

Annual report and audited financial statements

RI EU Holdings (UK) Limited

Company number: 9965188

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For the financial year ended 31 December 2019

RI EU HOLDINGS (UK) LIMITED

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RI EU HOLDINGS (UK) LIMITED

GENERAL INFORMATION

Directors

Peter Raftery (British)
Stephane Tetot (French)

Registered office

12 Throgmorton Avenue
London EC2N 2DL
United Kingdom

Administrator

BNY Mellon Fund Services (Ireland) Designated
Activity Company
One Dockland Central
Guild Street
International Financial Services Centre
Dublin 1
Ireland

Independent Auditors

Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2
Ireland

Portfolio Manager

BlackRock Investment Management (UK) Limited
12 Throgmorton Avenue
London EC2N 2DL
United Kingdom

Bank

The Bank of New York Mellon SA/NV
46 rue Montoyerstraat
B-1000 Brussels
Belgium

RI EU HOLDINGS (UK) LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of RI EU Holdings (UK) Limited (the "Company") for the financial year ended 31 December 2019.

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the audited financial statements in accordance with applicable UK law and International Financial Reporting Standards ("IFRS") as adopted by the European Union (the "EU"), and in compliance with Section 396 of the Companies Act, 2006.

Under UK law, the Directors shall not approve the audited financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the Company for the financial year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the audited financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the Companies Act 2006 and enable those financial statements to be audited.

The measures taken by the Directors to secure compliance with the Company's obligation to keep adequate accounting records are the appointment of BNY Mellon Fund Services (Ireland) Designated Activity Company (the "Administrator") for the purpose of maintaining adequate accounting records. Accordingly, the accounting records are kept at the following address on behalf of the Administrator: One Dockland Central, Guild Street, International Financial Services Centre, Dublin 1, Ireland.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The Company, a UK registered company, was incorporated on 22 January 2016 under registration number 9965188.

The Company was established to provide investment into renewable power assets through equity and debt instruments, focusing on acquiring wind and solar power projects primarily in UK. The Company funds its investments through the issuance of debt and equity interests.

Results and dividends

The results for the financial year of the Company are set out in the statement of comprehensive income. The Directors do not recommend the payment of a dividend.

RI EU HOLDINGS (UK) LIMITED

DIRECTORS' REPORT (continued)

Review of business and future developments

As at 31 December 2019, the Company had the following investment holdings:

Type of investment	Number of holdings		Fair value	
	2019	2018	GBP'000 2019	GBP'000 2018
Debt instruments	Eleven	Eleven	22,003	23,692
Equity instruments	Eleven	Eleven	25,292	18,741

The Directors expect the current level of activities to continue for the foreseeable future, until such time as the Company has fully deployed its total commitment.

United Kingdom Exit from European Union

On 31 January 2020, the United Kingdom (the "UK") formally withdrew and ceased being a member of the EU. The UK and the EU have now entered into a transition period until 31 December 2020 (the "Transition Period"). During the Transition Period, the UK will be subject to applicable EU laws and regulations.

The negotiation and implementation of the political, economic and legal framework may extend beyond the Transition Period, and lead to continued uncertainty and periods of volatility in both the UK and wider European markets throughout the Transition Period and beyond. The terms of the future relationship may cause continued uncertainty in the global financial markets, and adversely affect the performance of the Company.

Volatility resulting from this uncertainty may mean that the returns of the Company's investments are adversely affected by market movements, potential decline in the value of Sterling and/or Euro, and any downgrading of UK sovereign credit rating. This may also make it more difficult, or more expensive, for the Company to execute prudent currency hedging policies.

Outbreak of coronavirus

A recent outbreak of a respiratory disease caused by novel coronavirus was first detected in China in December 2019 and has now been detected internationally. This coronavirus has resulted in closing borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, disruptions to supply chains and customer activity, as well as general concern and uncertainty. The impact of this coronavirus, and other epidemics and pandemics that may arise in the future, could affect the economies of many nations, individual companies and the market in general in ways that cannot necessarily be foreseen at the present time. In addition, the impact of infectious diseases in emerging developing or emerging market countries may be greater due to less established health care systems. Health crises caused by the recent coronavirus outbreak may exacerbate other pre-existing political, social and economic risks in certain countries. The impact of the outbreak may last for an extended period of time.

Risk management objectives and policies

The risks facing the Company relate to the financial instruments held by it and are set out in the Financial Risks section of the financial statements.

Significant events during the financial year

There were no significant events during the financial year.

Subsequent events after the financial year end

The subsequent events, which have occurred since the statement of financial position date, are set out in the notes to the financial statements.

Changes in Directors, Secretary and registered office

The names of the individuals who are the Directors and Secretary to the Company at the date of this report or at any point during the year are listed on page 2.

There were no changes in Directors, Secretary or registered office during the financial year.

Directors' and Secretary's interests and transactions

The Directors and Secretary had no interests in the shares of the Company during or at the end of the financial year (2018: Nil). No Director had at any time during the financial year, a material interest in any contract of significance, in relation to the business of the Company (2018: Nil).

RI EU HOLDINGS (UK) LIMITED

DIRECTORS' REPORT (continued)

Going concern

The financial statements of the Company have been prepared on a going concern basis. The Company is able to meet all of its liabilities from its assets. The performance and risks of the Company are reviewed on a regular basis throughout the financial year. Therefore, the Directors believe that the Company will continue in operational existence for the foreseeable future and is financially sound. The Directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements of the Company.

Transactions with Directors

There were no fees paid in respect of compensation to the Directors for their services in managing the Company.

Employees

The Company has no direct employees. Services are provided by Portfolio Manager, the Administrator and the Secretary. Due to the nature of the services provided it is not possible to separately ascertain specific employee numbers.

Independent auditor

The auditor, Deloitte Ireland LLP, have signified their willingness to continue in accordance with Section 485 of the Companies Act 2006.

Statement of relevant audit information

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The Directors have taken all the steps that should have been taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 485 of the Companies Act, 2006.

On behalf of the Directors



Peter Raftery
Director

7 April 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RI EU HOLDINGS (UK) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of RI EU Holdings (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 16, including a summary of significant accounting policies as set out in note 2.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RI EU HOLDINGS (UK) LIMITED

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 Statement of Directors' responsibilities, 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.

As part of an audit in accordance with ISAs (UK), the auditor exercises professional judgment and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the entity's (or where relevant, the consolidated) financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's (or where relevant, the group's) internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Concludes on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's (or where relevant, the group's) ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RI EU HOLDINGS (UK) LIMITED

- Evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e. gives a true and fair view).
- Where the auditor is required to report on consolidated financial statements, obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit. The group auditor remains solely responsible for the audit opinion.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

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

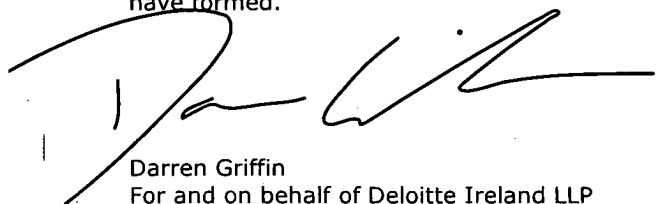
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

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.



Darren Griffin
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace, Dublin 2

8 April 2020

RI EU HOLDINGS (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Note	2019 GBP'000	2018 GBP'000
Interest income		749	878
Dividend income		671	572
Net gains on financial instruments	5	6,555	5,102
Total investment income		7,975	6,552
Operating expenses	6	(25)	(7)
Operating profit		7,950	6,545
Finance costs			
Interest expense		(821)	(999)
Total finance costs		(821)	(999)
Net profit before taxation		7,129	5,546
Taxation	7	-	-
Increase in net assets attributable to equity shareholders		7,129	5,546

The accompanying notes form an integral part of these financial statements.

RI EU HOLDINGS (UK) LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	31 December 2019 GBP'000	31 December 2018 GBP'000
ASSETS			
Financial assets at fair value through profit or loss	3, 4	47,295	42,433
Cash and cash equivalents		-	30
Interest receivable		43	73
Total assets		47,338	42,536
EQUITY			
Share capital	11	19,388	19,388
Retained earnings		15,441	8,312
Total equity		34,829	27,700
LIABILITIES			
Financial liabilities at fair value through profit or loss	3, 4	11,373	13,676
Interest payable		3	50
Other payables	8,13	1,133	1,110
Total liabilities		12,509	14,836
Total equity and liabilities		47,338	42,536

The accompanying notes form an integral part of these financial statements.

On behalf of the Directors



Peter Raftery
Director

7 April 2020

RI EU HOLDINGS (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

	Note	2019 GBP'000	2018 GBP'000
Share capital			
Opening balance		19,388	19,388
Share capital issued		-	-
Closing balance	11	19,388	19,388
Retained earnings			
Opening balance		8,312	2,766
Increase in net assets attributable to equity shareholders		7,129	5,546
Closing balance		15,441	8,312
Net shareholders' equity at the end of the financial year		34,829	27,700

The accompanying notes form an integral part of these financial statements.

RI EU HOLDINGS (UK) LIMITED

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	2019 GBP'000	2018 GBP'000
Cash flows from operating activities		
Increase in net assets attributable to equity shareholders	7,129	5,546
Adjustments to reconcile net income to net cash provided by operating activities:		
<i>Increase in operating liabilities:</i>		
Increase in other payables	23	40
<i>Other adjustments:</i>		
- Net unrealised gains on financial assets at fair value through profit or loss	(6,551)	(5,104)
- Dividend income	(671)	(572)
- Interest income	(749)	(878)
- Interest expense	821	999
Net cash provided by operating activities	2	31
Cash flows provided by investing activities		
Interest received	779	841
Dividend received	671	572
Acquisition of financial assets at fair value through profit or loss	-	(216)
Proceeds from disposal/repayment of financial assets at fair value through profit or loss	1,689	3,370
Net cash provided by investing activities	3,139	4,567
Cash flows used in financing activities		
Interest paid	(868)	(1,862)
Financial liabilities at fair value through profit or loss drawn down	-	216
Repayments of financial liabilities at fair value through profit or loss	(2,303)	(3,762)
Net cash used in financing activities	(3,171)	(5,408)
Net decrease in cash and cash equivalents	(30)	(810)
Cash and cash equivalents, beginning of the financial year	30	840
Cash and cash equivalents at end of the financial year	-	30

The accompanying notes form an integral part of these financial statements.

RI EU HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. General information

RI EU Holdings (UK) Limited (the "Company"), a UK registered company, was incorporated and commenced operations on 22 January 2016.

The registered office of the Company is located at 12 Throgmorton Avenue, London EC2N 2DL, United Kingdom.

The Company was established to provide investment into renewable power assets through equity and debt instruments, focusing on acquiring wind and solar power projects primarily in UK. The Company funds its investments through the issuance of debt and equity interests.

Renewable Income Europe, a sub-fund of BlackRock Infrastructure Funds plc (the "Fund") has an interest in BRI EU Finance Designated Activity Company (the "Limited Company") through its investment in the profit participating notes issued by the Limited Company. The Limited Company has in turn subscribed to the equity of the Company.

The ultimate parent undertaking and controlling party of the Company is considered to be the Fund. The immediate parent company of the Company is the Limited Company.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (collectively "IFRS") as adopted by the European Union ("EU") and as applied in accordance with the provisions of the Companies Act, 2006.

The financial statements are prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Directors are satisfied that they operate in such a way to ensure the Company will continue to be a going concern.

The principal accounting policies and notes are set out below, all of which are applied for the financial year ended 31 December 2019.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.2 Financial instruments

2.2.1 Classification

A financial asset is classified as measured at: amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification of financial assets is based on the business model in which a financial asset is managed and on its contractual cash flow characteristics.

Investments in debt and equity instruments are managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Company has not taken the option to irrevocably designate any equity instruments as fair value through other comprehensive income. The contractual cash flows of the Company's debt instruments are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is incidental to achieving the Company's business model's objective. Consequently, all investments in debt instruments are classified as being measured at fair value through profit or loss.

The loans issued by the Company are classified as financial liabilities at fair value through profit or loss and are designated as such upon initial recognition. The loans are managed and their performance is evaluated on a fair value basis and information is provided on that basis to the Directors.

All other financial assets and liabilities including receivables and payables are classified as being measured at amortised cost using the effective interest method. For these financial assets and liabilities measured at amortised cost, the Company has chosen to apply the simplified approach for expected credit losses under IFRS 9. Therefore the Company does not track changes in credit risk, but instead assesses a loss allowance based on lifetime expected credit losses at each reporting date.

2.2.2 Recognition and derecognition

The Company recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Purchases and sales of investments are recognised on the day the trade takes place.

RI EU HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Significant accounting policies (continued)

2.2 Financial instruments (continued)

2.2.2 Recognition and derecognition (continued)

Realised gains and losses on disposals of financial instruments are calculated using the First-In-First-Out cost method.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or the risks and rewards of ownership have all been substantially transferred. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired.

2.2.3 Measurement

All financial instruments are initially recognised at fair value.

Financial assets and financial liabilities at fair value through profit or loss are subsequently measured at fair value. Gains and losses arising from changes in the fair value of financial assets or financial liabilities at fair value through profit or loss are presented in the statement of comprehensive income within 'Net gains/(losses) on financial instruments', in the period in which they arise.

Financial assets and financial liabilities, other than those classified as at fair value through profit or loss, are subsequently measured at amortised cost.

2.2.4 Fair value estimation

Fair value is the amount for which an asset could be exchanged, a liability settled or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction. The estimation of fair value, after initial recognition, is determined as follows:

Investments in debt and equity instruments which are quoted, listed, traded or dealt on a market or exchange are valued based on quoted market prices which, for the purposes of the financial statements is in line with the valuation methodology prescribed in the Fund's prospectus. Depending on the nature of the underlying investment, the value taken could be either at the closing price, closing mid-market price or bid price on the relevant market.

In the case of an investment which is not quoted, listed or dealt on a recognised market, or in respect of which a listed, traded or dealt price or quotation is not available at the time of valuation, the fair value of such investment shall be estimated with care and in good faith by a competent professional person, body, firm or corporation (appointed for such purpose by the Directors in consultation with the Portfolio Manager), and such fair value shall be determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

2.2.5 Cash and cash equivalents

Cash in the statement of financial position includes cash deposits held on call with banks. Cash equivalents include short-term liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.3 Foreign currency

2.3.1 Functional and presentation currency

Foreign currency items included in the financial statements are measured in the Company's functional currency, which is Pound Sterling ("GBP"). The Directors consider that GBP most accurately represents the economic effects of the underlying transactions, events and conditions of the Company. The Company's presentation currency is the same as the functional currency.

2.3.2 Transactions and balances

Transactions in foreign currencies are translated into the functional currency of the Company at the foreign currency exchange rate in effect at the date of the transaction. Foreign currency assets and liabilities, including investments, are translated at the exchange rate prevailing at the reporting date. The foreign exchange gain or loss based on the translation of the investments, as well as the gain or loss arising on the translation of other assets and liabilities, is included in the statement of comprehensive income.

RI EU HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Significant accounting policies (continued)

2.4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Directors believe that the underlying assumptions are appropriate and that the Company's financial statements, therefore, present the Company's financial position and its results fairly. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial 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 current and future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

2.4.1 Assumptions and estimation uncertainties

2.4.1.1 Fair value of financial instruments with significant unobservable inputs

The fair value of such instruments is determined using valuation techniques including inputs not based on market data and where significant entity determined adjustments or assumptions are applied, as detailed in the fair value hierarchy note to the financial statements.

2.4.2 Judgements

2.4.2.1 Assessment as investment entities

IFRS 10 "Consolidated Financial Statements" requires investment entities to fair value relevant subsidiaries, including structured entities, through profit or loss rather than consolidate their results.

The Directors have concluded that the Fund and the Limited Company, which are related parties of the Company, and the Company satisfy the criteria to be regarded as investment entities.

IFRS 10 indicates that companies formed in connection with each other for legal, regulatory, tax or similar requirements can be considered together to determine whether they display the characteristics of an investment entity. The reason and purpose of the multi layered structure is usually to accomplish one or more of the following:

- a) Regulatory reasons to invest in certain jurisdictions;
- b) Risk mitigation reasons; and/or
- c) Investment return enhancement.

The Fund, the Limited Company and the Company were formed in connection with each other for legal, regulatory, tax or similar requirements. When considered together, they display the following typical characteristics of an investment entity:

- a) The Fund and the Limited Company indirectly hold more than one investment because the Company hold a portfolio of investments;
- b) Although the Limited Company (and as a result, indirectly the Company) are wholly capitalised by the Fund through the purchase of the PPN, the Fund itself is funded by many investors who are unrelated to the Fund. The Fund does not own the equity of the Limited Company or the Company; and
- c) Ownership in the Fund is represented by units of equity interest.

The Directors are of the opinion that the Fund, the Limited Company and the Company each meet the definition of an investment entity. The following conditions exist:

- a) The Fund and the Limited Company have obtained funds for the purpose of providing investors with investment management services; and
- a) The investments held by the Company are measured and evaluated on a fair value basis and information about those investments are provided to investors on a fair value basis through the Limited Company and/or the Fund.

2.5 Dividend income

Dividend income is recognised in the statement of comprehensive income when the Company's right to receive the payment is established. Dividend income is shown gross of any non-recoverable withholding taxes, which are presented separately in the statement of comprehensive income, if applicable.

RI EU HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Significant accounting policies (continued)

2.6 Interest income and interest expense

Interest income and expense for all interest-bearing financial instruments are recognised in the statement of comprehensive income using the effective interest method.

2.7 Fees and expenses

Expenses are recognised in the statement of comprehensive income on an accruals basis, except for transaction charges relating to the acquisition and realisation of investments, which are charged for as incurred.

2.8 Taxation

2.8.1 Current tax

Current tax, including UK corporation tax and foreign tax, is provided on the Company's taxable profits, at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the financial year end date.

2.8.2 Deferred tax

A provision for deferred tax payable is recognised in respect of material timing differences that have originated but not reversed at the statement of financial position date. A deferred tax asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

2.9 Changes in accounting policies

2.9.1 New standards and amendments adopted during the financial year

IFRS 16, "Leases", issued in January 2016 and effective for annual periods beginning on or after 1 January 2019, replaces existing IAS 17 and specifies how to recognise, measure, present and disclose leases. The standard requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. However, the lessor's accounting requirements substantially remain the same as in IAS 17. The Company has assessed the impact of the adoption of IFRS 16 on the financial statements and determined that it had no effect on the financial statements as the Company did not have any leases during the financial year.

IFRIC Interpretation 23, "Uncertainty over income tax treatment", addresses accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Company has assessed the impact to the Company's financial statements and determined that it had no effect on the financial statements as the Company had no uncertain tax treatments during the financial year.

2.9.2 New standards and amendments effective after 31 December 2019 which have not been early adopted

The Directors have assessed the impact of new and revised IFRS standards and interpretations in issue but not yet effective and have concluded that there are no such standards that would have a material impact on the financial statements.

RI EU HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Financial risks

The Company's investment activities expose it to the various types of risk, which are associated with the financial instruments and markets in which it invests. The following information is not intended to be a comprehensive summary of all risks.

3.1 Risk management framework

The Directors review investment performance reports from the Portfolio Manager covering the Company's performance and risk profile during the financial year. The Directors have delegated the day-to-day administration of the investment programme to the Portfolio Manager. The Directors reserve to themselves the investment performance, product risk monitoring and oversight and the responsibility for the monitoring and oversight of regulatory and operational risk for the Company. The Directors rely on members of the BlackRock Risk and Quantitative Analysis Group ("RQA Group") for daily risk management. The RQA Group is a centralised group, which performs an independent risk management function. The RQA Group independently identifies measures and monitors investment risk. The RQA Group tracks the actual risk management practices being deployed by the Fund. By breaking down the components of the process, the RQA Group has the ability to determine if the appropriate risk management processes are in place by the Fund. This captures the risk management tools employed, how the levels of risk are controlled, ensuring risk/return is considered in portfolio construction and reviewing outcomes.

3.2 Market risk

Market risk arises mainly from uncertainty about future values of financial instruments influenced by currency, interest rate and price movements. It represents the potential loss the Company may suffer through holding market positions in the face of market movements.

3.2.1 Market risk arising from foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Exposure to foreign currency risk

The Company may invest in financial instruments denominated in currencies other than its functional currency. Consequently, the Company is exposed, directly and/or indirectly, to risks that the exchange rate of its functional currency relative to other currencies may change in a manner, which has an adverse effect on the value of the portion of the Company's assets, which are denominated in currencies other than its own currency.

All, or substantially all, of the Company's investments are denominated in the functional currency of the Company and therefore were not directly exposed to foreign currency risk as at 31 December 2019 and 31 December 2018, and therefore no currency sensitivity information has been presented.

3.2.2 Market risk arising from interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Exposure to interest rate risk

The Company is exposed to interest rate risk through its investments in interest bearing financial instruments.

RI EU HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Financial risks (continued)

3.2 Market risk (continued)

3.2.2 Market risk arising from interest rate risk (continued)

Exposure to interest rate risk (continued)

The following tables detail the Company's exposure to interest rate risk as at 31 December 2019 and 31 December 2018:

	Fixed	Floating	Non-interest	Total
	GBP'000	GBP'000	bearing	GBP'000
31 December 2019				
Assets				
Financial assets at fair value through profit or loss	15,266	-	32,029	47,295
Interest receivable	-	-	43	43
Total	15,266	-	32,072	47,338
Liabilities				
Financial liabilities at fair value through profit or loss	(11,373)	-	-	(11,373)
Interest payable	-	-	(3)	(3)
Other payables	-	-	(1,133)	(1,133)
Total	(11,373)	-	(1,136)	(12,509)
Net exposure	3,893	-	30,936	34,829

	Fixed	Floating	Non-interest	Total
	GBP'000	GBP'000	bearing	GBP'000
31 December 2018				
Assets				
Financial assets at fair value through profit or loss	16,415	-	26,018	42,433
Cash and cash equivalents	-	30	-	30
Interest receivable	-	-	73	73
Total	16,415	30	26,091	42,536
Liabilities				
Financial liabilities at fair value through profit or loss	(13,676)	-	-	(13,676)
Interest payable	-	-	(50)	(50)
Other payables	-	-	(1,110)	(1,110)
Total	(13,676)	-	(1,160)	(14,836)
Net exposure	2,739	30	24,931	27,700

The Company has interest rate exposure on the valuation and cash flows of its interest-bearing assets and liabilities. The Company holds fixed rate assets and liabilities, which expose it to fair value interest rate risk.

As at 31 December 2019, if interest rates on fixed financial assets and liabilities had been higher/lower by 25 basis points with all other variables held constant, the increase/decrease in net assets would have been GBP9,733/GBP(9,733) (31 December 2018: GBP6,848/GBP(6,848)). This arises from the increase/decrease in the fair value of fixed rate financial assets and liabilities at fair value through profit or loss.

Cash held on deposit at The Bank of New York Mellon SA/NV (the "Bank") receives/incurs interest at the prevailing daily rates, which may be negative depending on the currency in which the cash is held.

RI EU HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Financial risks (continued)

3.2 Market risk (continued)

3.2.2 Market risk arising from interest rate risk (continued)

Management of interest rate risk

Interest rate risk exposure is managed by constantly monitoring the position for deviations outside of a pre-determined tolerance level and, when necessary, rebalancing back to the original desired parameters.

3.2.3 Market risk arising from price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the Company and market prices of its investments.

Exposure to price risk

The Company is exposed to price risk arising from its investments in equity and debt instruments. The exposure of the Company to price risk is the fair value of the investments held as shown in the statement of financial position.

There are a number of key assumptions that have a significant impact on the carrying value of the investments of the Company with regard to discounting future cash flows. These are the discount factor, useful life, inflation rate, the price at which the power and associated benefits can be sold, and the amount of electricity the assets are expected to produce and project operating costs. Changes in these estimates or assumptions can result in significant variations in the carrying value and amounts charged or credited to the statement of comprehensive income in specific financial periods.

The investments of the Company are priced using significant unobservable inputs, therefore a sensitivity analysis is considered not to be representative of the total effect on the Company's net assets attributable to equity shareholders of future movements in market prices.

The impact on net assets attributable to equity shareholders arising from increasing/decreasing the significant unobservable inputs used in the Company's valuation of financial assets not traded in active markets is presented on page 23 and 24.

The Company's financial assets exposed to price risk were concentrated in the following industries and geographic locations as at 31 December 2019 and 31 December 2018:

31 December 2019		Fair value	Fair value
Industry type	Place of business	GBP'000	%
Power ¹	United Kingdom	47,295	100.00
Total		47,295	100.00

31 December 2018		Fair value	Fair value
Industry type	Place of business	GBP'000	%
Power ¹	United Kingdom	42,433	100.00
Total		42,433	100.00

- 1 Power may include: regulated power utilities; power generation projects; regulated transmission and/or distribution projects; and renewable energy.

Management of price risk

To manage price risk, the Company performs extensive initial and ongoing due diligence on investments into underlying companies. The underlying companies that own, construct and/or operate the wind and solar projects are required to provide the Company with reports on a daily, monthly or quarterly basis and monitor the internal controls and operational infrastructure of the managers of these companies.

By diversifying the portfolio, where this is appropriate and consistent with the Company's objectives, the risk that a price change of a particular investment will have a material impact on the net assets of the Company is minimised.

RI EU HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Financial risks (continued)

3.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Exposure to liquidity risk

The Company's principal liquidity risks arise from the ability of the Fund to effect redemption requests and the liquidity of the underlying investments the Company has invested in.

Equity and debt instruments owned or acquired by the Company are not expected to be actively traded. Depending on market activity, volatility, applicable laws and other factors, the Company may not be able to promptly liquidate investments at an attractive price or at all. In addition, the Company may acquire investments which cannot be sold publicly, for legal or contractual reasons, absent registration or qualification under applicable securities laws (which may be prohibitively expensive or otherwise restricted or unavailable). The types of equity and debt instruments in which the Company may intend to invest are frequently illiquid and may remain so for an indefinite period of time. Liquidation of investments may be subject to delays and additional costs and may be possible only at substantial discounts.

As at 31 December 2019 and 31 December 2018, the Company's financial liabilities classified into relevant maturity groupings based on the remaining period to the contractual maturity date were as follows:

	Less than 1 month GBP'000	1 - 3 months GBP'000	3 months to 1 year GBP'000	Over 1 year GBP'000	Total GBP'000
31 December 2019					
Liabilities					
Financial liabilities at fair value through profit or loss	-	-	-	(11,373)	(11,373)
Interest payable	-	-	(3)	-	(3)
Other payables	-	-	(1,133)	-	(1,133)
Total liabilities	-	-	(1,136)	(11,373)	(12,509)

	Less than 1 month GBP'000	1 - 3 months GBP'000	3 months to 1 year GBP'000	Over 1 year GBP'000	Total GBP'000
31 December 2018					
Liabilities					
Financial liabilities at fair value through profit or loss	-	-	-	(13,676)	(13,676)
Interest payable	-	-	(50)	-	(50)
Other payables	-	-	(1,110)	-	(1,110)
Total liabilities	-	-	(1,160)	(13,676)	(14,836)

Management of liquidity risk

The Company's liquidity risk is managed in accordance with established policies and procedures in place. The analysis and management of liquidity risks are monitored and assessed at all stages in the investment selection process. The Company's overall liquidity risks are monitored on a regular basis by the Directors.

3.4 Counterparty credit risk

Counterparty credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Exposure to counterparty credit risk

The Company is exposed to counterparty credit risk from the parties with which it trades and will bear the risk of settlement default. The carrying value of financial assets best represents the Company's maximum exposure to counterparty credit risk at the reporting date.

RI EU HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Financial risks (continued)

3.4 Counterparty credit risk (continued)

The Company only transacts with counterparties that are regulated entities subject to prudential supervision, or with high credit ratings assigned by international credit-rating agencies.

As at 31 December 2019 and 31 December 2018, the Company's financial assets exposed to credit risk amounted to the following:

	31 December 2019 GBP'000	31 December 2018 GBP'000
Assets		
Financial assets at fair value through profit or loss	47,295	42,433
Cash and cash equivalents	-	30
Interest receivable	43	73
Total assets	47,338	42,536

The Company has credit risk exposure to related parties through the loans issued to the Investment Entities. This exposes the Company to the risk that the Investment Entities may default on interest or principal payments.

The Fund will also be exposed to the credit risk of the Bank in respect of the portfolio, in the form of securities or cash held by the Bank, and where applicable, the credit risk of any bank, broker, clearing house or financial intermediary that holds any such securities or cash for the account of the Bank. Any default in its payment obligations by the Bank, or any such bank, broker, clearing house or financial intermediary may have a material adverse effect on the amounts recoverable, which may, in turn, lead to a reduced recovery on the loans issued.

Management of counterparty credit risk

Counterparty credit risk is monitored and managed by the BlackRock RQA Counterparty & Concentration Risk Team. The team is headed by BlackRock's Chief Counterparty Credit Officer who reports to the Global Head of RQA. Credit authority resides with the Chief Counterparty Credit Officer and selected team members to whom specific credit authority has been delegated. As such, counterparty approvals may be granted by the Chief Counterparty Credit Officer or by identified RQA Credit Risk Officers who have been formally delegated authority by the Chief Counterparty Credit Officer.

The BlackRock RQA Counterparty & Concentration Risk Team completes a formal review of each new counterparty, monitors and reviews all approved counterparties on an ongoing basis and maintains an active oversight of counterparty exposures and the collateral management process.

There were no past due or impaired balances in relation to transactions with counterparties as at 31 December 2019 or 31 December 2018.

To manage the Company's credit risk exposure to its investments, the Portfolio Manager performs extensive initial and ongoing due diligence on investments into underlying companies. The underlying companies that will own, construct and/or operate the wind and solar projects are required to provide the Portfolio Manager with reports on a daily, monthly or quarterly basis and monitor the internal controls and operational infrastructure of the managers of these companies.

To mitigate the Company's counterparty credit risk with to the Bank, the Directors employ specific procedures to ensure that the Bank is a reputable institution and that the associated counterparty credit risk is acceptable to the Company. The Company only transacts with banks that are regulated entities subject to prudential supervision, or with high credit ratings assigned by international credit rating agencies. The long-term credit rating of the parent company of the Bank, The Bank of New York Mellon Corporation, as at 31 December 2019 is A (31 December 2018: A) (Standard & Poor's rating).

RI EU HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Fair value hierarchy

The Company classifies financial instruments measured at fair value using a fair value hierarchy. The fair value hierarchy has the following categories:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly. This category includes instruments valued using: quoted prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability. This category includes all instruments where the valuation techniques used include inputs not based on market data and these inputs could have a significant impact on the instrument's valuation. This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market.

Valuation techniques include discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models commonly used by market participants, making the maximum use of market inputs and relying as little as possible on entity-determined inputs. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity indices, and expected price volatilities and correlations.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' inputs requires significant judgement. The Directors consider observable inputs to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following tables provide an analysis of the Company's financial assets and financial liabilities measured at fair value as at 31 December 2019 and 31 December 2018:

	Level 1	Level 2	Level 3	Total
31 December 2019	GBP'000	GBP'000	GBP'000	GBP'000
Financial assets at fair value through profit or loss				
Debt instruments	-	-	22,003	22,003
Equity instruments	-	-	25,292	25,292
Total	-	-	47,295	47,295
Financial liabilities at fair value through profit or loss				
Loans payable	-	-	(11,373)	(11,373)
Total	-	-	(11,373)	(11,373)

RI EU HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Fair value hierarchy (continued)

31 December 2018	Level 1 GBP'000	Level 2 GBP'000	Level 3 GBP'000	Total GBP'000
Financial assets at fair value through profit or loss				
Debt instruments	-	-	23,692	23,692
Equity instruments	-	-	18,741	18,741
Total	-	-	42,433	42,433
Financial liabilities at fair value through profit or loss				
Loans payable	-	-	(13,676)	(13,676)
Total	-	-	(13,676)	(13,676)

The Company held only Level 3 investments during the financial years ended 31 December 2019 and 31 December 2018. There were no transfers between levels during the financial years ended 31 December 2019 and 31 December 2018.

The following table presents the movement in Level 3 assets and liabilities for the financial years ended 31 December 2019 and 31 December 2018:

	31 December 2019 GBP'000	31 December 2018 GBP'000
Financial assets at fair value through profit or loss:		
Opening balance	42,433	40,483
Purchase of investments	-	216
Repayment of investments	(1,689)	(3,370)
Total gains recognised in profit or loss		
- Unrealised gains on investments	6,551	5,104
Closing balance	47,295	42,433
Financial liabilities at fair value through profit or loss:		
Opening balance	(13,676)	(17,222)
Loans drawn down	-	(216)
Repayments on loans drawn down	2,303	3,762
Closing balance	(11,373)	(13,676)

The following tables set out information about significant unobservable inputs used at 31 December 2019 and 31 December 2018 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

31 December 2019					Sensitivity of fair values to changes in significant unobservable inputs*
Description	Fair value GBP'000	Valuation technique	Significant unobservable inputs	Estimated range of sensitivity	GBP'000
Investments	47,295	Discounted cash flow	Inflation	+/- 0.45%	48,836 - 45,819
			Resource	+/- 4.70% - 7.60%	50,934 - 43,593
			Power prices	+/- 22.63%	54,068 - 40,456
			Discount rate	+/- 0.81%	50,318 - 44,570

RI EU HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Fair value hierarchy (continued)

31 December 2018					
Description	Fair value GBP'000	Valuation technique	Significant unobservable inputs	Estimated range of sensitivity	Sensitivity of fair values to changes in significant unobservable inputs* GBP'000
Investments	42,433	Discounted cash flow	Inflation	+/- 0.46%	43,838 - 41,083
			Resource	+/- 4.70% - 7.60%	45,625 - 39,197
			Power prices	+/- 18.48%	47,040 - 37,854
			Discount rate	+/- 0.82%	45,168 - 39,964

* Ranges presented reflect the standalone impact for each input if a stress scenario were to arise and do not take into account any reduction in ranges for any natural correlations between inputs.

Further details of the significant unobservable inputs are outlined below:

Inflation

The inflation rate is based upon independent published consumer and retail price indices forecasts based on the underlying regions.

Resource

The electricity produced and revenues generated by a wind or solar energy project depends heavily on natural resource conditions, which are variable and forecasted based on assumptions, models and historical data. If the wind or solar conditions are unfavourable or below estimates, then the electricity production may be substantially below the Company's expectations. External reports are used to estimate the expected electrical output from the assets taking into account various factors at each location and generation data from historical operations. The actual electrical output may differ from that estimated in such a report mainly due to the variability of actual production that is modelled in any one period. Assumptions around electrical output will only be changed if there is evidence to suggest there has been a material change in this expectation.

Power prices

The price at which the output from the generating assets is sold is based on two elements, the first typically being a fixed price under a power purchase agreement or a fixed income tariff for a specific term and the second being future pricing. The revenues generated by wind farms and solar plants that are not fixed under fixed priced tariffs depend on market prices of energy in competitive wholesale energy markets. There can be no assurance that market prices will be at levels that enable the projects to which the Company is exposed to operate profitably or as anticipated. Future prices are estimated using external third-party forecasts which take the form of specialist consultancy reports. The future power price assumptions will be reviewed as and when these forecasts are updated. There is an inherent uncertainty in future wholesale electricity price projection.

Discount rate

The discount rate reflects current market assessments of interest rates and the risks specific to the asset. The discount rate used reflects the Company's required rate of return for these investments and it is reasonable an alternative assumption may be used resulting in a different value. This rate is reviewed semi-annually by the Company to ensure it is set at the appropriate level, taking into account any recent market transactions that were similar in nature when considering any changes to the rate used.

Useful life

Wind turbines or solar panels may have shorter or longer life-spans than their expected life-span of 25 years and 30 years, respectively. The appropriate useful life is assessed on an asset by asset basis, and where deemed to be longer is reflected in the terminal value assumptions included in the investment model. In the event that they do not operate for the period of time assumed by the Company in its investment model or require additional maintenance expenditure to do so, it could have a material adverse effect on performance. The Company only utilises technologies that have an appropriate operational track record. Regular maintenance ensures that all technology is in good working order and all turbines and panels are fit for purpose over their expected life spans.

RI EU HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Fair value hierarchy (continued)

The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value as at financial years ended 31 December 2019 and 31 December 2018 but for which a fair value is disclosed:

	Level 1	Level 2	Level 3	Total
31 December 2019	GBP'000	GBP'000	GBP'000	GBP'000
Interest receivable	-	43	-	43
Interest payable	-	(3)	-	(3)
Other payables	-	(1,133)	-	(1,133)
Total	-	(1,093)	-	(1,093)

	Level 1	Level 2	Level 3	Total
31 December 2019	GBP'000	GBP'000	GBP'000	GBP'000
Cash and cash equivalents	30	-	-	30
Interest receivable	-	73	-	73
Interest payable	-	(50)	-	(50)
Other payables	-	(1,110)	-	(1,110)
Total	30	(1,087)	-	(1,057)

The assets and liabilities included in the tables above are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

5. Net gains on financial instruments

	2019	2018
	GBP'000	GBP'000
Net change in unrealised gains on financial assets at fair value through profit or loss	6,551	5,104
Net gains/(losses) on foreign exchange	4	(2)
Total	6,555	5,102

6. Operating expenses

	2019	2018
	GBP'000	GBP'000
Administration fees	(12)	(11)
Independent auditor's remuneration	(8)	(9)
Professional fees*	(3)	7
Transaction costs*	(2)	3
Other expenses*	-	3
Total	(25)	(7)

* For the financial year ended 31 December 2018, these amounts were positive due to an accounting adjustment for an over-accrual of prior year expenses. The 2018 expense was GBP10,647 for Professional fees, GBP46,250 for Transaction costs, and GBP10,510 for Other expenses.

Administration fees

The Administrator receives an administration fee from the Company in accordance with the terms of the Administrator Agreement. Administration fees for the financial year ended 31 December 2019 were GBP11,699 (31 December 2018: GBP11,346), of which GBP22,162 (2018: GBP13,231) remained payable at the financial year end.

RI EU HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Operating expenses (continued)

Independent auditor's remuneration

Fees and expenses paid to the statutory auditor, Deloitte Ireland LLP, in respect of the financial year, entirely relate to the audit of the financial statements of the Company. There were no fees and expenses paid in respect of other assurance, tax advisory or non-audit services provided by the auditor during the financial year ended 31 December 2019 and the financial year ended 31 December 2018.

Audit fees of GBP7,817 (31 December 2018: GBP9,225) were charged for the financial year ended 31 December 2019, of which GBP7,817 (2018: GBP9,225) remained payable at the financial year end.

Professional fees

Professional fees in the statement of comprehensive income are costs incurred for professional services provided to the Company. They may include advisor fees, legal fees, tax fees, secretarial fees, due diligence costs incurred for prospective investment acquisitions and other professional costs.

7. Taxation

	2019 GBP'000	2018 GBP'000
Current tax		
Current financial year tax charges	-	-
Total	-	-

The reconciliation of tax on the operating income before tax, at the UK standard corporation rate, to the Company's actual tax charge for the financial year ended 31 December 2019 and 31 December 2018, can be seen in the table below.

	2019 GBP'000	2018 GBP'000
Operating income before tax	7,129	5,546
Current tax at 19%	1,355	1,054
<i>Effects of:</i>		
- Non-taxable income	(1,372)	(1,078)
- Deferred tax not recognised	17	24
Tax for the financial year	-	-

8. Other payables

	2019 GBP'000	2018 GBP'000
Administration fees payable	22	13
Independent auditor's remuneration payable	8	9
Professional fees payable	5	5
Transaction costs payable	-	65
Due to related party	1,098	1,018
Total	1,133	1,110

RI EU HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Investment entities

The following table shows details of the entities that the Company does not consolidate but in which it holds an interest. These entities are collectively known as the "Investment Entities".

Investment Entities held by the Company

Name	Principal activity	Place of business	Country of incorporation	Equity ownership % held	
				2019	2018
Cooper House Solar Holdings Limited	Holding Company	United Kingdom	United Kingdom	100%	100%
GLID Wind Farms TopCo Limited	Holding Company	United Kingdom	United Kingdom	5%	5%
Trecastle Solar Holdings Limited	Holding Company	United Kingdom	United Kingdom	100%	100%
Actrees Solar Power Limited	Solar farm	United Kingdom	United Kingdom	100%	100%
Cooper House Solar Limited *	Solar farm	United Kingdom	United Kingdom	100%	100%
Goddards Green Solar Limited	Solar farm	United Kingdom	United Kingdom	100%	100%
Luscott Barton Solar Limited	Solar farm	United Kingdom	United Kingdom	100%	100%
Newby West Solar Limited	Solar farm	United Kingdom	United Kingdom	100%	100%
Southwick Solar Limited	Solar farm	United Kingdom	United Kingdom	100%	100%
Sunsave 4 (Pyworthy) Limited	Solar farm	United Kingdom	United Kingdom	100%	100%
Sunsave 24 (West Woodlands) Limited	Solar farm	United Kingdom	United Kingdom	100%	100%
Trecastle Solar Limited *	Solar farm	United Kingdom	United Kingdom	100%	100%
Inner Dowsing Wind Farm Limited *	Wind farm	United Kingdom	United Kingdom	5%	5%
Lynn Wind Farm Limited *	Wind farm	United Kingdom	United Kingdom	5%	5%

* Investments held indirectly through a holding company.

10. Reconciliation of liabilities arising from financing activities

	2019 GBP'000	2018 GBP'000
Financial liabilities at fair value through profit or loss at beginning of the financial year	13,676	17,222
Loans drawn down	-	216
Repayments on loans drawn down	(2,303)	(3,762)
Financial liabilities at fair value through profit or loss at end of the financial year	11,373	13,676
Total financing liabilities at end of the financial year	11,373	13,676

11. Share capital

	2019 GBP'000	2018 GBP'000
Issued and fully paid up		
19,388,344 ordinary shares of GBP1 each	19,388	19,388

12. Exchange rates

The rates of exchange ruling at 31 December 2019 and 31 December 2018 were:

Currency	2019	2018
GBP1 = USD	1.3248	1.2736
EUR	1.1802	1.1141

RI EU HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or is able to exercise significant influence over the other party, in making financial or operational decisions.

All related party transactions were carried out at arm's length in the ordinary course of business.

As at 31 December 2019, Peter Raftery and Stephane Tetot were employees of BlackRock Inc. and its subsidiaries (the "BlackRock Group"). The Directors who are employees of the BlackRock Group are not entitled to receive Directors' fees.

The following tables details the Company's related party transactions during the financial years ended 31 December 2019 and 31 December 2018:

	Limited Company	Investment Entities
31 December 2019	GBP'000	GBP'000
Statement of Comprehensive Income		
Interest income	-	749
Dividend income	-	671
Interest expense on loans payable	(821)	-
Statement of Financial Position		
Financial assets at fair value through profit or loss - Loans	-	22,003
Financial assets at fair value through profit or loss - Equity attributable to equity shareholder	-	25,292
Interest receivable	-	43
Equity attributable to equity shareholder	34,829	-
Financial liabilities at fair value through profit or loss - Loans payable*	11,373	-
Interest payable on loans payable	3	-

	Limited Company	Investment Entities
31 December 2018	GBP'000	GBP'000
Statement of Comprehensive Income		
Interest income	-	878
Dividend income	-	572
Interest expense on loans payable	(999)	-
Statement of Financial Position		
Financial assets at fair value through profit or loss - Loans	-	23,692
Financial assets at fair value through profit or loss - Equity attributable to equity shareholder	-	18,741
Interest receivable	-	73
Equity attributable to equity shareholder	27,700	-
Financial liabilities at fair value through profit or loss - Loans payable*	13,676	-
Interest payable on loans payable	50	-

*All loans from the Limited Company have a fixed interest rate of 6.30% to 6.50% and a maturity date of 31 December 2044.

BlackRock Asset Management Ireland Limited has paid fees on behalf of the Company. As at 31 December 2019, the amount payable to BlackRock Asset Management Ireland Limited for the payment of fees is GBP28,881 (2018: GBP30,376). The Fund and the Limited Company have also paid fees on behalf of the Company. As at 31 December 2019, the amount payable to the Fund and the Limited Company is GBP1,063,090 and GBP4,464 respectively (2018: GBP983,379 and GBP4,729 respectively).

No provisions have been recognised by the Company against amounts due from related parties at the financial year end date (31 December 2018: Nil). No amounts have been written off during the financial year in respect of amounts due to or from related parties (31 December 2018: Nil). No commitments secured or unsecured or guarantees have been entered into with related parties during the financial year (31 December 2018: Nil).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Related party transactions (continued)

There were no loans, quasi loans, credit transactions or remuneration between the Company and its key management personnel or Directors for the financial year ended 31 December 2019 or 31 December 2018.

14. Commitments and contingent liabilities

There were no significant commitments or contingent liabilities at the financial years ended 31 December 2019 and 31 December 2018.

15. Subsequent events

There have been no events subsequent to the financial year end, which, in the opinion of the Directors, may have had an impact on the financial statements for the financial year ended 31 December 2019.

16. Approval date

The financial statements were approved by the Directors on 7 April 2020.