

Company Registration No. 07705570

Tranche 3 Holdings Limited

Annual Report and Financial Statements

For the year ended 31 December 2016

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Tranche 3 Holdings Limited

Annual report and financial statements for the year ended 31 December 2016

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Tranche 3 Holdings Limited

Officers and professional advisers

Directors

C Reid

P Raftery

Bankers

HSBC Bank plc

8 Canada Square

London

E14 5HQ

Registered office

2nd Floor

Edgeborough House

Upper Edgeborough Road

Guildford

Surrey

GU1 2BJ

Independent auditor

Deloitte LLP

Statutory Auditor

Abbots House

Abbey Street

Reading

United Kingdom

RG1 3BD

Tranche 3 Holdings Limited

Directors' report

The directors present their annual report on the affairs of the Group, together with the audited financial statements and auditor's report, for the year ended 31 December 2016.

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

Further information on the basis of preparation of these financial statements and the going concern assumption can be found in note 1.

Principal activity

The principal activity of the Company in the year under review was that of a holdings company.

Results and dividends

The profit for the year after taxation was £100 (2015: £1,918,996).

On 3 August 2016, the immediate parent undertaking of the Company transferred its interests in Tranche 3 Holdings Limited to a fellow group Company, Tranche 5 Limited. Subsequently, Tranche 3 Holdings Limited transferred its investments in Sancton Hill Limited and South Sharpley Limited to Tranche 5 Limited at book value.

During the year, the directors approved and paid interim dividends of £nil (2015: £1,918,996). There are no plans to pay a final dividend (2015: £nil).

Directors

The directors, who served throughout the year unless otherwise stated, were as follows:

C Reid

P Raftery

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Deloitte LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:



C D K Reid - Director
28 June 2017

Tranche 3 Holdings Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the audited 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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.

Tranche 3 Holdings Limited

Independent auditor's report to the members of Tranche 3 Holdings Limited

We have audited the financial statements of Tranche 3 Holdings Limited for the year ended 31 December 2016 which comprise the Income statement, the Statement of other comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 10.

The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities" & ", including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'."

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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.

Opinion on other matter 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.

Tranche 3 Holdings Limited

Independent auditor's report to the members of Tranche 3 Holdings Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Andrew Evans

Andrew Evans (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Reading
United Kingdom
29 June 2017

Tranche 3 Holdings Limited

Statement of comprehensive income For the year ended 31 December 2016

	Notes	2016 £	2015 £
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		-	-
Operating profit	2	-	-
Finance income	4	100	1,918,996
Profit on ordinary activities before taxation		100	1,918,996
Tax charge on profit on ordinary activities		-	-
Profit on ordinary activities after taxation		100	1,918,996
Other comprehensive income		-	-
Total comprehensive income for the financial year		100	1,918,996

All items in the above statement derive from continuing operations.

Tranche 3 Holdings Limited

Balance sheet

As at 31 December 2016

	Notes	2016 £	2015 £
Fixed assets			
Investments	5	-	2,000
Current assets			
Debtors	6	102	2
Creditors: amounts falling due within one year		<u>-</u>	<u>-</u>
Net current (liabilities) / assets		<u>102</u>	<u>2</u>
Creditors: amounts falling due after more than one year	7	-	(2,000)
Net assets		<u><u>102</u></u>	<u><u>2</u></u>
Capital and reserves			
Called-up share capital		2	2
Profit and loss account		100	-
Shareholder's funds		<u><u>102</u></u>	<u><u>2</u></u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements of Tranche 3 Holdings Limited (registered number 07705570) were approved by the Board of Directors on 28 June 2017 and were signed on its behalf by:



C D K Reid - Director

Tranche 3 Holdings Limited

8.

Tranche 3 Holdings Limited

Notes to the financial statements For the year ended 31 December 2016

1. Accounting policies

General information

Tranche 3 Holdings Limited is a company incorporated in the United Kingdom, England and Wales, under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's and Group's operations and their principal activities are set out in the Directors' report on page 2.

Basis of preparing the financial statements

The financial statements have been prepared in accordance with the applicable United Kingdom accounting standards, including Financial Reporting Standard 102 section 1 A small entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements apply the July 2015 amendments to FRS 102. The particular accounting policies adopted are described below and have been applied consistently throughout the current financial period. The prior financial period was prepared under Financial Reporting Standard 102 without taking the section 1 A exemption for small companies.

Section 1 A for small companies has been applied on the basis that the entity meets the criteria set out within the Companies Act. The directors believe the entity is part of an eligible group on the basis that the ultimate controlling party is not listed on any market.

The Company has taken advantage of the exemptions available to small entities under section 1A in relation to presentation of a cash flow statement and the disclosures of net finance charge, current taxation, financial instruments, share capital and reserves.

The Company also meets the definition of a qualifying entity under FRS 102. The Company is consolidated in the financial statements of its parent, Tranche 5 Limited, registered in England and Wales and the financial statements are available from the registered office at Edgeborough House, Upper Edgeborough Road, Guildford, Surrey, GU1 2BJ.

The financial statements are prepared under the historical cost convention, except for the modification to a fair value basis for certain assets and liabilities as specified in the accounting policies below.

Going concern

The financial statements have been prepared on the basis the Company is a going concern, which the directors consider appropriate.

The directors have separately reviewed integrated forecasts for the Company, for the foreseeable future, which indicate that the Company will be able to meet its cash flow demands and liabilities as they fall due from cash flows from operations and existing working capital.

The directors have written confirmation that BlackRock Renewables UK Limited intends to continue to financially support the Company during the 12 months following the date the financial statements are signed.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

Tranche 3 Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 December 2016

1. Accounting policies (continued)

Investments

Fixed asset investments are stated at cost less any provision for impairment.

Foreign currency translation

Transactions in foreign currencies, which are not subject to hedge relationship, are initially recorded in the functional currency rate ruling at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the balance sheet date, with movements in the sterling equivalent of the balance being taken to the profit and loss account.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Tranche 3 Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 December 2016

1. Accounting policies (continued)

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Critical accounting judgement and key source of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgement has had the most significant effect on amounts recognised in the financial statements.

Fixed Asset Investments

The impairment review for fixed asset investments is subject to management judgement around the recoverable value of the asset in question.

Tranche 3 Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 December 2016

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Deferred tax assets and liabilities are offset only if the Company has a legally enforceable right to set off current tax assets against current tax liabilities.

Tranche 3 Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 December 2016

2. Operating profit

Audit fees for the Company were settled in the current and preceeding year by a fellow group company.

3. Information regarding directors and employees

The Company has no employees (2015: Nil). No directors received any remuneration from the Company during the year (2015: Nil).

4. Finance income

	2016 £	2015 £
Income from fixed asset investments (note 5)	<u>100</u>	<u>1,918,996</u>

5. Investments

	2016 £	2015 £
Subsidiary undertakings	<u>-</u>	<u>2,000</u>

Investments were directly owned 100% holdings of the ordinary share capital of two subsidiaries, South Sharpley Limited and Sancton Hill Limited. These subsidiaries are both incorporated in the United Kingdom with their principle activity in the year being the operation of wind farms.

On 3 August 2016, the Company sold its investments in both South Sharpley Limited and Sancton Hill Limited to its immediate parent company, Tranche 5 Limited, at book value.

6. Debtors

	2016 £	2015 £
Other debtors	100	-
Amounts owed by group companies	2	2
	<u>102</u>	<u>2</u>

The Company has an outstanding debtor of £1 (2015: £1) in relation to called-up share capital not yet paid-up.

7. Creditors: amounts falling due after more than one year

	2016 £	2015 £
Amounts owed to group companies	<u>-</u>	<u>(2,000)</u>

The Company has creditors of £nil falling due after more than one year relating to unpaid share capital (2015: £2,000).

Tranche 3 Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 December 2016

8. Dividends per share

	2016 £	2016 £
Declared and paid during the year		
Equity dividends on ordinary shares		
Interim dividends of £nil (2015: £1,918,996) per ordinary share	<u>-</u>	<u>1,918,996</u>

9. Related party disclosures

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 section 1A small entities 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

10. Ultimate parent undertaking

On 3 August 2016, the Company was transferred from BlackRock Renewables UK Limited to Tranche 5 Limited as part of a wider group restructuring. As at the year end, the Company is a wholly owned subsidiary of Tranche 5 Limited, a company registered in England & Wales. The ultimate controlling party is considered to be BlackRock NTR Renewable Power Fund which is a limited partnership.

The immediate parent company, Tranche 5 Limited, prepares consolidated financial statements and is the smallest and largest member of the Group which prepares consolidated financial statements. The financial statements of Tranche 5 Limited are available from the registered office given on page 1.