Companies Act 2006. The liability of the members is limited to the amount, if any, unpaid on the shares held by them. The Company was incorporated in England and Wales on 25 June 2013 with the company number 08584284 under the name "DMWSL 730 Limited". On 17 September 2013 the Company changed its name to Foresight Solar (UK Hold Co) Limited. The Company's registered office is c/o Foresight Group, The Shard, 32 London Bridge Street, London, SE1 9SG.

Activities and Results

The Company is a wholly owned subsidiary of Foresight Solar Fund Limited (the "Fund") which is a London Stock Exchange listed renewable infrastructure company incorporated in Jersey under the Companies (Jersey) Law 1991, as amended, on 13 August 2013, with registered number 113721. The Company was established as a vehicle through which the Fund makes its investments.

The Company invests in a portfolio of ground based, operational solar power plants predominantly in the UK via holding companies.

Going Concern

The Directors have considered the Company's cash flow projections for a period of no less than twelve months from the date of approval of these Financial Statements together with the Company's borrowing facilities. These projections show that the Company will be able to meet its liabilities as they fall due.

The Directors have therefore prepared the Financial Statements under the going concern basis.

Dividends

The Directors of the Company do not recommend the payment of a dividend for the year (period 25 June 2013 to 31 December 2013: £nil).

Directors

The Directors of the Company who held office during the year, and subsequently, were:

- Jamie Richards
- Richard Thompson

The Directors in office at the end of the year had no interests in the share capital of the Company at any time during the year.

Secretary

The Secretary of the Company who held office during the year, and subsequently, was Foresight Fund Managers Limited.



Jamie Richards
Director
30 September 2015

Foresight Solar (UK Hold Co) Limited

Statement of Directors' Responsibilities For the year ended 31 December 2014

The Directors are responsible for preparing the Financial Statements in accordance with applicable law and regulations.

The Companies Act 2006 ("company law") requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union "EU".

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable IFRS 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 company law. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Annual Report gives a true and fair view of the development and performance of the business and the position of the Company together with a description of the principal risk and uncertainties that the Company faces; and
- the Report and Financial Statements, taken as a whole, are fair, balanced, and understandable and provide the necessary information for the shareholders to assess the Company's performance, business model and strategy.

Foresight Solar (UK Hold Co) Limited

Statement of Comprehensive Income For the year ended 31 December 2014

	Notes	Year ended 31 December 2014 £	Period 25 June 2013 to 31 December 2013 £
Continuing operations			
Revenue			
Interest revenue	4	6,299,834	420,742
Gains on investments at fair value through profit or loss	13	6,353,929	-
Total revenue		12,653,763	420,742
Expenditure			
Finance costs	5	(2,473,614)	-
Accountancy fees		(10,600)	(5,000)
Interest on loan notes	12	(8,343,640)	(596,250)
Interest on shareholder loan	11	(97,148)	-
Other expenses	6	(10,889)	-
Total expenditure		(10,935,891)	(601,250)
Profit/(loss) before tax for the year/period		1,717,872	(180,508)
Taxation	7	-	-
Profit/(expense) and total comprehensive income/(expense) for the year/period		1,717,872	(180,508)

All items above arise from continuing operations, there have been no discontinued operations during the year/period.

The accompanying notes on pages 7 to 21 form an integral part of these Financial Statements.

Foresight Solar (UK Hold Co) Limited

Statement of Financial Position As at 31 December 2014

	Notes	31 December 2014 £	31 December 2013 £
Assets			
Non-current assets			
Investments held at fair value through profit or loss	13	<u>249,190,000</u>	<u>45,000,000</u>
Total non-current assets		249,190,000	45,000,000
Current assets			
Trade and other receivables	8	<u>8,262,688</u>	<u>420,842</u>
Cash and cash equivalents		<u>4,164,864</u>	<u>-</u>
Total current assets		12,427,552	420,842
Total assets		261,617,552	45,420,842
Equity			
Retained earnings		<u>1,537,364</u>	<u>(180,508)</u>
Share capital	9	<u>100</u>	<u>100</u>
Total equity		1,537,464	(180,408)
Liabilities			
Current liabilities			
Trade and other payables	10	<u>10,499,456</u>	<u>5,000</u>
Interest payable on loan notes	12	<u>7,804,680</u>	<u>596,250</u>
Shareholder loan	11	<u>48,670,952</u>	<u>-</u>
Total current liabilities		66,975,088	601,250
Non-current liabilities			
Long-term borrowings	16	<u>48,105,000</u>	<u>-</u>
Loan notes	12	<u>145,000,000</u>	<u>45,000,000</u>
Total non-current liabilities		193,105,000	45,000,000
Total liabilities		260,080,088	45,601,250
Total Equity and Liabilities		261,617,552	45,420,842

For the year ended 31 December 2014 the Company was entitled to exemption from audit under section 477 (2) of the Companies Act 2006.

The Shareholder has not required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibility for: (i) ensuring the Company keeps accounting records which comply with section 386; and (ii) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of its financial period, and of its profit or loss for the financial year in accordance with section 393, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

The accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The Financial Statements on pages 3 to 21 were approved by the Board of Directors and signed on its behalf on 30 September 2015 by:



Jamie Richards
Director

The accompanying notes on pages 7 to 21 form an integral part of these Financial Statements.

Foresight Solar (UK Hold Co) Limited

Statement of Cash Flows For the year ended 31 December 2014

	Year ended 31 December 2014 £
Profit for the year before tax from continuing operations	1,717,872
Adjustments for:	
Unrealised gains on investments	(6,353,929)
Investment income	(6,299,834)
Finance costs	2,473,614
Interest on shareholder loan	8,343,640
Interest on loan notes	97,148
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Operating cash flows before movements in working capital	(21,489)
Increase in trade and other payables	4,489
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Net cash outflow from operating activities	(17,000)
Investing activities	
Acquisition of subsidiaries	(47,702,521)
Net receipts from investments	4,115,054
Investment income	1,444,808
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Net cash outflow from investing activities	(42,142,659)
Financing activities	
Finance costs paid	(1,780,477)
Bank facility drawn down	50,205,000
Bank facility repaid	(2,100,000)
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Net cash inflow from financing activities	46,324,523
Net increase in cash and cash equivalents	4,164,864
Cash and cash equivalents at the beginning of the year	-
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Cash and cash equivalents at the end of the year	4,164,864
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There is no comparative information as the Company did not have a bank account in the prior period.

The accompanying notes on pages 7 to 21 form an integral part of these Financial Statements.

Foresight Solar (UK Hold Co) Limited

Statement of Changes in Equity For the year ended 31 December 2014

	Notes	Share Capital £	Retained Earnings £	Total £
Balance as at 1 January 2014		100	(180,508)	(180,408)
Total comprehensive income for the year:				
Profit for the year		-	1,717,872	1,717,872
Balance as at 31 December 2014		100	1,537,364	1,537,464

For the period 25 June 2013 to 31 December 2014

	Notes	Share Capital £	Retained Earnings £	Total £
Balance as at 25 June 2013		-	-	-
Total comprehensive income for the period:				
Loss for the period		-	(180,508)	(180,508)
Transactions with owners, recognised directly in equity:				
Issue of Ordinary Shares	9	100	-	100
Balance as at 31 December 2013		100	(180,508)	(180,408)

The accompanying notes on pages 7 to 21 form an integral part of these Financial Statements.

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2014

1. Company information

Foresight Solar (UK Hold Co) Limited (the "Company") is a private company within the meaning of section 4(1) of the Companies Act 2006. The liability of the members is limited to the amount, if any, unpaid on the shares held by them. The Company was incorporated in the United Kingdom on 25 June 2013 with the company number 08584284 under the name "DMWSL 730 Limited". On 17 September 2013 the Company changed its name to Foresight Solar (UK Hold Co) Limited. The address of the registered office is shown on page 1.

The principal activity of the Company is investing in operational UK ground based solar power plants through holding companies (the "SPVs").

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements (the "Financial Statements") are set out below.

2.1 Basis of preparation

The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") which comprise standards and interpretations issued by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Standing Interpretations approved by the International Financial Reporting Interpretation Committee ("IFRIC") that remain in effect and to the extent they have been adopted by the EU. The Financial Statements have been prepared on the historical cost convention as modified for the measurement of certain financial instruments at fair value through profit or loss and in accordance with the provisions of the Companies Act 2006.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and underlying assumptions are reviewed on an ongoing basis. Judgements made by management in the application of IFRS that have a significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are disclosed in note 3.

2.2 Comparative information

The Company did not hold any bank accounts during the period 25 June 2013 to 31 December 2013. As such, there are no comparative figures for the Statement of Cash Flows.

2.3 Going concern

The Directors have considered the Company's cash flow projections for a period of no less than twelve months from the date of approval of these Financial Statements together with the Company's borrowing facilities. These projections show that the Company will be able to meet its liabilities as they fall due.

The Directors have therefore prepared the Financial Statements on a going concern basis.

2.4 Changes in accounting policies and disclosures

Application of new and revised International Financial Reporting Standards ("IFRSs")

The following standards, have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2014:

IFRS 13, 'Fair value measurement'. This provides a source of guidance and establishes a framework for measuring fair value whilst requiring enhanced disclosure regarding fair value and the basis of measurement. It also requires, with some exceptions, classification of measurements into a 'fair value hierarchy' based on the nature of inputs. Various disclosures are required based on the fair value measurement. As the Company's financial assets at fair value through profit or loss are classified as Level 3 within the fair value hierarchy, additional disclosures over the valuation process have been included in the Financial Statements compared to the Financial Statements for the comparative year. See Note 14 for fair value hierarchy information and additional disclosures.

Amendment to IAS 32, 'Financial instruments: Offsetting financial assets and financial liabilities'. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Financial Statements.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Company.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these Financial Statements, the following standards and interpretations, which have not been applied in these Financial Statements, were in issue but not yet effective:

- IFRS 9, 'Financial Instruments - Classification and Measurement'. There is currently no mandatory effective date, however the IASB has tentatively proposed effective accounting periods commencing on or after 1 January 2018.
- Amendments to IFRS 7 and IFRS 9 'Mandatory Effective Date and Transition Disclosures'. These amendments are effective for accounting periods commencing on or after 1 January 2015.

These standards and interpretations will be adopted when they become effective.

The Directors are currently assessing the impact of these standards and interpretations on the Financial Statements and anticipate that the adoption of the majority of these standards and interpretations in future periods will not have a material impact on the Financial Statements or results of the Company.

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2014 (continued)

2. Summary of significant accounting policies (continued)

2.5 Consolidation

(a) Subsidiaries

All subsidiaries are entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The 'Investment Entities' amendment to IFRS 10 'Consolidated Financial Statements' relieves an entity that meets the definition of an 'investment entity' of the obligation to produce a consolidated set of financial statements. As a result, the Company does not consolidate the SPVs but carries them at fair value through profit or loss.

The defined criteria of an 'investment entity' are as follows:

- It holds more than one investment;
- It has more than one investor;
- It has investors that are not related parties to the entity; and
- It has ownership interests in the form of equity or similar interests.

However, the absence of one or more of these characteristics does not prevent the entity from qualifying as an 'investment entity', provided all other characteristics are met and the entity otherwise meets the definition of an 'investment entity':

- It obtain funds from one or more investors for the purpose of providing those investor(s) with professional investment management services;
- It commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- It measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company does not meet all the defined criteria of an investment entity as the Company is 100% owned by Foresight Solar Fund Limited. However management deem that the Company is nevertheless an investment entity as the above requirements have been met and Foresight Solar Fund Limited which holds 100% of the share capital has a number of investors.

Therefore, the Company meets the requirements of an 'investment entity'. The Company accounts for its SPVs at fair value through profit or loss in accordance with IAS 39 'Financial Statements: Recognition and Measurement'. The financial assets at fair value through profit or loss carried in the Statement of Financial Position represent the Company's investments in the SPVs as described above. See note 10 for more detail on the investments held at fair value through profit or loss.

Details of the undertakings which the Company held as at 31 December 2014 are listed below:

Name	Direct or indirect holding	Country of incorporation	Principal activity	Proportion of shares and voting rights held
FS Wymeswold Limited ("Wymeswold")	Direct	United Kingdom	SPV	100%
FS Castle Eaton Limited ("Castle Eaton")	Direct	United Kingdom	SPV	100%
FS Pitworthy Limited ("Pitworthy")	Direct	United Kingdom	SPV	100%
FS Highfields Limited ("Highfields")	Direct	United Kingdom	SPV	100%
FS High Penn Limited ("High Penn")	Direct	United Kingdom	SPV	100%
FS Hunter's Race Limited ("Hunter's Race")	Direct	United Kingdom	SPV	100%
FS Spriggs Limited ("Spriggs")	Direct	United Kingdom	SPV	100%
FS Bournemouth Limited ("Bournemouth")	Direct	United Kingdom	SPV	100%
FS Landmead Limited ("Landmead")	Direct	United Kingdom	SPV	100%
Wymeswold Solar Farm Limited ("Wymeswold Solar")	Indirect	United Kingdom	Investment	100%
Castle Eaton Solar Farm Limited ("Castle Eaton Solar")	Indirect	United Kingdom	Investment	100%
Pitworthy Solar Farm Limited ("Pitworthy Solar")	Indirect	United Kingdom	Investment	100%
Highfields Solar Farm Limited ("Highfields Solar")	Indirect	United Kingdom	Investment	100%
High Penn Solar Farm Limited ("High Penn Solar")	Indirect	United Kingdom	Investment	100%
Hunter's Race Solar Farm Limited ("Hunter's Race Solar")	Indirect	United Kingdom	Investment	100%
Spriggs Solar Farm Limited ("Spriggs Solar")	Indirect	United Kingdom	Investment	100%
Bournemouth Solar Farm Limited ("Bournemouth Solar")	Indirect	United Kingdom	Investment	100%
Landmead Solar Farm Limited ("Landmead Solar")	Indirect	United Kingdom	Investment	100%

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements

For the year ended 31 December 2014 (continued)

2. Summary of significant accounting policies (continued)

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, as a whole. For management purposes, the Company organised into one main operating segment. All of the Company's income derives from the United Kingdom. All of the Company's non-current assets are located in the United Kingdom.

2.7 Income

Income comprises interest income (bank interest and loan interest). Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Loan interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.8 Expenses

Operating expenses are the Company's costs incurred in connection with the on-going management of the Company's investments and administrative costs. Operating expenses are accounted for on an accruals basis.

The Company's finance costs, accountancy fees, interest on loan notes and all other expenses are charged through the Statement of Comprehensive Income.

Acquisition costs of assets are capitalised on purchase of assets.

2.9 Taxation

The Company is registered in the United Kingdom ("UK") and as such is subject to corporation tax at the main tax rate. See Note 7 for further details.

The tax currently payable is based on taxable profit for the period. Taxable profit will differ from net profit as reported in the Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other periods or that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the year-end date.

Deferred tax is the tax arising on differences on the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the near future.

The carrying amount of deferred tax assets is reviewed at each year end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2.10 Foreign currency translation

(a) Functional and presentational currency

The Directors consider the Company's functional currency to be Pounds Sterling ("GBP" or "£") as this is the currency in which the majority of the Company's assets and liabilities and significant transactions are denominated. The Directors have selected GBP as the Company's presentation currency.

(b) Transactions and balances

Transactions in currencies other than GBP are recorded at the rates of exchange prevailing on the dates of the transactions. At each year-end date, monetary assets and liabilities that are denominated in foreign currencies are revalued at the rates prevailing at the year-end date. Non-monetary assets and liabilities carried at fair value which are denominated in foreign currencies are revalued at the rates prevailing at the date when the fair value was determined. Gains and losses arising on revaluation are recognised in the Consolidated Statement of Comprehensive Income.

2.11 Financial assets

2.11.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the nature and purpose for which the financial assets and is determined at the time of initial recognition by Management.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise the investments made in the SPVs. Assets in this category are classified as current assets if they are expected to be settled within twelve months, otherwise they are classified as non-current.

(b) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They comprise trade and other receivables.

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2014 (continued)

2. Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

2.11.2 Recognition and measurement

Purchases and sales of financial assets are recognised on the trade-date (the date on which the Company commits to purchase or sell the asset). Investments are initially recognised at fair value, being the consideration given. It is the policy of the Investment Manager to value with reference to discounted cash flows immediately following acquisition. Investments treated as 'financial assets at fair value through profit or loss' are subsequently measured at fair value. Loans and receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition, and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The effect of discounting on these financial assets is not considered to be material. Financial assets (in whole or in part) are derecognised either:

- when the Group has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. The Directors base the fair value of the investments based on information received from the Investment Manager. The Investment Manager's assessment of fair value of investments is determined in accordance with IAS 39 and IFRS 13, using unlevered Discounted Cash Flow principles (unless a more appropriate methodology is applied).

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within 'gains/(losses) on investments at fair value through profit or loss' in the period in which they arise.

2.12 Financial liabilities

Financial liabilities consist of trade and other payables, shareholder loans, loan notes, interest payable on the loan notes and bank loans. The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All financial liabilities are initially recognised at fair value net of transaction costs incurred. All purchases of financial liabilities are recorded on trade date, being the date on which the Company becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Company's financial liabilities approximate to their fair values.

The Company's financial liabilities only consist of only financial liabilities measured at amortised cost.

2.12.1 Financial liabilities measured at amortised cost

These include trade and other payables, shareholder loans, loan notes and interest payable on the loan notes, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

2.12.2 Derecognition of financial liabilities

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the Statement of Comprehensive Income.

2.12.3 Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.14 Impairment of financial assets

Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'Loss Event') and that Loss Event (or Events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Statement of Comprehensive Income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in a debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Comprehensive Income.

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2014 (continued)

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.16 Trade payables

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 (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds. Ordinary shares have a par value of £1.00.

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's Financial Statements in the period in which the dividends are approved by the Company's shareholders and are paid from the revenue reserve.

3. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision only affects that year, or in the year of the revision and future years if the revision affects both current and future years. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3.1 Fair value of investments

The fair value of the investments is determined by using valuation techniques. The Directors base the fair value of the investments based on information received from the Investment Manager. The Investment Manager's assessment of fair value of investments is determined in accordance with the International Private Equity and Venture Capital ("IPEVC") Valuation Guidelines, using unlevered Discounted Cash Flow principles (unless a more appropriate methodology is applied) (as at 31 December 2013 the investment was valued at cost being deemed to be the fair value by the Directors). As described more fully on pages 15 to 17, valuations such as these entail assumptions about solar irradiance, power prices, technological performance, discount rate, operating costs and inflation over a 25 year period. It is in the opinion of the Investment Manager that the IPEVC valuation methodology used in deriving a fair value is not materially different from the fair value requirements of IAS 39.

3.2 Income and deferred tax

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable income. Where the final outcome of these provisions is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made. See note 6 for further details.

3.3 Recoverability of VAT

Regulations regarding VAT are subject to frequent changes. These changes can result in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies. Tax may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. Tax settlements may become subject to inspection by tax authorities within a period of five years. Accordingly, the amounts shown in the Financial Statements may change at a later date as a result of the final decision of the tax authorities.

4. Interest revenue

	Year ended 31 December 2014	Period 25 June 2013 to 31 December 2013
	£	£
Loan interest receivable	6,252,574	420,742
Other interest receivable	47,260	-
	<u>6,299,834</u>	<u>420,742</u>

Loan interest was payable at 9% per annum (period 25 June 2013 to 31 December 2013: 9% per annum) from the investment companies on the shareholder loan element of the cost of the investment.

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2014 (continued)

5. Finance costs	Year ended 31 December 2014	Period 25 June 2013 to 31 December 2013
	£	£
Credit facility agreement arrangement fees (see note 16)	2,005,866	-
Credit facility agreement commitment fees (see note 16)	331,773	-
Interest on credit facility drawn down (see note 16)	58,499	-
Other finance costs	77,476	-
	<u>2,473,614</u>	<u>-</u>

6. Other expenses	Year ended 31 December 2014	Period 25 June 2013 to 31 December 2013
	£	£
Bank charges	289	-
Listing fees	10,600	-
	<u>10,889</u>	<u>-</u>

7. Taxation

The Company is currently registered in United Kingdom for which it is subject to the main tax rate currently at 21% (period 25 June 2013 to 31 December 2013: small companies rate of 20%).

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profits of 21.49% (period 25 June 2013 to 31 December 2013: 20%) as follows:

	Year ended 31 December 2014	Period 25 June 2013 to 31 December 2013
	£	£
Profit/(loss) before tax for the year/period	1,717,872	(180,508)
Expected tax charge at 21.49% (2013: 20%)	369,225	-
Effects of:		
Expenses not deductible for tax purposes	996,435	(180,508)
Unrealised gains not taxable	(1,365,660)	-
Tax charge for the year/period	<u>-</u>	<u>-</u>

The Company has tax losses resulting from the prior period of £8,000 that are available indefinitely for offsetting against future taxable profits of the Company. Deferred tax assets have not been recognised in respect of these losses as there is no evidence of recoverability in the near future. The temporary differences associated with unrealised gains on investments in subsidiaries, for which a deferred tax liability has not been recognised, aggregate to £1,271,000. No taxes would be payable on the unremitted earnings of the Company's SPVs.

8. Trade and other receivables

	31 December 2014	31 December 2013
	£	£
Accrued interest receivable	4,140,558	420,742
Advances for future investments	154,892	-
Unpaid share capital	100	100
Amounts receivable from Spriggs	730,239	-
Amounts receivable from Bournemouth	252,692	-
Amounts receivable from Landmead	2,984,207	-
	<u>8,262,688</u>	<u>420,842</u>

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2014 (continued)

9. Share capital

The share capital of the Company consists solely of 100 Ordinary Shares of £1 par value each. All Ordinary Shares are held by Foresight Solar Fund Limited. The Company can issue an unlimited number of Ordinary Shares.

Ordinary Shares

	31 December 2014 Shares	31 December 2014 £	31 December 2013 Shares	31 December 2013 £
Opening balance	100	100	-	-
Issued during the year/period	-	-	100	100
Closing balance	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

10. Trade and other payables

	31 December 2014 £	31 December 2013 £
Accrued investment costs	1,559,746	-
Accrued expenses	344,013	5,000
Amounts payable to Foresight Solar Fund Limited	4,474,812	-
Amounts payable to Castle Eaton	839,872	-
Amounts payable to Highfields	563,419	-
Amounts payable to High Penn	29,736	-
Amounts payable to Pitworthy	665,223	-
Amounts payable to Hunter's Race	2,022,635	-
	<u>10,499,456</u>	<u>5,000</u>

11. Shareholder loan

	31 December 2014 £	31 December 2013 £
Current portion		
Interest payable on shareholder loan	97,148	-
Shareholder loan	48,573,804	-
	<u>48,670,952</u>	<u>-</u>

A Shareholder loan is created when the total amount paid on behalf of the Company by Foresight Solar Fund Limited for the cost of subsidiaries is more than the total Loan notes issued from the Company to Foresight Solar Fund Limited. Interest is payable at 9% per annum on the Shareholder loan and is repayable in full on the next interest payment date (the following 28 February or 31 August). Total interest of £97,148 was payable for the year ended 31 December 2014 (period 25 June 2013 to 31 December 2013: £nil) of which £97,148 was outstanding as at the reporting date (31 December 2013: £nil).

12. Loan notes

	31 December 2014 £	31 December 2013 £
Current portion		
Interest payable on loan notes	7,804,680	596,250
Non-current portion		
Loan notes	<u>145,000,000</u>	<u>45,000,000</u>

Loan notes are issued from the Company to Foresight Solar Fund Limited. Interest is payable at 9% per annum in arrears on each Interest Payment Date in respect of the Interest Period ending on that date. If the Company fails to pay any interest due on its due date, interest shall accrue at the rate of 11% per annum from the due date up to the date of actual payment, compounding on each Interest Payment Date. Total interest of £8,343,640 was payable for the year ended 31 December 2014 (period 25 June 2013 to 31 December 2013: £596,250) of which £7,804,680 was outstanding as at the reporting date (31 December 2013: £596,250).

Foresight Solar (UK Hold Co) Limited

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014 (continued)

13. Investments held at fair value through profit or loss

For the year ended 31 December 2014

	Cost as at 1 January 2014 £	Additions - equity £	Additions - shareholder loans £	Cost as at 31 December 2014 £	Unrealised gain/(loss) £	Fair value as at 31 December 2014 £
Wymeswold	45,000,000	-	45,725	45,045,725	3,684,275	48,730,000
Castle Eaton	-	2,039,214	20,468,644	22,507,858	192,142	22,700,000
Pitworthy	-	1,834,895	17,436,812	19,271,707	243,293	19,515,000
Highfields	-	1,265,913	14,137,400	15,403,313	246,687	15,650,000
High Penn	-	1,051,596	11,571,705	12,623,301	(123,301)	12,500,000
Hunter's Race	-	1,915,090	11,120,983	13,036,073	(26,073)	13,010,000
Spriggs	-	2,075,661	12,545,719	14,621,380	698,620	15,320,000
Bournemouth	-	6,674,542	41,236,379	47,910,921	249,079	48,160,000
Landmead	-	10,000	52,405,793	52,415,793	1,189,207	53,605,000
	45,000,000	16,866,911	180,969,160	242,836,071	6,353,929	249,190,000

For the period 25 June 2013 to 31 December 2013

	Cost as at 25 June 2013 £	Additions - equity £	Additions - shareholder loans £	Cost as at 31 December 2014 £	Unrealised gain/(loss) £	Fair value as at 31 December 2013 £
Wymeswold	-	12,804,828	32,195,172	45,000,000	-	45,000,000

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2014 (continued)

14. Fair value of assets and liabilities

Fair value hierarchy

IFRS 13 "Fair Value Measurement" requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The following table shows investments recognised at fair value, categorised between those whose fair value is based on:

- (a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- (b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- (c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

All investments held at fair value through profit or loss are classified as level 3 within the fair value hierarchy.

Valuation process for Level 3 valuations

Valuations are the responsibility of the Board of Directors.

The Investment Manager is responsible for submitting fair market valuations of Group assets to the Directors. The Directors review and approve these valuations following appropriate challenge and examination. Valuations are carried out quarterly.

The current portfolio consists of non-market traded investments and valuations are based on a discounted cash flow methodology.

The Investment manager's assessment of fair value of investments is determined in accordance with the International Private Equity and Venture Capital Valuation Guidelines ("IPEVCV"), using unlevered Discounted Cash Flow principles. It is in the opinion of the Investment Manager and Directors that the IPEVCV methodology used in deriving a fair value is not materially different from the fair value requirements of IFRS 13.

Sensitivity analysis to significant changes in unobservable inputs within Level hierarchy

The Company's investments are valued with reference to the discounted value of future cash flows. The Directors consider the valuation methodology used, including the key assumptions and discount rate applied, to be appropriate. The Board review, at least annually, the valuation inputs and where possible, make use of observable market data to ensure valuations reflect the fair value of the investments.

A broad range of assumptions are used in the valuation models. These assumptions are based on long-term forecasts and are not affected by short term fluctuations in inputs, be it economic or technical.

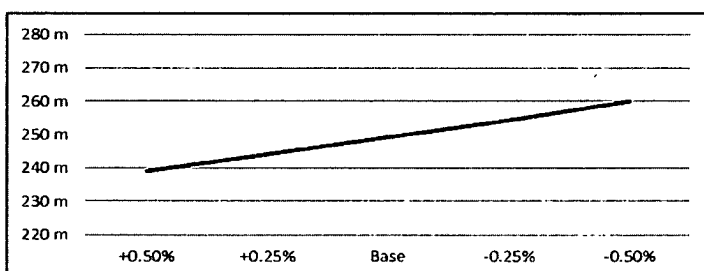
The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2014 are as shown below:

The Discounted Cash Flow ("DCF") valuations of the solar assets form the majority of the NAV calculation. The Directors consider the following assumptions to be significant inputs to the DCF calculation.

Discount rate

The weighted average discount rate used is 7.8%. The Directors do not expect to see a significant change in the discount rates applied within the Solar Infrastructure sector. Therefore a variance of +/- 0.5% is considered reasonable.

	-0.5%	-0.25%	Base	+0.25%	+0.5%
Directors' valuation	239.17	244.11	249.19	254.48	259.94
NAV per share (pence)	96.1	98.4	100.9	103.4	106.0



Energy Yield

Base case assumptions are based on P50 forecasts (50 per cent probability of exceedance) produced by market experts. P10 (10 per cent probability of exceedance) and P90 (90 per cent probability of exceedance) variances are given to offer comparison across the industry. Energy yield is a function of solar irradiance and technical performance.

	P90 (10 year)	Base	P10 (10 year)
Directors' valuation	225.79	249.19	269.94
NAV per share (pence)	89.6	100.9	110.9

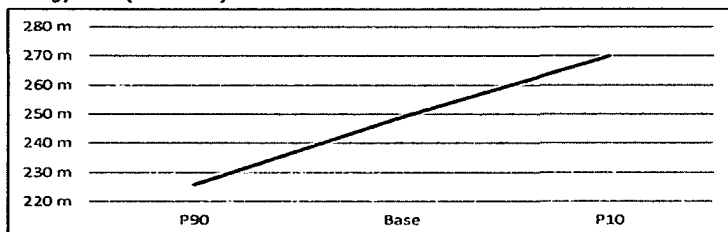
Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2014 (continued)

14. Fair value of assets and liabilities (continued)

Fair value (continued)

Energy Yield (continued)

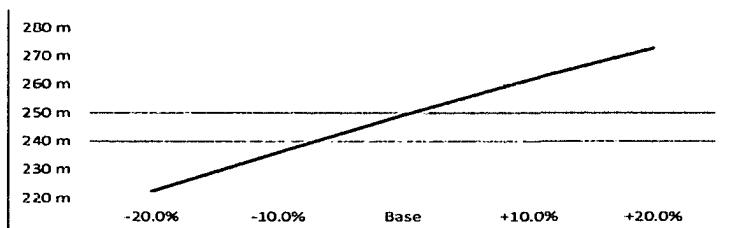


Power price

DCF models assume power prices that are consistent with the Power Purchase Agreements ("PPA") currently in place. The average PPA period remaining as at 31 December 2014 is three years. At the PPA end date, the model reverts to the power price forecast.

The power price forecasts are updated quarterly and based on power price forecasts from leading independent sources. The Investment Manager adjusts where more conservative assumptions are considered appropriate and applies expected PPA sales discounts. The forecast assumes an average annual increase in power prices in real terms of approximately 1.9%.

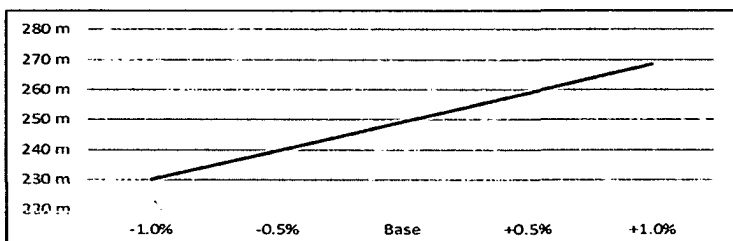
	-20.0%	-10.0%	Base	+10%	+20%
Directors' valuation	222.46	236.01	249.19	261.39	272.82
NAV per share (pence)	88.0	94.5	100.9	106.8	112.2



Inflation

A variable of 1.0% is considered reasonable given historic fluctuations. We assume inflation will remain constant at 2.5%.

	-1.0%	-0.5%	Base	+0.5%	+1.0%
Directors' valuation	230.13	239.46	249.19	258.80	268.44
NAV per share (pence)	91.7	96.2	100.9	105.5	110.1



Operating costs (investment level)

Operating costs include operating and maintenance ("O&M"), insurance and lease costs. Base case costs are based on current commercial agreements. We would not expect these costs to fluctuate widely over the life of the assets and are comfortable that the base case is prudent. A variance of +/- 5.0% is considered reasonable, a variable of 10.0% is shown for information purposes.

	-10%	-5%	Base	+5%	+10%
Directors' valuation	254.75	252.03	249.19	246.31	243.39
NAV per share (pence)	103.6	102.2	100.9	99.5	98.1

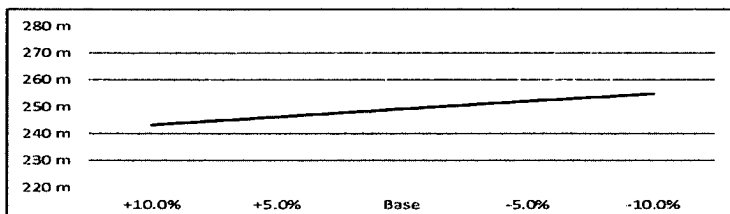
Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2014 (continued)

14. Fair value of assets and liabilities (continued)

Fair value (continued)

Operating costs (investment level) (continued)



Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of investments categorised within Level 3 between the beginning and the end of the reporting period:

	Total £
Balance at 1 January 2014	45,000,000
Total gains and (losses) in Consolidated Statement of Comprehensive Income:	
- unrealised from fair value adjustments	6,353,929
Purchases at cost	<u>197,836,071</u>
Balance at 31 December 2014	<u>249,190,000</u>
Period 25 June 2013 to 31 December 2013:	
	Total £
Balance at 25 June 2013	-
Total gains and (losses) in Consolidated Statement of Comprehensive Income:	
- unrealised from fair value adjustments	-
Purchases at cost	<u>45,000,000</u>
Balance at 31 December 2013	<u>45,000,000</u>

15. Financial instruments and risk profile

The Company has receivables and payables that arise directly from its operations. The Company's investment activities expose it to various types of risk associated with solar power. The main risks arising from the Company's financial instruments are market risk, liquidity risk, credit risk and interest rate risk. The Directors regularly review and agree policies for managing each of these risks and these are summarised below.

15.1 Market risk

(a) Foreign exchange risk

Foreign currency risk, as defined in IFRS 7, arises as the values of recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. As the Company operates only within the United Kingdom, the Directors have concluded that the Company is not exposed to foreign exchange risk.

(b) Price risk

Price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. As at 31 December 2014, the Company was not exposed to any price risk.

15.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due as a result of the maturity of assets and liabilities not matching. An unmatched position potentially enhances profitability, but can also increase the risk of losses. Liquidity could be impaired by an inability to access secured and/or unsecured sources of financing to meet financial commitments. The Board monitors the Company's liquidity requirements to ensure there is sufficient cash to meet the Company's operating needs.

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2014 (continued)

15. Financial instruments and risk profile (continued)

16.2 Liquidity risk (continued)

Contractual Maturity Analysis (including estimated interest payments)

As at 31 December 2014

	Carrying amount	Contractual Total	Less than 6 months	6 to 12 months	Greater than 12 months
	£	£	£	£	£
Financial Assets					
Investments	249,190,000	249,190,000	-	-	249,190,000
Trade and other receivables	8,262,688	8,262,688	8,262,688	-	-
Cash and cash equivalents	4,164,864	4,164,864	4,164,864	-	-
Total financial assets	261,617,552	261,617,552	12,427,552	-	249,190,000
Financial Liabilities					
Long-term borrowings	(48,105,000)	(52,438,607)	(722,268)	(722,268)	(50,994,071)
Trade and other payables	(10,499,456)	(10,499,456)	(10,499,456)	-	-
Shareholder loan (including interest)	(48,670,952)	(48,670,952)	(48,670,952)	-	-
Loan notes (including interest)	(152,804,680)	(317,310,110)	(10,459,627)	(6,670,000)	(300,180,483)
Total financial liabilities	(260,080,088)	(428,919,125)	(70,352,303)	(7,392,268)	(351,174,554)
Net position	1,537,464	(167,301,573)	(57,924,751)	(7,392,268)	(101,984,554)

The above contractual totals are calculated on the assumption that the loan notes are not repaid until the redemption date. The Directors do not expect this to be the case. The calculations are also based on the assumption that the overdue interest is repaid at the next Interest Payment Date.

As at 31 December 2013

	Carrying amount	Contractual Total	Less than 6 months	6 to 12 months	Greater than 12 months
	£	£	£	£	£
Financial Assets					
Investments	45,000,000	45,000,000	-	-	45,000,000
Trade and other receivables	420,842	420,842	420,842	-	-
Total financial assets	45,420,842	45,420,842	420,842	-	45,000,000
Financial Liabilities					
Trade and other payables	(5,000)	(5,000)	(5,000)	-	-
Loan notes (including interest)	(45,596,250)	(102,645,000)	-	(3,330,000)	(99,315,000)
Total financial liabilities	(45,601,250)	(102,650,000)	(5,000)	(3,330,000)	(99,315,000)
Net position	(180,408)	(57,229,158)	415,842	(3,330,000)	(54,315,000)

The above contractual totals are calculated on the assumption that the loan notes are not repaid until the redemption date. The Directors do not expect this to be the case.

15.3 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company places cash with authorised deposit takers and is therefore potentially at risk from the failure of such institutions.

In respect of credit risk arising from other financial assets and liabilities, which mainly comprise of cash and cash equivalents, exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments. In order to mitigate such risks, cash is maintained with major international financial institutions. During the year, and at the reporting date, the Company maintained a relationship with the following financial institution:

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements For the year ended 31 December 2014 (continued)

15. Financial instruments and risk profile (continued)

15.3 Credit risk (continued)

	Moody's Credit Rating	31 December 2014 £
Cash in hand:		
Royal Bank of Scotland Plc	P-2	<u>4,164,864</u>
Total cash in hand		<u>4,164,864</u>
Total cash and cash equivalents		<u>4,164,864</u>
Total cash balances held by banks		<u>4,164,864</u>

Trade and other receivables comprise part of the financial assets and the Board has determined the maximum credit risk exposure is the carrying amount in the Statement of Financial Position.

The above amounts are deemed to be of a sufficient credit quality, are neither past due nor impaired and are deemed to be fully recoverable.

15.4 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term borrowing with a floating interest rate element (the LIBOR element). See note 17 for further details of the Company's long-term borrowings. When making investments of an equity and debt nature, consideration is given during the structuring process to the potential implications of interest rate risk and the resulting investment is structured accordingly. The maximum exposure to interest rate risk for the Company was £213,164,362 at 31 December 2014 (31 December 2013: £32,195,172).

As at 31 December 2014

	Total portfolio 31 December 2014 £	Weighted average interest rate 31 December 2014 %	Weighted average time for which rate is fixed 31 December 2014 Days
Shareholder Loans	213,164,332	9.00	8,973
Cash	4,164,864	-	-
Long-term borrowings	<u>48,105,000</u>	3.00	23
Total exposed to interest rate risk	<u>265,434,196</u>		

As at 31 December 2013

	Total portfolio 31 December 2013 £	Weighted average interest rate 31 December 2013 %	Weighted average time for which rate is fixed 31 December 2013 Days
Shareholder Loans	<u>32,195,172</u>	9.00	9,131
Total exposed to interest rate risk	<u><u>32,195,172</u></u>		

15.5 Other risks

Political and economic risk

Governmental authorities at all levels are actively involved in the promulgation and enforcement of regulations relating to taxation, land use and zoning and planning restrictions, environmental protection, safety and other matters. The introduction and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Company's assets.

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements

For the year ended 31 December 2014 (continued)

16. Long-term borrowings

On 15 May 2014, the Company entered into a £100,000,000 Revolving Credit Facility Agreement (the "Facility Agreement") with The Royal Bank of Scotland Plc as agent and Santander Global Banking and Markets, Royal Bank of Canada and The Royal Bank of Scotland Plc as arrangers who have agreed a Facility Commitment of £33,333,333, £33,333,333 and £33,333,334 respectively.

As at 31 December 2014, £48,105,000 of the Facility Agreement was drawn down and outstanding (£16,035,000 from Santander Global Banking and Markets; £16,035,000 from Royal Bank of Canada and £16,035,000 from The Royal Bank of Scotland Plc).

The interest payable on the drawn down Facility Agreement for the period ended 31 December 2014 amounted to £58,499 of which £31,661 was outstanding as at 31 December 2014.

As at 31 December 2014, £2,005,866 arrangement fees relating to the Facility Agreement were expensed as were £331,773 commitment fees of which £19,010 and £225,778 were outstanding respectively as at 31 December 2014.

17. Capital management

The Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares (up to its authorised number of shares) or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Statement of Financial Position plus net debt. The gearing ratio as at 31 December 2014 was as follows:

	31 December 2014 £
Total borrowings	241,775,952
Less: cash and cash equivalents	<u>(4,164,864)</u>
Net debt	<u>237,611,088</u>
Total equity	<u>1,537,464</u>
Total capital	<u>239,148,552</u>
Gearing ratio	<u>99.36%</u>

18. Related party disclosures

For the purposes of these Financial Statements, a related party is an entity or entities who are able to exercise significant influence directly or indirectly on the Company's operations.

The Company's SPVs are cash generating solar farms with all revenues and expenses being related party transactions. During the year, the Company was entitled to loan interest on the shareholder loans, from the SPVs, totalling £6,299,834 (period 25 June 2013 to 31 December 2013: £420,742), of which £4,140,558 was outstanding as at the reporting date (31 December 2013: £420,742).

During the year, Foresight Solar Fund Limited issued a further £100,000,000 in loan notes the Company (period 25 June 2013 to 31 December 2013: £45,000,000), being £145,000,000 in total payable to Foresight Solar Fund Limited, on which interest of £8,343,640 was payable for the year (period 25 June 2013 to 31 December 2013: £596,250). As at 31 December 2014 £7,804,680 was outstanding (31 December 2013: £596,250).

As at 31 December 2014, the Company has a Shareholder loan payable to Foresight Solar Fund Limited totalling £48,670,952 (31 December 2013: £nil). Total interest of £97,148 was payable for the year ended 31 December 2014 (period 25 June 2013 to 31 December 2013: £nil).

During the year, Foresight Solar Fund Limited paid certain expenses on behalf of the Company and the SPVs. The net intercompany payable position is stated in note 10.

During the year, the Company paid certain expenses on behalf of the SPVs in addition to also receiving some of their revenues. The net intercompany receivables and payables positions are stated in notes 8 and 10.

No Director has an interest in any contract to which the Company is a party.

19. Commitments and contingent liabilities

As at 31 December 2014, the Company did not have any commitments or contingent liabilities (31 December 2013: none).

Foresight Solar (UK Hold Co) Limited

Notes to the Financial Statements

For the year ended 31 December 2014 (continued)

20. Controlling party

Foresight Solar Fund Limited (the "Parent Company") is the immediate parent company of Foresight Solar Fund (UK Hold Co) Limited. In the opinion of the Directors, as the Parent Company is a London Stock Exchange listed company with a number of investors, there is no controlling party as no one party has the ability to direct the financial and operating policies of the Company with a view to gaining economic benefits from its direction.

21. Post balance sheet events

As at the signing date of these Financial Statements the Company had entered into the following transactions:

Investments

On 27 March 2015, the Company completed the acquisition of 100% of the share capital of Kencot Hill Solar Farm Limited.

On 30 June 2015, the Company completed the acquisition of 100% of the share capital of Copley Solar Limited.

On 23 July 2015, the Company completed the acquisition of: 70% of the share capital of Southam Solar Farm Ltd; 78% of the share capital of Atherstone Solar Farm Ltd; and 59% of the share capital of Paddock Wood Solar Farm Ltd.

On 24 August 2015, the Company completed the acquisition of 100% of the share capital of Port Farms Solar Limited.

On 21 September 2015, the Company completed the acquisition of 100% of the share capital of Orta Membury Solar Limited.

Further loan notes totalling £71,000,000 were drawn down between the reporting date and signing date.

Loan arrangement facility

On 9 April 2015, the Company entered into a new £120,000,000 Revolving Credit Facility Agreement (the "Amended Facility Agreement") with The Royal Bank of Scotland Plc as agent and Santander Global Banking and Markets and The Royal Bank of Scotland Plc as arrangers who have agreed a Facility Commitment of £60,000,000 and £60,000,000 respectively. The New Facility Agreement replaces the Facility Agreement signed on 15 May 2014. The £120,000,000 is split into two tranches of £20,000,000 ("Facility A1") and £100,000,000 ("Facility A2").

On 21 July 2015, the Company entered into a new £150,000,000 Revolving Credit Facility Agreement (the "New Facility Agreement") with The Royal Bank of Scotland Plc as agent and Santander Global Banking and Markets and The Royal Bank of Scotland Plc as arrangers who have agreed a Facility Commitment of £75,000,000 and £75,000,000 respectively. The New Facility Agreement replaces the Amended Facility Agreement signed on 9 April 2015. The £150,000,000 is split into two tranches of £50,000,000 ("Facility A1") and £100,000,000 ("Facility A2").

As at the signing date Facility A1 has been fully drawn down and £96,003,500 of Facility A2 has been drawn down.