Ramsey Windfarm Limited

Directors' report and

Audited financial statements for the year ended 31 December 2016

Ramsey Windfarm Limited

Contents of the financial statements
For The Year Ended 31 December 2016

Ramsey Windfarm Limited

Company information
For The Year Ended 31 December 2016

Directors:	P G Raftery C D K Reid
Registered office:	2nd Floor Edgeborough House Upper Edgeborough Road Guildford Surrey GU1 2BJ
Registered number:	07508910 (England and Wales)
Independent auditors:	Deloitte LLP Statutory Auditor Abbots House Abbey Street Reading Berkshire RG1 3BD
Bankers:	HSBC 3 Rivergate Temple Quay Bristol BS1 6ER

Ramsey Windfarm Limited

Directors' report
For The Year Ended 31 December 2016

The directors present their report with the financial statements of the Company for the year ended 31 December 2016.

This directors' report has been prepared in accordance with the provisions applicable to 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 2.

Principal activity
The principal activity of the Company in the period under review was the operation of the 1.8MW wind farm at Ramsey in Cambridgeshire and this is expected to continue to be the principal activity of the Company.

On 21 December 2015, the Company's parent, Tranche 1 Holdings Limited, had its entire share capital purchased by RI Income UK Holdings Limited and subsequently a number of resolutions were passed. New directors were appointed on the date of the transaction and following this, the accounting reference date was changed from 30 June to 31 December to bring it into line with the new group's accounting reference date and as such a six month reporting period was decided upon for the six month period ended 31 December 2015. Finally the name was changed from REG Ramsey Limited to Ramsey Windfarm Limited.

On 29 June 2016, the Company voluntarily prepaid its loan outstanding under its facility agreement with L1 Renewables Limited and settled the associated interest rate swap.

With the exception of the repayment of the bank loan, the Company will function in the same manner as before and as such there will be no fundamental change to the way the Company is operated or managed.

Dividends
The profit during the year ended 31 December 2016 was £98,392 (31 December 2015: £79,110 profit).

An interim dividend was paid for the year ended 31 December 2016 of £502,274 on 24 June 2016 (31 December 2015: £nil).

Directors
The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

P G Raftery
C D K Reid

Risks and uncertainties
The Company is exposed to fluctuations in UK power prices. The Company seeks to manage the volatility in power prices by fixing prices at least six months in advance whenever possible.

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.

Ramsey Windfarm Limited

Directors' report
For The Year Ended 31 December 2016

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

Date: 27 September 2017

Statement of directors' responsibilities
For The Year Ended 31 December 2016

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including 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 judgements and accounting estimates that are reasonable and prudent;
- 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.

Independent auditors' report to the members of Ramsey Windfarm Limited

We have audited the financial statements of Ramsey Windfarm 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 15. 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 Auditors' 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 auditors

As explained more fully in the Statement of directors' responsibilities set out on page four, 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 Directors' 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 period 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.

Independent auditors' report to the members of Ramsey Windfarm Limited

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
Berkshire

Date: 28 September 2017

Ramsey Windfarm Limited

Income statement
For The Year Ended 31 December 2016

	Notes	Year ended 31/12/16 £	Period 1/7/15 to 31/12/15 £
Turnover	3	592,407	337,801
Cost of sales		(303,073)	(154,687)
Gross profit		289,334	183,114
Administrative expenses		(4,093)	(5,815)
Operating profit	4	285,241	177,299
Exceptional costs	5	(87,386)	-
		197,855	177,299
Interest payable and similar expenses		(121,700)	(67,865)
Profit before taxation		76,155	109,434
Tax on profit		22,237	(30,324)
Profit for the financial year		98,392	79,110

The notes on pages 11 to 22 form part of these financial statements

Ramsey Windfarm Limited

Statement of other comprehensive income
For The Year Ended 31 December 2016

	Notes	Year ended 31/12/16 £	Period 1/7/15 to 31/12/15 £
Profit for the year		98,392	79,110
Other comprehensive (loss)/income			
Gain / (loss) on interest rate swaps		(45,543)	2,706
Deferred tax movement interest rate swap		(26,718)	(1,948)
Income tax relating to components of other comprehensive (loss)/income		-	-
Other comprehensive (loss)/income For the year, net of income tax		(72,261)	758
Total comprehensive income for the year		26,131	79,868

The notes on pages 11 to 22 form part of these financial statements

Ramsey Windfarm Limited

Balance sheet
31 December 2016

	Notes	31/12/16	31/12/15
		£	£
Fixed assets			
Tangible assets	6	1,857,021	2,013,194
Current assets			
Debtors	7	285,489	561,804
Cash at bank		54,634	588,159
		340,123	1,149,963
Creditors			
Amounts falling due within one year	8	(2,008,092)	(2,497,962)
Net current liabilities		(1,667,969)	(1,347,999)
Total assets less current liabilities		189,052	665,195
Capital and reserves			
Called up share capital		1,000	1,000
Hedging reserve		-	(113,911)
Retained earnings		188,052	778,106
		189,052	665,195

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 were approved by the Board of Directors on 27 September 2017 and were signed on its behalf by:

....

C D K Reid - Director

The notes on pages 11 to 22 form part of these financial statements

Ramsey Windfarm Limited

Statement of changes in equity
For The Year Ended 31 December 2016

	Called up share capital £	Retained earnings £	Hedging reserve £	Total equity £
Balance at 1 July 2015	1,000	698,996	(114,669)	585,327
Changes in equity				
Total comprehensive income	-	79,110	758	79,868
Balance at 31 December 2015	1,000	778,106	(113,911)	665,195
Changes in equity				
Profit for the financial year	-	98,392	-	98,392
Dividends	-	(502,274)	-	(502,274)
Other comprehensive loss	-	-	(72,261)	(72,261)
Settlement of interest rate derivative	-	(186,172)	186,172	-
Balance at 31 December 2016	1,000	188,052	-	189,052

The notes on pages 11 to 22 form part of these financial statements

Ramsey Windfarm Limited

Notes to the financial statements
For The Year Ended 31 December 2016

1. General information

Ramsey Windfarm Limited is a company incorporated in the United Kingdom, England and Wales, under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' report on page 2.

2. Accounting policies

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 1 Holdings 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 financial instruments as specified in the accounting polices below.

2. Accounting policies - continued

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 RI Income UK Holdings Limited intends to continue to financially support the Company during the 12 months following the date the financial statements are signed.

Critical accounting judgements and key sources 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 judgements have had the most significant effect on amounts recognised in the financial statements.

Deferred taxation
Deferred tax assets are only recognised when management deem that it is highly probable that there will be sufficient taxable profits in future periods which can utilise the deferred tax asset.

Operating lease commitments
The classification of leases as operating or finance leases requires the Company to determine, based on evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires recognition on the balance sheet.

2. Accounting policies - continued

Turnover
Turnover represents the value of power generated during the year, excluding value added tax, in the UK.

Turnover recognition
Turnover is recognised when the significant risks and rewards are considered to have transferred to the buyer and is recorded at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before turnover is recognised:

a) Generation and embedded benefits turnover
Turnover from the sale of electricity represents the invoice value, pre sales tax, of electricity provided to third parities and is recognised when electricity is generated. Embedded benefits are paid to generating plant located on the distribution network to reflect the lower cost of transporting electricity to the end user and are recorded at the invoice value.

b) TRIADS turnover
Turnover from the sale of TRIADS (bonus for generating at peak demand times during the winter months) represents the invoice value, before sales tax, of TRIADS provided to third parties and is recognised when eligible electricity is generated.

c) ROCs, LECs turnover
Renewable Obligation Certificates (ROCs) are issued to qualifying renewable generators under the terms of the generating stations OFGEM Renewable Obligation registration. These certificates may be traded separately from the electricity to which they relate. The ROCs are recorded as accrued income at fair value and recognised in turnover when the electricity to which they relate is generated. Any impairment of ROCs due to reduction in the market price is recorded in profit and loss.

Renewable energy generators who meet Customs & Excise conditions for exemption will be issued with Levy Exemption Certificates (LECs) for their generation. The LECs transfer along with the electricity and can be used by business consumers to claim levy exemption. These certificates carry a statutory value and are recognised at this value as generated.

Effective from 1 August 2015, the Government withdrew the exemption from the Climate Change Levy (CCL) meaning that power generated thereafter no longer accrued LECs and as such this is no longer a source of turnover.

Tangible fixed assets
Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met, but excludes the costs of day-to-day servicing which is expensed as incurred.

Depreciation is provided on all tangible fixed assets, other than freehold land, at the following annual rates in order to write off each asset over its estimated useful life.

Operating wind sites	-	20 years

2. **Accounting policies - continued**

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.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

2. **Accounting policies - continued**

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

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.

Derivative financial instruments
The Company uses derivative financial instruments to reduce exposure to interest rate movements. The Company does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Fair value measurement
The Company determines the fair value of its derivatives using the income approach which converts future cash flows to a single current (discounted) amount, reflecting current market expectations about those future amounts through the use of observable inputs, e.g. interest rates and yield curves observable at commonly quoted intervals.

Hedge accounting
The Company designates certain derivatives as cash flow hedging instruments in respect of variable interest rate risk of the cash flows associated with recognised debt instruments measured at amortised cost.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with the clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge and on an ongoing basis, the Company assesses whether the hedging instrument is highly effective in offsetting the designated hedged risk.

2. Accounting policies - continued

The effective portion of changes in the fair value of the designated hedging instrument is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends. Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

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.

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.

2. **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.

Cash

Cash at bank and in hand on the balance sheet comprise cash in hand and deposits held at call with banks.

Accrued income

Accrued income represents accruals for electricity generation and ROC income not yet billed.

Dividend distribution

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

2. Accounting policies - continued

Operating leases
Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Bank borrowings
Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period which they arise.

Borrowing costs
Borrowing costs are expensed as incurred.

3. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the Company.

4. Operating profit

The operating profit is stated after charging:

	Year ended 31/12/16 £	Period 1/7/15 to 31/12/15 £
Rentals under operating lease	50,000	25,000
Depreciation - owned assets	156,173	78,111
Auditor's remuneration	4,440	4,000

5. Exceptional costs

On 29 June 2016, the Company voluntarily prepaid its loan outstanding under its facility agreement with L1 Renewables Limited and settled the associated interest rate swap. The impact on the Income statement and Other comprehensive income in the year ended 31 December 2016 is as follows:

	£
Recognised in Income statement:	
Release of loan issue costs	69,549
Prepayment and lender break costs	14,096
Legal and consultancy fees	3,741
	87,386
Recognised in Other comprehensive income:	
Release of associated derivative financial liability	(45,543)
Deferred tax associated with derivative financial liability	(26,718)
	(72,261)

On settlement of the interest rate swap a loss of £186,172 which had accumulated through other comprehensive income in the hedging reserve has been reclassified to the profit and loss reserve. The hedging relationship having ended on settlement of the loan and associated interest rate swap.

6. Tangible fixed assets

	Plant and machinery £
Cost	
At 1 January 2016 and 31 December 2016	2,707,374
Depreciation	
At 1 January 2016	694,180
Charge for year	156,173
At 31 December 2016	850,353
Net book value	
At 31 December 2016	1,857,021
At 31 December 2015	2,013,194

Ramsey Windfarm Limited

Notes to the financial statements - continued
For The Year Ended 31 December 2016

7. Debtors: amounts falling due within one year

	31/12/16	31/12/15
	£	£
Prepayments and accrued income	122,549	199,506
Deferred tax (note 13)	154,686	187,445
Amounts owed by group companies	6,762	-
Other Debtors	1,493	50
Restricted cash	-	174,802
	285,490	561,803

The full amount £6,762, within amounts owed by group companies, is amount owed by Denzell Downs Limited as Denzell Downs Limited received the VAT due back to the Company as part of VAT group registration arrangement.

8. Creditors: amounts falling due within one year

	31/12/16	31/12/15
	£	£
Bank loans and overdrafts	-	1,650,777
Trade creditors	6,859	105
Amounts owed to group companies	1,982,904	634,175
Other creditors	18,329	212,905
	2,008,092	2,497,962

Amounts owed to group companies are repayable on demand.

Within amounts owed to group companies is an interest free amount of £466,433 owed to RI UK Holdings Limited (31 December 2015: £634,175) and an interest bearing amount of £1,508,400 owed to BRI UK Finance Limited. As at 31 December 2016 the interest bearing amount had accrued interest at £8,071 (31 December 2015: £nil).

On 29 June 2016, the Company voluntarily prepaid its loan outstanding under its facility agreement with L1 Renewables Limited and settled the associated interest rate swap.

9. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31/12/16	31/12/15
	£	£
Within one year	50,000	50,000
Between one and five years	200,000	200,000
In more than five years	750,000	800,000
	1,000,000	1,050,000

10. **Off-balance sheet arrangements**

The Company enters into operating lease arrangements for the land on which the wind farm is located. The Company's lease rental expense is disclosed in note 4 and the Company commitments under these arrangements are disclosed in note 8. There are no other material off-balance sheet arrangements.

11. **Related party disclosures**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 section 1 A 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.

12. **Ultimate controlling party**

The ultimate parent undertaking and controlling party in this group is considered to be Renewable Income UK, a sub-fund of Blackrock Infrastructure Funds Public Limited Company, an investment company registered in Ireland which accounts for investments at fair value and does not prepare consolidated financial statements.

Tranche 1 Holdings Limited continues to be the immediate parent company and is the smallest group in which the Company is consolidated. Tranche 1 Holdings Limited is 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.

13. **Deferred tax**

	31/12/16	31/12/15
	£	£
Deferred tax asset	154,686	187,445

The gross movement on the deferred tax account is:		
Balance at 1 January / 1 July	187,445	182,293
(Charge)/credit profit and loss account	(6,041)	7,100
(Charge)/credit to other comprehensive income	(26,718)	(1,948)
Balance at 31 December	154,686	187,445

Deferred tax is provided as follows:		
Depreciation in advance of capital allowances	154,686	160,726
Other timing differences	-	26,719
	154,686	187,445

14. Derivative financial instruments

	Due within one year		Due after one year	
	31/12/16	31/12/15	31/12/16	31/12/15
	£	£	£	£
Derivatives designated and effective as hedging instruments carried at fair value liabilities				
Interest rate swap	-	(140,630)	-	-

The interest rate swap was valued at present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. On 29 June 2016, the company voluntarily prepaid its loan outstanding under its facility agreement with L1 Renewables Limited and settled the associated interest rate swap, refer to note 5.

Cash flow hedges

Interest rate swap

The following table details the notional principal amounts and fair value of the interest rate swap outstanding as at the reporting date:

Outstanding receiving floating pay fixed contract	**Notional principal value**		**Fair value**	
	31/12/16	31/12/15	31/12/16	31/12/15
	£	£	£	£
Less than one year	-	1,729,493	-	(140,630)
	-	1,729,493	-	(140,630)

A loss of £45,543 (31 December 2015: £2,706) was recognised in other comprehensive income. The current year loss arose on termination of the interest rate swap. The hedge was 100% effective resulting in no impact in the profit or loss.

15. Information regarding directors and employees

The Company has no employees (31 December 2015: Nil). None of the directors received any remuneration from the Company during the period (31 December 2015: Nil). Services are provided to the Company through a third party asset management agreement.