



**AQUIND Limited**

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# **AQUIND INTERCONNECTOR**

## **Funding Statement**

The Planning Act 2008

The Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 – Regulation 5(2)(h)

Document Ref: 4.2

PINS Ref.: EN020022

**AQUIND Limited**

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# **AQUIND INTERCONNECTOR**

## **Funding Statement**

**PINS REF.: EN020022**

**DOCUMENT: 4.2**

**DATE: 14 NOVEMBER 2019**

Herbert Smith Freehills LLP

Exchange House

Primrose Street

London

EC2A 2EG

## DOCUMENT

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**AQUIND Interconnector Order 202[X]**

**Funding Statement**

**Planning Act 2008**

**Document Ref: 4.2**

**PINS Reference: EN020022**

**Infrastructure Planning (Applications: Prescribed Forms and Procedure)  
Regulations 2009 (SI 2009/2264) (Regulation 5(2)(h))**

**Author: Herbert Smith Freehills LLP**

## TABLE OF CONTENTS

	<b>Page</b>
1. INTRODUCTION .....	1
2. PURPOSE OF THIS STATEMENT .....	2
3. THE PROPOSED DEVELOPMENT.....	3
4. CORPORATE STRUCTURE AND ASSETS .....	4
5. ESTIMATED PROJECT COST .....	5
6. PROJECT FINANCING .....	6
7. FUNDING CLAIMS FOR COMPENSATION.....	7
8. CONCLUSION.....	9
APPENDIX 1 AUDITED ACCOUNTS FOR AQUIND LIMITED FOR THE YEAR ENDED 30 JUNE 2018 .....	10

## 1. **INTRODUCTION**

- 1.1 This funding statement (Statement) relates to an application by AQUIND Limited (the 'Applicant') to the Secretary of State ('SoS') under the Planning Act 2008 (as amended) (the 'Act') for the AQUIND Interconnector Order (the 'Order') (the 'Application').
- 1.2 The Application is submitted to the Secretary of State pursuant to section 37 of the Act. This statement has been prepared in accordance with the requirements provided for by section 37(3)(d) of the Act and regulation 5(2)(h) of the Infrastructure Planning (Applications: Prescribed Forms and Procedures) Regulations 2009 (the '2009 Regulations'), and with relevant guidance issued by the Department for Communities and Local Government.
- 1.3 The Application seeks development consent for those elements of the AQUIND Interconnector (the 'Project') located in the UK and the UK Marine Area (the 'Proposed Development').

2. **PURPOSE OF THIS STATEMENT**

- 2.1 This Statement has been submitted as it will be necessary to acquire land and rights over land in order to carry out the Proposed Development and therefore powers of compulsory acquisition have been sought in the Order. This Statement explains how the shareholders of the Applicant and their parent companies expect that the construction of the Proposed Development and, as necessary, the acquisition compulsorily of land and rights over land as are required in connection with the Proposed Development and authorised by the Order will be funded.
- 2.2 This Statement forms part of a suite of documents accompanying the Application, submitted in accordance with section 37 of the Act and regulation 5(2)(h) of the 2009 Regulations, and should be read together with those documents, in particular the Statement of Reasons (Application Document Reference 4.1) which justifies the powers of compulsory acquisition that are sought.

### 3. THE PROPOSED DEVELOPMENT

- 3.1 The Project is a new 2,000 MW subsea and underground High Voltage Direct Current ('HVDC') bi-directional electric power transmission link between the South Coast of England and Normandy in France. By linking the British and French electric power grids it will make energy markets more efficient, improve security of supply and enable greater flexibility as power grids evolve to adapt to different sources of renewable energy and changes in demand trends such as the development of electric vehicles. The Project will have the capacity to transmit up to 16,000,000 MWh of electricity per annum, which equates to approximately 5% and 3% of the total consumption of the UK and France respectively.
- 3.2 The Application seeks development consent for those elements of the Project located in the UK and the UK Marine Area (the 'Proposed Development'). The Proposed Development includes:
  - 3.2.1 HVDC marine cables from the boundary of the UK exclusive economic zone to the UK at Eastney in Portsmouth;
  - 3.2.2 Jointing of the HVDC marine cables and HVDC onshore cables;
  - 3.2.3 HVDC onshore cables;
  - 3.2.4 A Converter Station and associated electrical and telecommunications infrastructure;
  - 3.2.5 High Voltage Alternating Current ('HVAC') onshore cables and associated infrastructure connecting the Converter Station to the Great Britain electrical transmission network, the National Grid, at Lovedean Substation; and
  - 3.2.6 Smaller diameter fibre optic cables to be installed together with the HVDC and HVAC cables and associated infrastructure.
- 3.3 Chapter 3 (Description of the Proposed Development) of the Environmental Statement ('ES') (Application Document Reference 6.1.3) contains a detailed description of the Proposed Development for which development consent is sought by the Applicant.
- 3.4 On 19 June 2018 the Applicant submitted a request to the SoS for a direction pursuant to section 35 of the PA 2008 that the Proposed Development is to be treated as development for which development consent is required.
- 3.5 The SoS, being satisfied that the relevant legal requirements were met and of the view that the Proposed Development is by itself nationally significant, issued a direction on 30 July 2018 directing that the Proposed Development, together with any development associated with it, is to be treated as development for which development consent is required.

#### 4. **CORPORATE STRUCTURE AND ASSETS**

- 4.1 AQUIND Limited, the Applicant, is a company registered in England and created in accordance with the laws of England and Wales, with company number 06681477 and registered at OGN House, Hadrian Way, Wallsend, NE28 6HL.
- 4.2 The Applicant was incorporated with the sole purpose of promoting and developing AQUIND Interconnector, the Project, and will be the undertaker for the purposes of the Order.
- 4.3 The sole shareholder (100%) of AQUIND Limited is AQUIND Energy Sarl, a company registered in Luxembourg with company number B 229924 and registered at 26, boulevard de Kockelscheuer, L-1821 Luxembourg.
- 4.4 As at 30 June 2018 the total company assets of the Applicant were £13.3m according to the annual audited account, mainly consisting of the capitalised development costs £12.2m.
- 4.5 A copy of the audited accounts for the year ended 30 June 2018 are contained at **Appendix 1** to this Statement.
- 4.6 As at 30 June 2019, it is estimated that the total assets of the Applicant were approximately £24.5m, mainly consisting of the capitalised development costs of approximately £23m. To that date the company has received £24.4m in debt and equity funding.
- 4.7 The audited accounts for the year ended 30 June 2019 are currently being prepared for filing before the end of March 2020 and therefore are not provided with this Statement.

5. **ESTIMATED PROJECT COST**

- 5.1 The Applicant continues to work with its delivery partners to understand the costs of implementing the Order, which includes costs associated with obtaining development consent, construction and land acquisition.
- 5.2 The current cost estimate for the Project is approximately €1.4bn (£1.24bn). This cost estimate has been informed by two rounds of third party contractor quotations, estimates and benchmarking.
- 5.3 The current capital cost estimate for the Proposed Development, based on an equal split of the estimated cost of the Project between the elements in France and in the UK, is approximately £622m.
- 5.4 A broad breakdown of the estimated costs is included in the table below.

<b>Works/Costs</b>	<b>Estimate</b>
Development costs (including professional and other fees)	£19m
Construction costs	£599m
Land acquisition costs	£4m
<b>Estimated Total Capital Cost</b>	<b>£622m</b>

- 5.5 The cost of interest and other debt servicing will be met from revenues generated by the Project.

6. **PROJECT FINANCING**

- 6.1 The Proposed Development, and more broadly the Project, is to be funded through project finance funded and secured against the operational profits (revenues) of the Project.
- 6.2 The Applicant intends to raise equity capital and project debt financing to meet the estimated costs of the Proposed Development. It is anticipated that the proportions of funding will be 20% equity and 80% debt.
- 6.3 It is anticipated that equity capital will be derived from leading international infrastructure funds, and that project debt financing will be secured from various banking sources and/or institutional investors. Market engagement has been undertaken on behalf of the Applicant by a leading accountancy firm which has confirmed that, subject to the consenting and regulatory matters discussed below being resolved, the Project is bankable and that there is a strong interest in the provision of finance for the Project.
- 6.4 Funding for the Project is expected to be subject to grant of the development consent order and the settlement of regulatory status of the Project in accordance with Regulation (EC) No. 714/2009 and Regulation (EU) No. 347/2013.

## **7. FUNDING CLAIMS FOR COMPENSATION**

### **7.1 Compulsory acquisition**

7.1.1 The Order contains powers to enable the acquisition of land, new rights over land and the imposition of restrictions that are necessary in connection with the construction, operation and maintenance of the Proposed Development. Such powers will be necessary to be used where the necessary land or rights over land cannot be acquired by voluntary agreement.

7.1.2 In summary, the following land and rights over land are sought for the purposes of the Proposed Development:

- (A) Acquisition of all freehold and leasehold interests over land required for the construction of a Converter Station at Lovedean;
- (B) Rights to plant and maintain landscaping, including maintaining existing hedgerows, on parcels of land necessary to mitigate the visual and ecological impact of the Proposed Development;
- (C) Easements authorising the laying, operation and maintenance of the HVAC onshore cables between the converter station and the existing National Grid substation at Lovedean;
- (D) Easements authorising the laying, operation and maintenance of the HVDC onshore cables between the Converter Station at Lovedean and the landfall site at Eastney;
- (E) Temporary use of land in connection with the construction and maintenance of the Proposed Development;
- (F) Easements of access necessary to construct and maintain the Proposed Development;
- (G) Acquisition of all freehold and leasehold interests over land required for construction of two optical regeneration stations near to the landfall at Eastney.

7.1.3 Further details of the rights and interests over land sought for the purpose of the Proposed Development are set out in section 6 of the Statement of Reasons (Application Document Reference 4.2).

### **7.2 Professional advice and landowner negotiations**

7.2.1 The total estimated maximum costs to acquire the land and rights required in connection with the Proposed Development and for which powers of acquisition in the Order are sought in relation to are approximately £4m. It should be noted that this is an estimated freehold valuation of the worst case land and rights required for the Project, and excludes the valuation of the Crown Estate's seabed interest (discussed below at paragraph 7.4.3) and professional fees and stamp duty land tax. The Applicant considers that the actual cost of acquiring land and rights required will be less than the above sum.

7.2.2 The current position regarding negotiations with landowners and those with interest in land affected by the Proposed Development is summarised in the Statement or reasons (Application Document Reference 4.1).

7.2.3 The Applicant has signed an option agreement with the Crown Estate for the licencing of a corridor of the seabed being 1,000 metres in width and lying inside the territorial limit. Within this seabed area, the Applicant may carry out site investigations and / or install temporary works during the option period. The Applicant may elect to exercise the option to draw down the licence within the option period (being six years) and once granted, the licence grants the Applicant rights to lay, bury, protect and use the section of the cable system for the Proposed Development within a certain designated area for a period of 49 years. The Applicant is negotiating a further option agreement with the Crown Estate for the leasing of a corridor of the foreshore and bed of the river at Eastney, Portsmouth. This lease contains similar rights to the aforementioned seabed licence.

### 7.3 **Blight**

7.3.1 The current cost estimate (see section 5 of this Statement) includes an amount to cover the total costs of the payment of compensation for the compulsory acquisition of land and rights included in the Order and required in connection with the Proposed Development.

7.3.2 It is not anticipated that any claims for blight will arise. Should any claims for blight arise as a consequence of the Application the cost of meeting such claims will be met from the sources of funding described above at section 6 to this Statement.

8. **CONCLUSION**

- 8.1 Whist the Project does not have the benefit of full funding at this stage, this is not unusual for a project where the securing of funding is dependent on the securing of a development consent order. It is not anticipated that there will be any funding shortfalls for the Project in terms its principal project cost financing or land acquisition at the time of when such finance is required.
- 8.2 The explanation set out in this Statement provides a basis for concluding that the compensation arising from the potential exercise of compulsory acquisition powers under the Order will be met, and that the necessary funding for the development of the Project will be secured.

**APPENDIX 1**

**AUDITED ACCOUNTS FOR AQUIND LIMITED FOR THE YEAR ENDED 30 JUNE 2018**

COMPANY REGISTRATION NUMBER: 06681477

**Aquind Limited**

**Financial Statements**

**For the year ended  
30 June 2018**



## **Aquind Limited**

### **Directors' Report**

**For the year ended 30 June 2018**

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The directors present their report and the audited financial statements of the company for the year ended 30 June 2018.

#### **Principal activities**

The principal activity of the company during the year was the development of the Aquind Interconnector - a 2000MW high voltage direct current power transmission line between the UK and France.

On June 23, 2016, the United Kingdom (UK) held a referendum in which voters approved an exit from the European Union (EU) referred to as "Brexit". As a result of the referendum, it was expected that the UK would leave the EU by 29 March 2019 although at the time of this report the terms and timing of any final Brexit negotiations remain unknown. The Directors anticipate that Brexit could cause disruption and uncertainties around AQUIND's business and relationships with both future users of the interconnector and create a short term uncertainty in respect of the regulatory treatment of AQUIND Interconnector by the UK, French and EU electricity market regulators. Brexit is unlikely to have a direct impact on environmental, planning and consenting activities, which are being currently undertaken by the company. Nevertheless, since construction of the interconnector is not planned earlier than 2020 and its commissioning planned for after 2022, we consider that the interconnector's business model will remain viable. Any short-term immediate disruptions arising from Brexit are unlikely to undermine the fundamental, long-term conditions of energy markets in the UK and France, which suggest significant economic benefits of the transmission of electricity between the two markets.

#### **Subsequent events**

Subsequent to the year end, on 15 February 2019 100% shares of the Company were sold to Aquind Energy SARL, a company registered in Luxembourg and the transaction has been registered with the UK tax authorities.

#### **Directors**

The directors who served the company during the year, and up to the date of signing were as follows:

Mr R D Glasspool  
Mr K Glukhovskoy  
Mr A Temerko

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

#### **Donations**

£34,000 was paid to the Conservative party for attendance at various events and conferences during the year. A proportion of the cost of these events are treated as donations by the recipient. It has not been possible to split this out. Further purchases of £8,000 were also made from the Conservative party during the year.

#### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

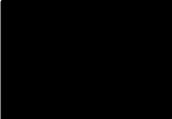
- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of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

#### **Small company provisions**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 27 March 2019 and signed on behalf of the board by:

  
Mr R D Glasspool  
Director



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## **Aquind Limited**

### **Directors' Responsibilities Statement**

**For the year ended 30 June 2018**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

## **Aquind Limited**

### **Independent Auditor's Report to the Members of Aquind Limited**

**For the year ended 30 June 2018**

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#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Aquind Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 these matters.

##### **Other information**

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

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

We have nothing to report in respect of these matters.

##### **Responsibilities of directors**

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

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## **Aquind Limited**

### **Independent Auditor's Report to the Members of Aquind Limited (continued)**

#### **For the year ended 30 June 2018**

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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.

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

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

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

#### **Report on other legal and regulatory requirements**

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

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

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

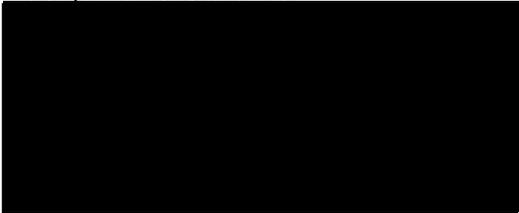
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

#### **Use of our report**

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



27 March 2019

**Aquind Limited**

**Statement of Comprehensive Income**

**For the year ended 30 June 2018**

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	<b>Note</b>	2018 £	2017 £
Administrative expenses		(1,023,130)	(579,725)
<b>Operating loss</b>		<u>(1,023,130)</u>	<u>(579,725)</u>
Interest payable and similar expenses		(363,565)	(87,060)
<b>Loss before taxation</b>		(1,386,695)	(666,785)
Tax on loss		-	-
<b>Loss for the financial year and total comprehensive income</b>		<u>(1,386,695)</u>	<u>(666,785)</u>

All the activities of the company are from continuing operations.

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The notes on pages 8 to 10 form part of these financial statements.

**Aquind Limited****Statement of Financial Position****As at 30 June 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	6	12,169,613	3,225,247
Tangible assets	7	8,109	—
		<u>12,177,722</u>	<u>3,225,247</u>
<b>Current assets</b>			
Debtors	8	1,014,452	254,383
Cash at bank and in hand		50,666	420,064
		<u>1,065,118</u>	<u>674,447</u>
<b>Creditors: amounts falling due within one year</b>	9	(15,092,991)	(4,363,150)
<b>Net current liabilities</b>		<u>(15,092,991)</u>	<u>(3,688,703)</u>
<b>Total assets less current liabilities</b>		<u>(1,850,151)</u>	<u>(463,456)</u>
<b>Net liabilities</b>		<u>(1,850,151)</u>	<u>(463,456)</u>
<b>Capital and reserves</b>			
Called up share capital		330,001	330,001
Profit and loss account		(2,180,152)	(793,457)
<b>Shareholders deficit</b>		<u>(1,850,151)</u>	<u>(463,456)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 27 March 2019 and are signed on behalf of the board by:



Mr R D Glasspool  
Director

Company registration number: 06681477

The notes on pages 8 to 10 form part of these financial statements.

**Aquind Limited**

**Statement of Changes in Equity**

**For the year ended 30 June 2018**

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	Called up share capital £	Profit and loss account £	Total £
<b>At 1 July 2016</b>	330,001	(126,672)	203,329
Loss for the year		(666,785)	(666,785)
<b>Total comprehensive loss for the year</b>	<u>—</u>	<u>(666,785)</u>	<u>(666,785)</u>
<b>At 30 June 2017</b>	330,001	(793,457)	(463,456)
Loss for the year		(1,386,695)	(1,386,695)
<b>Total comprehensive loss for the year</b>	<u>—</u>	<u>(1,386,695)</u>	<u>(1,386,695)</u>
<b>At 30 June 2018</b>	<u>330,001</u>	<u>(2,180,152)</u>	<u>(1,850,151)</u>

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The notes on pages 8 to 10 form part of these financial statements.

## Aquind Limited

### Notes to the Financial Statements

For the year ended 30 June 2018

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#### 1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is OGN House, Hadrian Way, Wallsend, NE28 6HL.

#### 2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

#### 3. Accounting policies

##### Basis of preparation

The financial statements have been prepared on the historical cost basis and in sterling, which is the functional currency of the entity.

##### Going concern

The company has been and is dependent upon the shareholder in providing funding to cover the initial project development costs. A number of shareholder loans have been provided to the company which are for a fixed term of one year. The shareholder has agreed to roll-over each loan and to extend for one further year. A budget has been prepared covering one years required project development and overhead costs to 31 March 2020. The shareholder has provided a letter of comfort to the company that the budget will be funded by additional shareholder loans and that all individual loans made to date to the company will be extended for one further year. The shareholder is therefore committed to provide continued funding to the company for the current project development phase. The directors are also investigating alternative sources of finance, including commercial banks, other financial institutions and strategic partners to fund subsequent project stages.

Taking into account the above and the ongoing financial support demonstrated by the shareholder, the directors continue to adopt the going concern basis in preparing the financial statements.

##### Development costs

Expenditure to establish the Project is recognised in the Profit and Loss Account on an accruals basis. Expenditure on the development of the Project is capitalised when its future recoverability can be reasonably assured and both its technical feasibility and commercial viability can be demonstrated. Costs capitalised include costs incurred in bringing the Project to the consented stage, including costs associated with obtaining all material permits, authorisations and financing. At the point where the future economic benefit from its use or disposal does not exceed the carrying value of the Project it is impaired. At the point that the Project reaches the consent stage and is approved for construction by the Board the carrying value will be transferred to property, plant and equipment as assets under construction.

##### Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

##### Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Amortisation will be charged once the related asset is available for use.

##### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

#### 4. Auditor's remuneration

	2018	2017
	£	£
Fees payable for the audit of the financial statements	7,550	7,550

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**Aquind Limited**

**Notes to the Financial Statements (continued)**

**For the year ended 30 June 2018**

**5. Employee numbers**

The average number of persons (based on the monthly average number in line with Companies Act requirements) employed by the company during the year amounted to 7 (2017: 7).

**6. Intangible assets**

	Development costs £	Intellectual property rights £	Other intangibles £	Total £
<b>Cost</b>				
At 1 July 2017	3,195,998	5,850	23,399	3,225,247
Additions	8,944,366	-	-	8,944,366
<b>At 30 June 2018</b>	<u>12,140,364</u>	<u>5,850</u>	<u>23,399</u>	<u>12,169,613</u>
<b>Amortisation</b>				
At 1 July 2017 and 30 June 2018	-	-	-	-
<b>Carrying amount</b>				
At 30 June 2018	<u>12,140,364</u>	<u>5,850</u>	<u>23,399</u>	<u>12,169,613</u>
At 30 June 2017	<u>3,195,998</u>	<u>5,850</u>	<u>23,399</u>	<u>3,225,247</u>

**7. Tangible assets**

	Fixtures and fittings £	Total £
<b>Cost</b>		
At 1 July 2017	-	-
Additions	9,018	9,018
<b>At 30 June 2018</b>	<u>9,018</u>	<u>9,018</u>
<b>Depreciation</b>		
At 1 July 2017 and 30 June 2018	909	909
<b>Carrying amount</b>		
At 30 June 2018	<u>8,109</u>	<u>8,109</u>
At 30 June 2017	<u>-</u>	<u>-</u>

**8. Debtors**

	2018 £	2017 £
Prepayments and accrued income	16,028	20,480
Other debtors	795,184	114,814
VAT	203,240	119,089
	<u>1,014,452</u>	<u>254,383</u>

**Aquind Limited****Notes to the Financial Statements (continued)****For the year ended 30 June 2018**

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**9. Creditors: amounts falling due within one year**

	2018	2017
	£	£
Trade creditors	1,542,026	530,401
Amounts owed to group undertakings	12,596,004	3,517,404
Accruals and deferred income	921,426	307,532
Social security and other taxes	32,063	–
Other creditors	1,472	7,813
	<u>15,092,991</u>	<u>4,363,150</u>

Amounts owed to group undertakings have been advanced at an interest rate of 4.5% above the Barclays bank base rate.

**10. Related party transactions**

During the year, the Company received marketing services from a relative of the company director in the amount of £6,300 (2017: £Nil). The services were provided under the normal market conditions. During the year the costs of these services were included in administrative expenses.

The outstanding amount at the reporting date was £Nil (2017: £Nil).

**11. Controlling party**

The company's immediate parent undertaking was OGN Enterprises Limited, a company registered in the British Virgin Islands. The directors regarded the ultimate controlling party to be TMF (BVI) Limited, a company registered in the British Virgin Islands.

**12. Subsequent events**

Subsequent to the year end, on 15 February 2019 100% shares of the Company were sold to Aquind Energy SARL, a company registered in Luxemburg and the transaction has been registered with the UK tax authorities.

