Registered in Jersey No. 83117

SOLAR FUNDING II LIMITED

Annual Report and Financial Statements

For the year ended 31 October 2021

Annual Report and Financial Statements 2021

CONTENTS

CONTENTS	Pages
Officers and professional advisers	1
Directors' Report	2-3
Directors' responsibilities statement	4
Independent auditor's report	5-8
Statement of comprehensive income	9
Statement of changes in equity	9
Statement of financial position	10
Statement of cash flows	11
Notes to the accounts	12-25

Annual Report and Financial Statements 2021

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Marian Suguitan
Richard Go
John Pendergast

SECRETARY

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ADVISER

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EC2M 4AA
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AUDITOR

Ernst &Young LLP
25 Churchill Place
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E14 5EY
United Kingdom

DIRECTORS' REPORT

The Directors present the annual report and the audited financial statements of Solar Funding II Limited (the "Company") for the year ended 31 October 2021.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company was incorporated in Jersey on 13 May 2002 as a private Company and then re-registered as a public Company on 13 December 2002.

The Company was established as a special purpose vehicle and participates in a US$10bn Secured asset-backed Medium Term Note Programme.

There has been no change in the activities of the Company during the period and no significant change is expected in the future.

The Company facilitates repackaging transactions by issuing Notes, acquiring underlying assets and entering into and performing the agreements to which it is or may become party. At the date of this report, the Company had issued twenty series of Notes (2020: twenty) of which eight series remain in issue. Two series are still collateralised by underlying debt assets (2020: three), with the remainder being backed solely by derivative financial instruments. The Company is principally funded by third party investors who purchased the Notes. Upon the maturity of the Notes or an event leading to the repurchase/redemption of the Notes, the collateral will be unwound to pay the maturity proceeds or repurchase/redemption amount. The third party investors bear all the risks and returns of the Notes and there is no recourse or limited recourse to the other assets of the Company. The Company acts as a pass through vehicle to facilitate each transaction.

NatWest Markets plc has provided a subordinated loan facility of up to £500,000 (the "Loan Agreement"), with the maximum amount being permitted to be drawn under this facility having been increased from £250,000 to £500,000 on 13 December 2021. At the balance sheet reporting date, £250,000 (2020: £250,000) had been drawn, the majority of the proceeds of which are held as cash at year end in order to meet future expenses if required.

The key performance indicator for the Company is the total assets. The Company has total assets in this period of $24,751,000 (2020: $51,306,000).

GOING CONCERN

The Directors believe that the Company is risk neutral and, as a consequence of the terms of the various transaction documents governing the structures, will always be able to meet its obligations on the Notes as they fall due.

The Company's statement of financial position as at 31 October 2021 showed a deficit in Equity Shareholders' Funds of $488,000. However, it should be noted that amounts drawn under the loan facility from NatWest Markets plc are repayable only from the credit balance, if any, on the Expense Reserve Account. Consequently, any shortfall in the Company's funds will be borne by NatWest Markets plc up to the amount drawn down under the Loan Agreement. In addition, NatWest Markets plc has no right under the Loan Agreement to petition for the commencement of insolvency proceedings against the Company whilst the Notes of any Series are outstanding and in any event until the date falling one year and one day after the date on which the last Notes have matured.

Considering the above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

RESULTS AND DIVIDENDS

The loss for the year ended 31 October 2021 is $127,000 (2020: $99,000) is shown on page 9 of the financial statements. The loss for the year will be transferred to reserves.

No dividends were declared or paid from the Company during the period (2020: $NIL) and the Directors do not propose a final dividend (2020: $NIL).

DIRECTORS' REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors acknowledge that the global macro-economic indicators and general business environment have remained uncertain in 2021. Market liquidity constraints, limited availability of credit and difficult trading conditions continue to pose significant challenges to all underlying businesses and borrowers to whom the Company has exposure. Conditions may deteriorate further due to the continued global financial and economic uncertainty.

The principal risks facing the Company are liquidity risk, interest rate risk, currency risk and credit risk. The Company has policies in place to mitigate these risks. Refer to note 13 of the Financial Statements for details.

In March 2020, the World Health Organization declared the spread of the Covid-19 virus a pandemic. Since then, many countries, including the UK, have periodically imposed strict social distancing measures, restrictions on non-essential activities and travel quarantines, in an attempt to slow the spread of the virus and reduce its impact.

There remains significant uncertainty regarding the developments of the pandemic and the future economic recovery. In the opinion of the Directors, although the Coronavirus outbreak may have a material adverse impact on the assets held by the Company, it is not likely to have a material adverse effect on the overall financial position and/or net results of the Company due to the fact that the Company has attempted to match the properties of its financial liabilities to those of its financial assets to mitigate significant elements of risk generated by mismatches of investment performance caused by market risks and/or any other risks such as credit risks against its obligations. Accordingly, the risks associated with the Company's financial assets and financial liabilities are ultimately borne by the holders of the Notes.

We continue to monitor the impact of Covid-19 on the Company.

CREDITORS PAYMENT POLICY

The Company's policy concerning payment of its trade creditors is to pay in accordance with its contractual and other legal obligations. Due to the nature of the business, the main creditors are the Note holders. Principal and interest are repaid in accordance with the agreements in place. The Company does not follow any other code or standard on payment practice.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

An audit committee is not appointed for the Company as the sole business of the Company is to act as the issuer of asset-backed securities. The entity is set up as a bankruptcy remote special purpose vehicle and is owned by a charitable trust with professional Directors provided by Sanne Fiduciary Services Limited and its affiliates. Oversight of risk management is performed by NatWest Markets plc in their capacity as arranger and dealers of the transactions. Interest rate, credit and currency risk are materially hedged as the Company issues Notes that are funded fully by third party investors and uses derivatives to offset any exposure. Oversight of the financial reporting and disclosure process is managed by NatWest Markets plc. Sanne Secretaries Limited and its affiliates have oversight of appointment, performance and independence of the external audit function.

DIRECTORS AND THEIR INTERESTS

The present Directors, who have served throughout the period are listed on page 1.

None of the Directors had any interests in the Company at any time during this period (2020: $nil).

EMPLOYEES

The Company has no employees. Sanne Secretaries Limited performs the Company's secretarial function.

AUDITOR

Ernst & Young LLP have expressed their willingness to continue in office and a resolution for their reappointment as auditor to the Company will be proposed at the forthcoming Board Meeting.

Richard Go

Signed on behalf of the Board of Directors:
Date: 12 January 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Jersey Company law requires the directors to prepare financial statements for each financial period in accordance with any generally accepted accounting principles. The financial statements of the company are required by law to give a true and fair view of the state of affairs of the company at the period end and of the profit or loss of the company for the period then ended. In preparing these financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- specify which generally accepted accounting principles have been adopted in their preparation; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. 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 confirm that they have complied with all the above requirements throughout the year and subsequently.

STATEMENT OF PERSONS RESPONSIBLE WITHIN THE ISSUER

In accordance with DTR 4.1.12R, each of the Directors, whose names and functions are listed on page 1, confirms to the best of that Director's knowledge and belief:

- the financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and
- the annual reports taken as a whole includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

Richard Go

Signed on behalf of the Board of Directors:

Date: 12 January 2022

Opinion

We have audited the financial statements of Solar Funding II Limited (the 'company') for the year ended 31 October 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

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, including the UK FRC's Ethical Standard as applied to listed entities, 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of the nature of the company, which facilitates repackaging transactions by issuing debt securities and acquiring underlying assets, and with any mismatch between the issued notes and underlying assets hedged by swap contracts.
- Assessing the financial performance of the swap counterparty.
- Reviewing the director's going concern disclosures, including their analysis of the impact of COVID-19, in order to assess whether the disclosures were appropriate and in conformity with the accounting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 31 January 2023, which is in excess of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. 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.

Overview of our audit approach

Key audit matters	• Valuation of financial instruments where there is limited pricing information or where the valuation is determined using a complex valuation model
Materiality	► Overall materiality of £248k which represents 1% of Total assets.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Changes from the prior year

There were no changes to the scope of our audit compared to the prior year.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to those charged with governance
Valuation of financial instruments where there is limited pricing information or where the valuation is determined using a complex valuation model		
Refer to Accounting policies (pages 12 to 14); and Notes 5, 6, 8 and 13 of the financial statements (pages 15 to 18; 20 to 25) We consider inappropriate valuation of financial instruments held at fair value and related income recognition as a fraud risk due to the level of management judgement involved in the selection of valuation techniques/models and relevant inputs. Based on our assessment, we identified the following instruments with higher risk characteristics: • Investments in debt securities ($5m as at 31 October 2021 and $29.9m as at 31 October 2020) where there is limited observable pricing information in active market available	We performed a walkthrough to confirm our understanding of the company's process and controls in relation to the valuation of financial instruments with higher risk characteristics and related income recognition. However, we did not rely on controls and applied a fully substantive approach to our audit due to the limited number of transactions in the company in the year ended 31 October 2021. We involved our valuation and modelling specialists to: • Independently re-value investments debt securities where there is limited observable pricing information using prices of comparable positions and other data points and assess the appropriateness of the valuation methodology used • Assess the appropriateness of the methodology used to determine the fair value of debt securities issued • Independently re-value the complex interest rate derivatives using independent data and quantitative models and assess the appropriateness of the valuation methodology used	We raised an observation with those charged with governance relating to the lack of effective control framework for the determination of fair value of financial instruments. Based on the substantive procedures that we have performed, we are satisfied that the valuation of financial instruments with higher risk characteristics and the recognition of related income is fairly stated as at 31 October 2021 and for the year then ended, in all material respects, and in accordance with International Financial Reporting Standards as adopted by the European Union. We also concluded that the related disclosures were adequate and in compliance with applicable accounting standards

• Debt securities issued ($4m as at 31 October 2021 and $28.9m as at 31 October 2020) where there is limited observable pricing information in active market available • Complex interest rate derivative financial instruments where the interest rate is reset periodically with reference to a market swap rate (net value of $14.2m as at 31 October 2021 and $14.9m as at 31 October 2020) Our assessment of the risk associated with the issue did not change compared to previous year as there were no significant changes in the company's activities.	We tested the reasonableness of the valuation of debt securities issued with reference to valuation of investments in debt securities and derivative financial instruments. We evaluated the adequacy of the related disclosures in the financial statements	

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be £248k (2020: £257k), which is 1% (2020: 0.5%) of total assets. We believe that the use of total assets is an appropriate basis for the audit materiality as (i) the total assets are used as the key performance indicator by management (ii) the primary users of the financial statements, i.e., the investors who hold the notes issued by the company, are focused on the valuation of the underlying assets that form main source for debt issued repayment and (iii) revenue/profit measures are less relevant given the nature of the company's activities (i.e., pass through structure). The increase in the materiality threshold year on year is as a result of our further understanding of the entity.

During the course of our audit, we reassessed initial materiality and did not apply significant changes to the calculation.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality should be established at 50% (2020: 50%) of our planning materiality, namely £124k (2020: £129k). We have set performance materiality at this percentage due to the unadjusted audit differences relating to the valuation of the financial instruments that were noted in the prior year.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the those charged with governance that we would report to them all uncorrected audit differences in excess of £12k (2020: £13k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 2-4, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company, or proper 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 company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

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

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

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are:
    - Companies (Jersey) Law 1991
    - Tax legislation
    - Listing rules of the exchanges where the debt securities issued are listed
    - International Financial Reporting Standards as adopted by the European Union
- We understood how Solar Funding II Plc is complying with those frameworks by inquiring with management and directors as to any known instances of non-compliance or suspected non-compliance with laws and regulations. We reviewed the minutes of the Board Committee meetings.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the valuation of financial instruments held at fair value and related income recognition to be a fraud risk. We performed journal entry testing with a focus on all material adjustments which affect the financial statements to assess their appropriateness. We also performed substantive testing in response to the risk of fraud identified, as detailed in the key audit matters section above. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud and error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiring of key management as well as reviewing correspondence with the relevant authorities.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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.

Jean-Philippe Faillat
for and on behalf of Ernst & Young LLP
London
12 January 2022

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 October 2021

	Notes	2021 $'000	2020 $'000
Interest income		2,528	2,988
Interest expense		(2,528)	(2,988)
Net interest income		-	-
Change in fair value on debt securities owned	5	(410)	(3,175)
Change in fair value on debt securities issued	8	1,024	4,121
Change in fair value on derivatives	6	(614)	(946)
Net unrealised profit/loss		-	-
Net income		-	-
Fees received		31	28
Administrative expenses	3	(158)	(127)
Loss for the period		(127)	(99)
Exchange differences on translation to the presentation currency		(16)	(1)
Total comprehensive loss for the period		**(143)**	**(100)**

The accompanying notes on pages 12 to 25 are an integral part of these financial statements.

The results above for the current and prior year arose wholly from continuing operations.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 October 2021

	Share capital $'000	Foreign currency reserves $'000	Retained earnings $'000	Total $'000
Balance at 31 October 2019	-	80	(325)	(245)
Loss for the period	-	-	(99)	(99)
Other comprehensive loss	-	(1)	-	(1)
Balance at 31 October 2020	-	79	(424)	(345)
Loss for the period	-	-	(127)	(127)
Other comprehensive loss	-	(16)	-	(16)
Balance at 31 October 2021	**-**	**63**	**(551)**	**(488)**

STATEMENT OF FINANCIAL POSITION
As at 31 October 2021

	Notes	2021 $'000	2020 $'000
NON-CURRENT ASSETS			
Derivative financial instruments	6	15,243	16,224
Investments in debt securities	5	8,535	9,124
		23,778	25,348
CURRENT ASSETS			
Prepayments		35	33
Accrued interest receivable		119	298
Derivative financial instruments	6	615	782
Investment in debt securities	5	-	24,492
Cash and cash equivalents		204	353
		973	25,958
TOTAL ASSETS		**24,751**	**51,306**
CURRENT LIABILITIES			
Accrued fees payable	7	68	64
Deferred fee income		23	23
Accrued interest payable		123	304
Derivative financial instruments	6	428	414
Debt securities issued	8	615	25,274
Subordinated loans payable		343	324
		1,600	26,403
NON-CURRENT LIABILITIES			
Debt securities issued	8	22,140	23,256
Derivative financial instruments	6	1,210	1,678
Deferred fee income		289	314
		23,639	25,248
TOTAL LIABILITIES		**25,239**	**51,651**
EQUITY			
Called up share capital	9	-	-
Foreign currency reserves	10	63	79
Retained earnings	11	(551)	(424)
EQUITY SHAREHOLDERS' FUNDS		**(488)**	**(345)**

The accompanying notes on page 12 to 25 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue (Registered in Jersey No. 83117) on 12 January 2022

Signed on behalf of the Board of Directors:

John Pendergast

STATEMENT OF CASH FLOW
For the year ended 31 October 2021

Operating Activities	Notes	2021 $'000	2020 $'000
Net cash outflow from operations	12	(168)	(103)
Adjustment for non-cash item:			
Change in fair value on debt securities owned		(410)	(3,175)
Change in fair value on debt securities issued		1,024	4,121
Change in fair value on derivatives		(614)	(946)
Net cash used in from operating activities		(168)	(103)
Investing activities			
Proceeds on redemption of debt securities	5	24,786	45,356
Net cash from investing activities		24,786	45,356
Financing activities			
Net payments on redemption of debt securities issued	8	(26,155)	(35,632)
Net swap payments	6	1,369	(9,724)
Net cash used in financing activities		(24,786)	(45,356)
Net cash outflow for the year		(168)	(103)
Cash and cash equivalents at the beginning of the year		353	455
Exchange differences on translation to the presentation currency		19	1
Cash and cash equivalents at the end of the year		**204**	**353**

Supplemental information

	2021	2020
Interest received	2,707	3,504
Interest paid	(2,707)	(3,504)

The accompanying notes on page 12 to 25 are an integral part of these financial statements.

ANALYSIS OF CHANGE IN NET DEBT	Investment in Debt Security	Derivative Instruments	Debt Securities issued
	$'000	$'000	$'000
Opening balance as at 1 Nov 2020	33,616	14,914	48,530
Cash movement	(24,786)	(1,369)	(26,155)
Non cash movement	(295)	675	380
Closing balance as at 31 October 2021	**8,535**	**14,220**	**22,755**

NOTES TO THE ACCOUNTS
For the year ended 31 October 2021

1. ACCOUNTING POLICIES

General information

Solar Funding II Limited is a company incorporated in Jersey under the Companies (Jersey) Law 1991 as amended. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' Report.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the EU (together IFRS) and on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value through profit or loss
- Financial liabilities are measured at fair value through profit or loss
- Financial assets measured at fair value through profit or loss

The Directors have assessed the impact, or potential impact, of all new accounting requirements. In the opinion of the Directors, except for the implementation of the amendments to IAS 1 and IAS 8 and the associated amendments to the Conceptual Framework and IFRS Practice Statement 2, all of which relate to the definition of 'material', there are no mandatory new accounting requirements applicable in the period that had any actual or potential material effect on the reported performance, financial position, or disclosures of the Company.

Any changes to IFRS that were effective from 1 November 2020 have had no material effect on the Company's financial statements for the year ended 31 October 2021.

The financial instrument were measured at fair value and continued to be measured at fair value.

Due to the fact that the nature of the business is to participate in the issuance of secured asset-backed medium-term notes, the directors are of the opinion that it is more appropriate to use interest income and expense than turnover and cost of sales in preparing the statement of comprehensive income.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Basis of accounting – going concern

The Company's business activities, performance and position, as well as principal risks and uncertainties are set out in the Directors' Report on page 2. In addition, note 13 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Directors believe that the Company is risk neutral and, as a consequence of the terms of the various transaction documents governing the structures, will always be able to meet its obligations on the Notes as they fall due. The Notes are collateralised by various underlying fixed and variable rate assets for related series. The Company is funded by third party investors who purchase the Notes. Upon the maturity of the Note or an event leading to the repurchase of the Note, the asset will be unwound to repay the investors' funding. The third party investors bear all the risks and returns of the Note and there is no recourse or limited recourse to the Company. NatWest Markets plc has provided a subordinated loan facility of up to £500,000. At the reporting date, £250,000 (2020: £250,000) had been drawn, the majority of the proceeds of which are held as cash at year-end in order to meet future expenses if required. In the Directors' opinion, the Company currently holds sufficient cash to meeting its ongoing expenses for the forthcoming financial year and for the foreseeable future thereafter, being until at least twelve months after the date of approval of the Financial Statements.

With this in consideration, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

NOTES TO THE ACCOUNTS
For the year ended 31 October 2021

1. ACCOUNTING POLICIES (CONTINUED)

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense, in particular the fair values of financial instruments designated at fair value through profit and loss. 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 on carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates used in the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods. No sensitivity analysis has been prepared as the Company does not have a material exposure to interest and/or currency risk.

Currency translation

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the reporting currency at the rates of exchange ruling at the reporting date. Profits and losses arising from foreign currency translation from the functional currency to the presentational currency are dealt with in the foreign currency reserve.

Presentation and functional currencies

The financial statements have been presented in United States dollars ($) as the Company participates in a US dollar secured asset-backed medium-term Note programme. The functional currency is Euros since the majority of transactions are denominated in Euros.

Interest income and interest expense

Interest income on financial instruments held at fair value is recognised in the statement of comprehensive income on an accruals basis. The discount on zero coupon debt securities issued and held at fair value is recognised in interest expense on an accruals basis using the effective interest rate method. Interest expense on interest bearing debt securities issued and held at fair value is recognised on an accruals basis using the effective interest rate method.

Interest income and interest expense on financial instruments held at fair value are disclosed separately from the fair value movements on those financial instruments in the statement of comprehensive income. In addition accrued interest income and expense on these instruments are disclosed on separate lines in the statement of financial position to the carrying value of those financial instruments.

Fee expenses

Fee expenses include legal, administration, advisory and audit fees. Fee expenses are accounted for on an accruals basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks together with short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

NOTES TO THE ACCOUNTS
For the year ended 31 October 2021

1. ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and liabilities are recognised on the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Net realised gains and losses on the sale, transfer, discharge, cancellation or expiry of positions are determined on a realisation basis and are included in the Statement of Comprehensive Income for the period in which they arise.

Investments in debt securities

Investments in debt securities are held by the Company with the intention to use them on a continuing basis in the Company's activities. The investments in debt securities were designated and are accounted for at fair value through profit or loss to reduce the accounting mismatch that arises due to measuring derivative instruments at fair value. Fair values have been calculated based on available market prices, or where these are not available, by discounting cash flows at prevailing interest rates.

Debt securities issued

Debt securities issued were designated and are accounted for at fair value through profit or loss to reduce the accounting mismatch that arises due to measuring derivative instruments at fair value. Fair values have been calculated based on available market prices, or where these are not available, by discounting cash flows at prevailing interest rates.

Derivative instruments

The Company does not enter into speculative derivative contracts. Derivative instruments are used for hedging purposes to alter the risk profile of an underlying exposure of the Company in line with the Company's risk management policy (refer to note 13). Derivative financial instruments are recorded at fair value, with any gain or loss on re-measurement being recognised in the statement of comprehensive income. The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the reporting date, and is based upon discounted cash flows. The derivatives are structured in a way that results in the operating profit being nil at each reporting date due to pass-through nature of the Company.

Segmental reporting

The Directors have determined that the Company has only one reportable operating segment: acquiring of fixed and variable rate assets which are funded by Notes issued. The Directors do not consider it necessary to provide a further analysis of the results of the Company from those already disclosed in these financial statements, in particular note 13 contains additional information about the geographical concentrations and assets held.

2. DIRECTORS AND EMPLOYEES

None of the Directors received any emoluments for their services to the Company during the period (2020: $nil). The Directors had no interest in any contracts in relation to the business of the Company at any time during the period (2020: $nil). The Company does not have any employees (2020: none).

3. ADMINISTRATIVE EXPENSES

	2021 $'000	2020 $'000
Management fees	4	4
Auditor's remuneration for the audit of the Company's accounts	68	71
Other expenses	86	52
Total expenses	158	127

NOTES TO THE ACCOUNTS
For the year ended 31 October 2021

4. TAX

The Company is registered in Jersey, Channel Islands as an income tax paying company. The general rate of corporate income tax for companies resident in Jersey (such as the Company) is 0% for the current period of assessment (2020:0%).

5. INVESTMENTS IN FINANCIAL ASSETS

Debt securities held at fair value

	2021	**2020**
	$'000	**$'000**
Fair value at beginning of year	33,616	79,783
Repayments	(24,786)	(45,356)
Change in value	(410)	(3,175)
Foreign exchange movement	115	2,364
Fair value at end of year	8,535	33,616
Due in less than one year	-	24,492
Due in greater than one year	8,535	9,124
Fair value at end of year	8,535	33,616
Government related	3,520	3,715
Bank and building society bonds	5,015	29,901
	8,535	**33,616**
Listed on Madrid Stock Exchange	3,520	3,715
Listed on Irish Stock Exchange	-	24,492
Unlisted	5,015	5,409
	8,535	**33,616**

NOTES TO THE ACCOUNTS
For the year ended 31 October 2021

6. SWAP CONTRACTS HELD AT FAIR VALUE

	2021 $'000	2020 $'000
Fair value at beginning of period/ year (net)	14,914	3,748
Principal (payments)/receipt on swaps	(1,369)	9,724
Change in value	(614)	(946)
Foreign exchange movement	1,289	2,388
Fair value at end of period/ year (net)	14,220	14,914
Derivative assets:		
Amounts due within one year	615	782
Amounts due after one year	15,243	16,224
	15,858	17,006
Derivative liabilities:		
Amounts due within one year	(428)	(414)
Amounts due after one year	(1,210)	(1,678)
	(1,638)	(2,092)
	14,220	14,914

The fair value of the swap contracts above is linked to the fair value of the asset-backed Notes issued. Refer to note 13 of the Financial Statements for more details of the principal risks facing the Company and the policies in place for managing the risks.

7. ACCRUED FEES PAYABLE

	2021 $'000	2020 $'000
Administrative fees	68	64
Total accrued fees payable	68	64

8. DEBT SECURITIES ISSUED

Debt securities issued by the Company have been classified as asset-backed. The debt securities issued are classified based on their risk characteristics and debt securities issued within each class are considered to have similar risk exposures.

The Company uses proceeds from the secured asset-backed debt securities issued to acquire charged assets agreed with the Note holders at deal inception. The Company then enters into a derivative agreement with NatWest Markets plc whereby any interest received on the charged assets, along with any principal repayments, are payable to NatWest Markets plc. In return, NatWest Markets plc undertakes to pay to the Company amounts equal to the amounts due on the debt securities issued.

NOTES TO THE ACCOUNTS
For the year ended 31 October 2021

8. DEBT SECURITIES ISSUED (CONTINUED)

The below tables refers to asset-backed securities for all Series of Notes which have underlying assets:

Series	Currency	Carrying Value	Issue Price	Maturity Date	Coupon
Series 8	EUR	6,202,900	68.87%	31-Dec-35	0.00%
Series 19	EUR	3,000,000	100.00%	27-Oct-27	CMS10 + 1.40% (capped at 8% and floored at 4%)

The below table refers to asset-backed securities for all series of Notes which don't have underlying assets:

Series	Currency	Carrying Value	Issue Price	Maturity Date	Coupon
Series 2	EUR	1,544,000	76.20%	30-Dec-33	0.00%
Series 3	EUR	454,000	52.20%	29-Dec-34	0.00%
Series 4	EUR	2,845,000	76.74%	29-Dec-34	0.00%
Series 6	EUR	531,000	82.57%	31-Dec-35	0.00%
Series 7	EUR	3,645,000	79.41%	31-Dec-35	0.00%
Series 10	EUR	3,405,000	74.93%	31-Dec-35	0.00%

The following table shows the movement in the debt securities issued in the period:

	2021 $'000	2020 $'000
Fair value at beginning of period/year	48,530	83,530
Repayments	(26,155)	(35,632)
Change in value	(1,024)	(4,121)
Foreign exchange movement	1,404	4,753
Fair value at end of period/year	22,755	48,530
Due in less than one year	615	25,274
Due in greater than one year	22,140	23,256
Fair value at end of period/year	22,755	48,530

Each series of Notes issued is independent and is backed by a particular pool of assets. Holders of one series of Notes have no recourse to the assets and cash flows of other series' Notes.

The Company's obligations to pay interest and principal in respect of its Notes are exactly matched by the terms of the Company's investments in debt securities and derivatives. The recourse of the Note holders is limited to the principal value of, and return generated by, the Company's investments in debt securities and derivatives.

NOTES TO THE ACCOUNTS
For the year ended 31 October 2021

8. DEBT SECURITIES ISSUED (CONTINUED)

The following analysis shows the grouping of balance sheet amounts of associated financial assets, derivatives and Notes issued by each category of debt securities:

Notes issued by category:
31 October 2021

	Fair value of Financial assets	Fair value of Derivatives	Fair value of Notes issued
	$'000	$'000	$'000
Asset-backed securities	8,535	14,220	(22,755)
	8,535	**14,220**	**(22,755)**

Notes issued by category:
31 October 2020

	Fair value of Financial assets	Fair value of Derivatives	Fair value of Notes issued
	$'000	$'000	$'000
Asset-backed securities	33,616	14,914	(48,530)
	33,616	**14,914**	**(48,530)**

9. SHARE CAPITAL

	2021	2020
	$	$
Authorised share capital:		
10,000 (2020: 10,000) ordinary shares of £1 each	15,000	15,000
	$	$
Issued, allotted and paid		
10 (2020: 10) ordinary shares of £1 each	15	15

The share capital is held by a trust for charitable purposes and there is no obligation to the Note holders with limited recourse conditions attached while issuing Notes. Further the trust has no beneficial interest in and derives no benefits other than fees for acting as trustee.

NOTES TO THE ACCOUNTS
For the year ended 31 October 2021

10. FOREIGN CURRENCY RESERVES

	2021 $'000	2020 $'000
At start of period/year	79	80
Loss for the period/year	(16)	(1)
At end of period	63	79

11. RETAINED EARNINGS

	2021 $'000	2020 $'000
At start of period/year	(424)	(325)
Total comprehensive loss for the period/year	(127)	(99)
Retained loss at end of period/year	(551)	(424)

12. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES

	2021 $'000	2020 $'000
Loss from operations	(127)	(99)
Decrease in debtors	177	514
Decrease in creditors	(202)	(517)
Foreign exchange movements	(16)	(1)
Net cash outflow from operating activities	(168)	(103)

NOTES TO THE ACCOUNTS
For the year ended 31 October 2021

13. FINANCIAL INSTRUMENTS

The Company's financial instruments principally comprise amounts due on loans payable, investments in debt securities and other financial assets, derivatives and debt securities issued. Cash and other items arise directly from the Company's operations.

It is, and has been throughout the period, the Company's policy that no trading in derivative financial instruments shall be undertaken.

The Board reviews and agrees policies for managing each of these risks and these are summarised below.

Capital risk management

The Company manages its capital to ensure it will be able to continue as a going concern. The Company has no externally imposed capital requirements.

The capital structure of the Company primarily comprises issued Notes purchased by third party investors under the entity's secured asset-backed medium-term Note programme. Other sources of funding consist of an unsecured subordinated loan of up to £500,000 from NatWest Markets plc and retained earnings.

At the reporting date, £250,000 has been drawn down on the subordinated loan (2020: £250,000).

The Notes are collateralised by the various assets held under each relevant series of Note.

The company has limited foreign currency exposure due to matched underlying assets with notes in issue. The currency exposure is limited to transaction cost and the subordinate loan issued by NatWest Markets plc of £250,000.

Liquidity risk

The Company's obligations to pay interest and principal in respect of its Notes are exactly matched by the terms of the Company's investments in debt securities and derivatives. The recourse of the Note holders is limited to the principal value of, and return generated by, the Company's investments in debt securities and derivatives.

Furthermore, the loan payable to NatWest Markets plc of $343,000 (2020: $324,000) is subordinate to the Notes and is limited recourse in nature.

The Company's management believes that the Company is risk neutral and, as a consequence of the terms of the various transaction documents governing the structure, will always be able to meet its obligations as they fall due.

NOTES TO THE ACCOUNTS
For the year ended 31 October 2021

13. FINANCIAL INSTRUMENTS (CONTINUED)

Carrying amounts and undiscounted future contractual cash flows of liabilities are set out below:

As at 31 October 2021	Carrying amount/ Fair value $'000	Contractual cash flows $'000	<1 mth $'000	1-3 mths $'000	3-12mths $'000	1-5 yrs $'000	>5 yrs $'000
Non-derivatives financial liabilities							
Notes issued	(22,755)	(26,637)	-	(173)	(1,353)	(5,621)	(19,490)
Other creditors	(846)	(846)	-	-	(846)	-	-
	(23,600)	(28,174)	-	(173)	(2,890)	(5,621)	(19,490)
Derivatives financial liabilities							
Interest rate swaps	(1,638)	(2,866)	-	(106)	(472)	(1,838)	(450)

As at 31 October 2020	Carrying amount/ Fair value $'000	Contractual cash flows $'000	<1 mth $'000	1-3 mths $'000	3-12mths $'000	1-5 yrs $'000	>5 yrs $'000
Non-derivatives financial liabilities							
Notes issued	(48,530)	(53,287)	-	(631)	(25,841)	(5,865)	(20,950)
Other creditors	(1,029)	(692)	-	-	(692)	-	-
	(49,559)	(53,979)	-	(631)	(26,533)	(5,865)	(20,950)
Derivatives financial liabilities							
Interest rate swaps	(2,092)	(3,415)	-	(105)	(473)	(1,998)	(839)

NOTES TO THE ACCOUNTS
For the year ended 31 October 2021

13. FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk
The Company publishes its financial statements in United States dollars, is capitalised in Pounds Sterling and conducts most of its business in Euros. As a result, it is subject to foreign currency exchange risk due to exchange rate movements which will affect the Company's transaction costs. Foreign currency investments are hedged by foreign currency loans and it is the Company's policy to match liabilities with assets of the same currency. As a result the Company does not have a material exposure to currency risk and therefore no sensitivity analysis has been presented.

Interest rate risk
The interest profile of debt securities issued is detailed in note 8. The subordinated loan payable to NatWest Markets plc is at a floating rate. The Company is not exposed to interest rate risk as the interest receipts and payments are matched by entering into interest rate swap agreements. As a result the Company does not have a material net exposure to interest rate risk and therefore no sensitivity analysis has been presented.

Credit risk
The Company faces a credit risk that the underlying assets may not pay as and when they fall due. The Company's credit risk is reduced by ensuring that its obligations to pay interest and principal on the associated debt securities issued and derivatives held are limited to the receipts on the underlying assets. The largest exposure to any one debt security held amounted to $5m represented 59% of the portfolio. The maximum exposure to credit risk on assets held at the annual report date is the balance sheet amount.

The following table details the aggregate investment grade of the financial assets in the portfolio, as rated by well known rating agencies approved by management:

2021 Ratings (Standard and Poor's)	**Total**
	$'000
A and above	-
AA- and above	-
BBB+ and above	-
Not rated	8,535
Total	**8,535**

2020 Ratings (Standard and Poor's)	**Total**
	$'000
A and above	-
AA- and above	-
BBB+ and above	-
Not rated	33,616
Total	**33,616**

NOTES TO THE ACCOUNTS
For the year ended 31 October 2021

13. FINANCIAL INSTRUMENTS (CONTINUED)

As at 31 October 2021, the Company's investment securities analysed by geographic location were concentrated as follows:

2021 Geographic location	Total investment securities $'000
France	59%
Ireland	0%
Spain	41%
Total	**100%**

As at 31 October 2020, the Company's investment securities analysed by geographic location were concentrated as follows:

2020 Geographic location	Total investment securities $'000
France	16%
Ireland	73%
Spain	11%
Total	**100%**

NOTES TO THE ACCOUNTS
For the year ended 31 October 2021

13. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values of financial assets and financial liabilities

The Directors consider the carrying amounts of assets and liabilities not held at fair value to approximate their fair values, as at 31 October 2021.

As at 31 October 2021, the carrying amounts of financial assets and financial liabilities issued by the Company for which fair values were determined directly, in full or in part, by reference to published price quotations or determined using valuation techniques are as follows:

2021	**Level 1 Quoted price in active market**	**Level 2 Valuation technique observable parameters**	**Level 3 Valuation technique unobservable parameters**
Assets	**$'000**	**$'000**	**$'000**
Financial assets at fair value through profit or loss	-	8,535	-
Derivative financial instruments	-	15,858	-
	-	**24,393**	**-**
Liabilities			
Financial liabilities at fair value through profit or loss	-	(22,755)	-
Derivative financial instruments	-	(1,638)	-
	-	**(24,393)**	**-**

2020	**Level 1 Quoted price in active market**	**Level 2 Valuation technique observable parameters**	**Level 3 Valuation technique unobservable parameters**
Assets	**$'000**	**$'000**	**$'000**
Financial assets at fair value through profit or loss	-	33,616	-
Derivative financial instruments	-	17,006	-
	-	**50,622**	**-**
Liabilities			
Financial liabilities at fair value through profit or loss	-	(48,530)	-
Derivative financial instruments	-	(2,092)	-
	-	**(50,622)**	**-**

NOTES TO THE ACCOUNTS
For the year ended 31 October 2021

13. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values of financial assets and financial liabilities (continued)

Valuation techniques

The Company derives fair value of its instruments differently depending on whether the instrument is a non-modelled or a modelled product.

Non-modelled product

Non-modelled products are valued directly from a price observable on the market typically on a position by position basis and include debt with prices observable on the active market.

Modelled products and observable parameters

Interest rate swaps, debt issued and unquoted debt securities are valued using pricing models. The valuation of modelled products requires an appropriate model and inputs into the model. The main inputs for valuation of those instruments are: interest rates (such as London Interbank offered Rate (LIBOR), Overnight Index Swaps (OIS) rate and other quoted interest rates in the swap markets); credit spreads; and other market inputs.

14. RELATED PARTY TRANSACTIONS

Sanne Fiduciary Services Limited ("SFSL") and Sanne Secretaries Limited ("SSL") provided administration and/or secretarial services respectively to the company. Each of SFSL and SSL is a member of the "Sanne Group" (where the "Sanne Group" means Sanne Group PLC and all its subsidiaries and affiliates of the same). Each of Marian Suguitan, John Pendergast and Richard Go is a director and/or employee of SFSL and should be regarded as interested in any transaction with any member of Sanne Group. During the year, fees incurred for these services were \$47,969 (2020: \$23,684) and no amount was payable as at 31st October 2021.

15. CONTROLLING PARTY

The management determined that the Company has no ultimate controlling party. As described in note 9 the shares of the Company are held by Solar Funding II Charitable Trust, which is a Jersey trust established for charitable purposes, whose trustee is Sanne Trustee Services Limited.

16. SUBSEQUENT EVENTS

On 13 December 2021 NatWest Markets plc has increased a subordinated loan facility available to the Company by £250,000 bringing total available loan facility to £500,000.

In the opinion of the Directors, there have been no other significant events subsequent to the year end that are deemed necessary to be adjusted or disclosed in the financial statements.