

SONNE SOLAR LIMITED

Company Number 11218550

Directors' Report and Financial Statements
for the financial period from 21 February 2018 to 31 March 2019



The Company's registered office is:
Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD
United Kingdom



Sonne Solar Limited

2019 Directors' Report and Financial Statements

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Sonne Solar Limited
Company Number 11218550

Directors' Report
for the financial period from 21 February 2018 to 31 March 2019

In accordance with a resolution of the Directors (the "Directors") of Sonne Solar Limited (the "Company"), the Directors submit herewith the audited financial statements of the Company and report as follows:

As the Company meets the qualifying conditions under section 382 of the Companies Act 2006 (the "Act"), the Directors have taken advantage of the exemption provided in sections 414B (as incorporated into the Act by the Strategic Report and Directors' Report Regulations 2013) for the preparation of a Strategic Report.

Directors and Secretaries

The Directors who each held office as a Director of the Company throughout the financial period and until the date of this report, unless disclosed otherwise, were:

A Gray	(appointed 21 February 2018)
A Patel	(appointed 17 June 2019)
J Rabinov	(appointed 21 February 2018 and resigned 21 March 2019)
N Woloszczuk	(appointed 21 February 2018)

The Secretary who held office as a Secretary of the Company throughout the financial period and until the date of this report was:

H Everitt	(appointed 21 February 2018)
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Principal activity

The principal activity of the Company is to produce electricity by solar photovoltaic ("PV") systems in the commercial market.

Results

The loss for the financial period from 21 February 2018 to 31 March 2019 was £382,857.

Dividends paid or provided for

No dividends were paid or proposed during the financial period.

State of affairs

On 21 February 2018, the Company was incorporated and registered in England and Wales under the Companies Act 2006 as a Private Company with share capital comprising 100 ordinary shares of £1 each allotted to Macquarie European Investment Holdings Limited ("MEIHL").

On 1 June 2018, the Company issued an additional 1,000,000 shares at £1 each to its parent, MEIHL.

On 2 July 2018, the Company issued an additional 700,000 shares at £1 each to its parent, MEIHL.

There were no other significant changes in the state of the affairs of the Company that occurred during the financial period under review not otherwise disclosed in the Directors' report.

Directors' Report (continued)
for the financial period from 21 February 2018 to 31 March 2019

Events after the reporting period

On 9 August 2019, the Company issued an additional 1,000,000 shares at £1 each to its parent, MEIHL.

At the date of this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2019 not otherwise disclosed in this report.

Likely developments, business strategies and prospects

The Directors believe that no significant changes are expected other than those already disclosed in this report.

Indemnification and insurance of Directors

As permitted by the Company's Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The ultimate parent purchased and maintained throughout the financial period directors' liability insurance in respect of the Company and its Directors.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' Report (continued)
for the financial period from 21 February 2018 to 31 March 2019

Disclosure of information to Auditors

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

Pursuant to section 487(2) of the Companies Act 2006, the auditors of the Company are deemed appointed for each financial period unless the Directors or the members of the Company resolve to terminate their appointment. As at the date of these financial statements, the Directors are not aware of any resolution to terminate the appointment of the auditors.

On behalf of the Board


Anup Patel
Director
29 November 2019

Independent auditors' report to the members of Sonne Solar Limited

Report on the audit of the financial statements

Opinion

In our opinion, Sonne Solar Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the 13 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2019; the profit and loss account, the statement of changes in equity for the financial period from 21 February 2018 to 31 March 2019; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the period ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Pete Venables (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4 December 2019

Sonne Solar Limited

Financial Statements

Profit and loss account for the financial period from 21 February 2018 to 31 March 2019

	Notes	For the period 21 February 2018 to 31 March 2019 £
Turnover	2(vi)	29,389
Administrative expenses	3	(259,119)
Depreciation expense	7	(17,161)
Other operating expenses	3	(138,015)
Operating loss		(384,906)
Interest receivable and similar income	4	43,078
Interest payable and similar charges	5	(131,089)
Loss before taxation		(472,917)
Tax on loss	6	90,060
Loss for the financial period		(382,857)

The above profit and loss account should be read in conjunction with the accompanying notes.

Turnover and loss before taxation relate wholly to continuing operations.

There were no other comprehensive income and expenses other than those included in the results above and therefore no separate statement of comprehensive income has been presented.

Sonne Solar Limited

Balance sheet as at 31 March 2019

	Notes	2019 £
Fixed assets		
Tangible assets	7	1,469,638
Current assets		
Cash at bank and in hand	8	431
Debtors	9	6,700,238
		6,700,669
Current liabilities		
Creditors: amounts falling due within one year	10	(6,844,845)
Net current liabilities		(143,976)
Total assets less current liabilities		1,325,662
Deferred tax liabilities	8	(8,419)
Net assets		1,317,243
Capital and reserves		
Called up share capital	11	1,700,100
Profit and loss account	12	(382,857)
Total shareholders' funds		1,317,243

The above balance sheet should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

The financial statements on pages 8 to 20 were authorised for issue by the Board of Directors on 20 November 2019 and were signed on its behalf by:


Anup Patel
Director

Sonne Solar Limited

Statement of changes in equity for the financial period from 21 February 2018 to 31 March 2019

	Notes	Called up share capital £	Profit and loss account £	Total shareholders' funds £
Issue of share capital	11	1,700,100	-	1,700,100
Loss for the financial period	12	-	(382,857)	(382,857)
Balance at 31 March 2019		1,700,100	(382,857)	1,317,243

The above statement of changes in equity should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

Sonne Solar Limited

Notes to the financial statements for the financial period from 21 February 2018 to 31 March 2019

Note 1. Company information

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of its registered office is Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom.

Note 2. Summary of significant accounting policies

i) Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements have been consistently applied to the financial period presented, unless otherwise stated.

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

These are the first financial statements of the Company prepared in accordance with FRS 101. The Company has notified its shareholders in writing and they do not object to, the adoption of FRS 101 and the use of the disclosure exemptions available of by the Company in these financial statements.

The financial statements contain information about the Company as an individual company.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 101 which addresses the financial reporting requirements and disclosure exemptions in the financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ('IFRS').

In accordance with FRS 101, the Company has availed of an exemption from the following paragraphs of IFRS:

- the requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities to the extent that they apply to non-financial assets);
- the requirements of IFRS 7 'Financial Instruments: Disclosures';
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D and 111 of IAS 1 'Presentation of Financial Statements' (additional comparatives and capital management disclosures);
- the requirements of IAS 7 'Statement of Cash Flows';
- The requirements of paragraphs 38 of International Accounting Standards ("IAS") 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - Paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding).
 - Paragraph 73(e) of IAS 16 'Property, Plant and Equipment'.
 - Paragraph 76 and 79(d) of IAS 40 'Investment Property'.
- the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- the requirements of paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation);
- the requirements of IAS 24 to disclose related party transactions entered into between two or more members of a group where both parties to the transaction are wholly owned within the group; and
- the requirements of paragraphs 130(f)(i), 130(f)(ii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets'.

Critical accounting estimates and significant judgements

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company and the financial statements such as:

- judgement in determining the appropriate business model for a group of financial assets and assessing whether the cash flows generated by an asset constitute solely payment of principal and interest (SPPI);
- judgement in measurement of Expected Credit Loss (ECL) including the choice of inputs, estimates and assumptions relating to information about past events, current conditions and forecasts of economic conditions;
- judgement and estimate in capitalisation of WIP;
- judgement and estimate in useful life and measurement of depreciation;
- judgement regarding the identification of indicators of impairment of solar equipment; and
- judgement and estimate in recoverability of tax receivables, deferred tax assets and measurement of current and deferred tax liabilities.

Sonne Solar Limited

Notes to the financial statements for the financial period from 21 February 2018 to 31 March 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

i) Basis of preparation (continued)

Critical accounting estimates and significant judgements (continued)

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

Management believes the estimates used in preparing the financial statements are reasonable. Actual results in the future may differ from those reported and therefore it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial period that are different from our assumptions and estimates could require an adjustment to the carrying amounts of the reported assets and liabilities.

ii) Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

iii) Deficiency of net current assets

The Directors of the Company have prepared the financial statements on a going concern basis despite there being an excess of current liabilities over current assets at 31 March 2019 of £151,182. Subsequent to 31 March 2019, the Company extended the maturity of its borrowing of £6,600,000 from Macquarie Principal Finance Pty Limited, UK Branch to 31 December 2020. As at the date of this report, the Company is in a net current asset position.

iv) Foreign currency translation

Functional and presentation currency

The functional currency of the Company is determined as the currency of the primary economic environment in which the foreign operation operates (the functional currency). The Company's financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such 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.

v) Revenue and expense recognition

Net interest expense

Interest income and expense is recognised using the effective interest rate (EIR) method for financial assets and liabilities carried at amortized cost. The EIR method calculates the amortised cost of a financial instrument at a rate that discounts estimated future cash receipts or payments through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

When the estimates of payments or receipts of a financial instrument are subsequently revised, the carrying amount is adjusted to reflect the actual or revised cash flows with the re-measurement recognised as part of interest income (financial assets) or interest expense (financial liabilities).

Other operating expenses

Other operating charges comprises of other gains and losses relating to foreign exchange differences and expected credit losses which are recognised in the profit and loss account.

Expenses

Expenses are brought to account on an accrual basis and, if not paid at the end of the reporting period, are reflected on the balance sheet as a payable.

vi) Turnover

Turnover represents the value of commercial energy consumption, Feed-in-Tariff ("FIT") and energy exported to the power grid excluding value added tax. Turnover arises wholly in the UK from the Company's principal activity, being the production of electricity by solar photovoltaic ("PV") systems in the commercial market.

Sonne Solar Limited

Notes to the financial statements for the financial period from 21 February 2018 to 31 March 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

vii) Taxation

The principles of the balance sheet method of tax effect accounting have been adopted whereby the income tax expense for the financial period is the tax payable on the current period's taxable income adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and unused tax losses.

Deferred tax assets are recognised when temporary differences arise between the tax bases of assets and liabilities and their respective carrying amounts which give rise to a future tax benefit, or when a benefit arises due to unused tax losses. In both cases, deferred tax assets are recognised only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences or tax losses. Deferred tax liabilities are recognised when such temporary differences will give rise to taxable amounts that are payable in future periods. Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered or the liabilities are settled under enacted or substantively enacted tax law.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when there is a legally enforceable right to offset and an intention to either settle on a net basis, or realise the asset and settle the liability simultaneously. Current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company undertakes transactions in the ordinary course of business where the income tax treatment requires the exercise of judgement. The Company estimates the amount expected to be paid to/(recovered from) tax authorities based on its understanding of the law.

viii) Financial instruments

Recognition of financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

De-recognition of financial instruments

Financial assets

Financial assets are de-recognised from the balance sheet when:

- the rights to cash flows have expired
- the Company has transferred the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset.

In transactions where the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. Any interest in the transferred and derecognised financial asset that is created or retained by the Company is recognised as a separate asset or liability. In transfers where control over the asset is retained, the Company continues to recognise the asset to the extent of its continuing involvement as determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

Financial liabilities are de-recognised from the balance sheet when the Company's obligation has been discharged, cancelled or has expired.

Gains and losses on the derecognition of non-trading related financial assets and liabilities are recognised as other income or expense disclosed as part of other operating income and charges.

Sonne Solar Limited

Notes to the financial statements for the financial period from 21 February 2018 to 31 March 2019 (continued)

Note 2. Summary of significant accounting policies (continued) viii) Financial instruments (continued)

Classification and subsequent measurement

Financial assets

Financial assets are classified based on the business model within which the asset is held and on the basis of the financial asset's contractual cash flow characteristics.

Business model assessment

The Company determines the business model at the level that reflects how groups of financial assets are managed. In determining the business model, all relevant evidence that is available at the date of the assessment is used including:

- (i) how the performance of the financial assets held within that business model is evaluated and reported to the Macquarie Group's key management personnel;
- (ii) the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed;
- (iii) how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The Company exercises judgement to determine the appropriate level at which to assess its business models and its intention with respect to its financial assets.

Financial liabilities

Financial liabilities are measured at amortised cost, except for those financial liabilities that are FVTPL or are HFT.

Solely payment of principal and interest (SPPI)

Key considerations for the SPPI assessment include the timing of the contractual cash flows and the interest component, where interest primarily reflects the time value of money and the credit risk of the principal outstanding.

Amortised cost

A financial asset is subsequently measured at amortised cost using the EIR method if the following conditions are met:

- (i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements
- (iii) the financial asset has not been designated to be measured at FVTPL (DFVTPL).

Interest income determined in accordance with the EIR is recognised in interest income. Gains and losses arising from the derecognition of financial assets that are measured on an amortised cost basis are recognised as part of other operating

Fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria to be measured at amortised cost or FVOCI are measured at FVTPL, with all changes in fair value recognised as part of other operating income and expenses in the profit and loss account.

For the purposes of the Company's financial statements, the FVTPL classification consists of the following:

- financial assets that are held for active trading (held for trading or 'HFT'). This classification includes all derivative financial assets
- financial assets that have been designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch (DFVTPL)
- financial assets in a business model whose objective is achieved by managing the financial assets on a fair value basis in order to realise gains and losses as opposed to a business model in which the objective is to collect contractual cash flows or financial assets that fail the SPPI test (FVTPL).

Financial liabilities

Financial liabilities are subsequently measured at amortised cost, unless they are either held for trading purposes, in which case they are classified as HFT, or have been designated to be measured at FVTPL (DFVTPL). Gains and losses arising from the derecognition of financial liabilities that are subsequently measured on an amortised cost basis are recognised in other income as part of other operating income and expenses.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported on the balance sheet when there is a legally enforceable right to offset the amounts and either there is an intention to settle on a net basis or realise the financial asset and settle the financial liability simultaneously.

Sonne Solar Limited

Notes to the financial statements for the financial period from 21 February 2018 to 31 March 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

ix) Due to/ from related entities

Transactions between the Company and its related entities, including its parent, principally arise from the granting of loans and funding and are measured at amortised cost.

x) Tangible assets

Tangible assets are stated at historical cost (which includes, where applicable, directly attributable borrowing costs) less, where applicable, accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure directly attributable to the acquisition of the asset.

Depreciation on all assets is calculated on a straight-line basis to allocate the difference between cost and residual values over their estimated useful lives, at the following rates:

PV System Invertors	10 percent
Solar Panels and Mounting Structure	4 percent

Useful lives, residual values and depreciation methods are reviewed annually and reassessed in light of commercial and technological developments. Gains and losses on disposal are determined by comparing proceeds with the asset's carrying amount and are recognised as part of other operating income and expenses in the profit and loss account.

During construction, the components of the solar systems are recorded as Work-in-progress. Once a system is commissioned and meets all the required contractual conditions, it is transferred to an asset in use and each component depreciated over its estimated useful life.

xi) Impairment

Expected credit losses ("ECL")

The ECL requirements apply to financial assets measured at amortised cost. The Company applies a three-stage approach to measuring the ECL based on changes in the financial asset's underlying credit risk and includes forward-looking or macro-economic information (FLI). Where ECL is modelled collectively for portfolios of exposures, it is modelled as the product of the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD).

The calculation of ECL requires judgement and the choice of inputs, estimates and assumptions. Outcomes within the next financial period that are different from management's assumptions and estimates could result in changes to the timing and amount of ECL to be recognised.

The ECL is determined with reference to the following stages:

(i) Stage I – 12 month ECL

At initial recognition, and for financial assets for which there has not been a significant increase in credit risk (SICR) since initial recognition (or for those financial assets for which the credit risk is considered to be low), ECL is determined based on the PD over the next 12 months and the lifetime losses associated with such PD, adjusted for FLI.

Interest income is determined by applying the financial asset's EIR to the financial asset's gross carrying amount.

(ii) Stage II – Lifetime ECL not credit-impaired

When there has been a SICR since initial recognition, the ECL is determined with reference to the financial asset's life-time PD and the lifetime losses associated with that PD, adjusted for FLI. The Company assesses whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable FLI that includes significant management judgement.

Use of more alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL is generally determined based upon the contractual maturity of the financial asset. For revolving facilities, the Company exercises judgement based on the behavioural, rather than contractual characteristics of the facility type.

Interest income is determined by applying the financial asset's EIR to the financial asset's gross carrying amount.

Sonne Solar Limited

Notes to the financial statements for the financial period from 21 February 2018 to 31 March 2019 (continued)

Note 2. Summary of significant accounting policies (continued)

xj) Impairment (continued)

(iii) Stage III – Lifetime ECL credit-impaired

Financial assets are classified as stage III where they are determined to be credit impaired. This includes exposures that are at least 90 days past due and where the obligor is unlikely to pay without recourse against available collateral.

The ECL for credit impaired financial assets is generally measured as the difference between the contractual and expected cash flows from the individual exposure, discounted using the EIR for that exposure. For credit-impaired exposures that are modelled collectively, ECL is measured as the product of the lifetime PD, LGD and EAD, adjusted for FII.

Interest income is determined by applying the financial asset's EIR to the financial asset's amortised cost carrying value, being the gross carrying value after the ECL provision.

(iv) Purchased or originated credit-impaired financial assets

Purchased or originated credit-impaired (POCI) financial assets are initially recognised at fair value with interest income subsequently determined using a credit-adjusted EIR. The credit-adjusted EIR is the EIR adjusted for expected credit losses on initial recognition. The ECL is measured as the product of the lifetime PD, LGD and EAD adjusted for FII or by discounting the difference between the contractual and expected cash flows from the individual exposure using the credit-adjusted EIR, with increases and decreases in the measured ECL from the date of origination or purchase being recognised in profit and loss account as either an impairment gain or loss.

The loss allowances for ECL are presented in the balance sheet as loan assets and amounts due from other Macquarie undertakings.

When the Company concludes that there is no reasonable expectation of recovering cash flows from the financial asset, and all possible collateral has been realised, the financial asset is written off, either partially or in full, against the related provision. Recoveries of loans previously written off are recorded based on the cash received.

Impairment of tangible assets

Impairment losses are recognised in other impairment charges as part of other operating income and charges for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset'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 inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

xii) Called up share capital

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

Sonne Solar Limited

Notes to the financial statements for the financial period from 21 February 2018 to 31 March 2019 (continued)

For the period
21 February
2018 to 31
March 2019
£

Note 3. Loss on ordinary activities before taxation	
Loss on ordinary activities before taxation is stated after charging:	
Administrative expenses	
Legal and consulting fees	112,911
Insurance	28,165
Other professional fees	24,253
Service fees paid to other Macquarie Group undertakings	12,145
Other expenses	56,277
Auditors' remuneration	
Fees payable to the Company's auditors for the audit of the Company	25,368
Total administrative expenses	259,119
Other operating expenses	
Foreign exchange losses	(133,887)
The Company had no employees during the period.	
Note 4. Interest receivable and similar income	
Interest receivable from other Macquarie Group undertakings	43,078
Total interest receivable and similar income	43,078
Note 5. Interest payable and similar charges	
Interest payable to other Macquarie Group undertakings	131,089
Total interest payable and similar charges	131,089
Note 6. Taxation	
(i) Tax expense included in loss	
Current tax	
UK corporation tax at 19%	98,479
Total current tax	98,479
Deferred tax	
Origination and reversal of temporary differences	(9,409)
Effect of changes in tax rates	990
Total deferred tax	(8,419)
Tax on loss on ordinary activities	90,060

Sonne Solar Limited

Notes to the financial statements for the financial period from 21 February 2018 to 31 March 2019 (continued)

2019

£

Note 6. Taxation (continued)

(ii) Reconciliation of effective tax rate

The income tax expense for the period is higher to the standard rate of corporation tax in the UK of 19%. The differences are explained below:

Loss before taxation	(472,917)
Current tax benefit at 19%	89,854
Effect of:	
Non deductible expenses	(784)
Effect of changes in tax rates	990
Total tax loss on ordinary activities	90,080

The UK corporation tax rate is 19% for the current period, and will reduce to 17% from 1 April 2020. Deferred tax has been measured at 17%.

(iii) Deferred tax comprises timing differences attributable to:

The income tax expense for the period is higher to the standard rate of corporation tax in the UK of 19%. The differences are explained below:

Financial instruments	
Fixed assets	(8,419)
Total deferred tax liabilities	(8,419)

(iv) Reconciliation of the Company's movement in deferred tax

Balance at the beginning of the financial period	-
Deferred tax charged to profit and loss account for the period	(9,409)
Effect of changes in tax rates	990
Balance at the end of the financial period	(8,419)

Note 7. Tangible assets

Assets for own use

Solar installations

Cost	833,517
Less accumulated depreciation	(17,161)
	816,356

Work-in-Progress ¹	653,282
Total assets for own use	1,469,638

¹Represents the cost of assets in the installation phase as of the Balance Sheet date. No depreciation is recorded on these assets until they are deemed to be fit for operational use.

Balance at the beginning of the financial period	-
Additions	1,486,799
Depreciation expense	(17,161)
Balance at 31 March 2019	1,469,638

Sonne Solar Limited

Notes to the financial statements for the financial period from 21 February 2018 to 31 March 2019 (continued)

2019

£

Note 8. Cash at bank and in hand

Cash at bank and in hand	431
Total cash at bank and in hand	431

Note 9. Debtors

Amounts owed by other Macquarie Group undertakings ¹	1,626,897
VAT recoverable	29,232
Taxation	98,479
Accrued income	11,657
Other debtors	4,933,973
Total debtors	6,700,238

¹Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans to group undertakings at market rates and at 31 March 2019 the rates applied ranged between LIBOR plus 1.93% and LIBOR plus 2.41%.

Note 10. Creditors: amounts falling due within one year

Amounts owed to other Macquarie Group undertakings ¹	6,832,634
VAT payable	6,895
Other creditors	5,116
Total creditors	6,844,645

¹Amounts owed to Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company incurs interest on amounts owed to other Macquarie group undertakings at market rates and at 31 March 2019 the rate applied was LIBOR plus 1.93%.

Note 11. Called up share capital

	2019	2019
	Number of shares	£
Ordinary share capital		
Issue of 100 ordinary shares on 21 February 2018 at £1 per share	100	100
Issue of 1,000,000 ordinary shares on 1 June 2018 at £1 per share	1,000,000	1,000,000
Issue of 700,000 ordinary shares on 2 July 2018 at £1 per share	700,000	700,000
Closing balance of ordinary shares	1,700,100	1,700,100
Authorised share capital		
Issue of 100 ordinary shares on 21 February 2018 at £1 per share	100	100
Issue of 1,000,000 ordinary shares on 1 June 2018 at £1 per share	1,000,000	1,000,000
Issue of 700,000 ordinary shares on 2 July 2018 at £1 per share	700,000	700,000
Total authorised share capital	1,700,100	1,700,100

Note 12. Profit and loss account

Profit and loss account	
Balance at the beginning of the financial period	-
Loss attributable to ordinary equity holders of the Company	(382,857)
Balance at the end of the financial period	(382,857)

Sonne Solar Limited

Notes to the financial statements for the financial period from 21 February 2018 to 31 March 2019 (continued)

Note 13. Related party information

As 100% of the voting rights of the Company are controlled within the group headed by MGL, Incorporated in Australia, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the Macquarie Group. The consolidated financial statements of MGL, within which the Company is included, can be obtained from the address given in note 18.

The Company does not have any related party transactions or balances other than those with entities which form part of the Macquarie Group as mentioned above.

Note 14. Directors' remuneration

During the financial period ended 31 March 2019, all Directors were employed by and received all emoluments from other Macquarie Group undertakings. The Directors perform directors' duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be meaningful. Accordingly, no separate remuneration has been disclosed.

Note 15. Contingent liabilities and commitments

The Company has no other commitments or contingent liabilities which are individually material or a category of commitments or contingent liabilities which are material.

2019

£

Note 16. Lease commitments

Non-cancellable operating leases expiring:

Not later than one year	300
Later than one year and not later than five years	1,200
Later than five years	5,950
Total operating lease commitments	7,450

Operating leases relate to the land for all live and operational sites. The future lease commitments disclosed are net of any rental incentives received.

Note 17. Ultimate parent undertaking

At 31 March 2019 the immediate parent undertaking of the Company is Macquarie European Investment Holdings Limited. The ultimate parent undertaking and controlling party of the Company is MGL. The largest group to consolidate these financial statements, is MGL, a company incorporated in Australia. The smallest group to consolidate these financial statements is Macquarie Financial Holdings Pty Limited ("MFHPL"), a company incorporated in Australia. Copies of the consolidated financial statements for MGL and MFHPL can be obtained from the Company Secretary, Level 6, 50 Martin Place, Sydney, New South Wales, 2000, Australia.

Note 18. Events after the reporting period

On 9 August 2019, the Company issued an additional 1,000,000 shares at £1 each to its parent, Macquarie European Investment Holdings Limited.

At the date of this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2019 not otherwise disclosed in this report.