

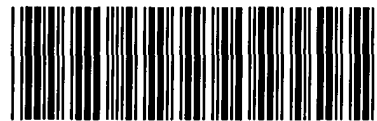
Company Registration No. 07705570

Tranche 3 Holdings Limited

Report and Financial Statements

Period from 1 July 2012 to 31 December 2013

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Tranche 3 Holdings Limited

Report and Financial Statements for period from 1 July 2012 to 31 December 2013

Contents	Page
Officers and professional advisers	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4
Consolidated profit and loss account	5
Balance sheets	6
Consolidated cash flow statement	7
Notes to the financial statements	8

Tranche 3 Holdings Limited

Officers and professional advisers

Directors

C Reid
P Raftery

Bankers

The Co-Operative Bank
Balloon Way
Manchester

Registered Office

12 Throgmorton Avenue
London
EC2N 2DL

Independent auditor

Deloitte LLP
Chartered Accountants
Global House
High Street
Crawley

Tranche 3 Holdings Limited

Directors' report

The directors present their report on the affairs of the Group, together with the financial statements and auditor's report, for the 18 month period from 1 July 2012 to 31 December 2013.

On 23 January 2013, Tranche 3 Holdings Limited had its entire share capital purchased by Blackrock Renewables UK 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 parent company's accounting reference date. Finally the name was changed from REG Tranche 3 Holdings Limited to Tranche 3 Holdings Limited

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 can be found in note 1.

Principal activity

The principal activity of the Group in the period under review was that of the operation of two wind farms with a combined capacity of 16MW. This will continue to be the principal activity of the Group. Tranche 3 Holdings Limited serves as a holding company for the subsidiaries containing the wind farms.

Results and dividends

The profit for the period after taxation was £994,646 (2012: Loss of £39,085).

The directors do not recommend the payment of a dividend (2012: £nil).

Directors

The directors, who served during the period and up to the date of this report, were as follows:

A Whalley	(resigned 23 January 2013)
N Harris	(resigned 23 January 2013)
D Crockford	(resigned 23 January 2013)
M Partridge	(resigned 23 January 2013)
S Wannop	(resigned 23 January 2013)
C Reid	(appointed 23 January 2013)
P Raftery	(appointed 23 January 2013)

Risks and uncertainties

As outlined in note 1 to these financial statements the Group uses derivative financial instruments to manage the risk of interest rate movements on variable rate bank borrowings.

Independent auditor and statement of provision of information to the independent auditor


Deloitte LLP has expressed their willingness to continue in office as auditor of the Company and a resolution to reappoint them will be proposed as the forthcoming Annual General Meeting.

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

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditor are unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors
and signed on behalf of the Board



C Reid
Director

7 June 2014

Tranche 3 Holdings Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have audited the Group financial statements (the "financial statements") of Tranche 3 Holdings Limited for the period from 1 July 2012 to 31 December 2013 which comprise the Consolidated profit and loss account, the Group and Parent Company balance sheets, the Consolidated cash flow statement and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2013 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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 take advantage of the small companies exemption in preparing the Director's report.


Matthew Coulson FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

3 June 2014

Tranche 3 Holdings Limited

Consolidated profit and loss account For the period ended 31 December 2013

	Notes	1 July 2012 to 31 December 2013 £	1 July 2011 to 30 June 2012 £
Turnover	2	5,149,755	134,206
Cost of sales		(2,559,932)	(7,000)
Gross profit		2,589,823	127,206
Administration expenses		(28,000)	(4,000)
Operating profit	3	2,561,823	123,206
Finance charge	4	(1,329,572)	(132,721)
Profit / (loss) on ordinary activities before taxation		1,232,251	(9,515)
Tax charge on profit on ordinary activities	6	(237,605)	(29,570)
Profit / (loss) on ordinary activities after taxation	14	994,646	(39,085)

All the results derive from continuing operations.

There are no further recognised gains and losses for the current financial period other than as stated in the profit and loss account and as a result no statement of total recognised gains and losses is given.

Tranche 3 Holdings Limited

Balance sheets

31 December 2013

	Notes	Group		Company	
		31 December 2013	30 June 2012	31 December 2013	30 June 2012
		£	£	£	£
Fixed assets					
Tangible assets	7	17,697,967	14,458,550	-	-
Investments	8	-	-	2,000	2
		<u>17,697,967</u>	<u>14,458,550</u>	<u>2,000</u>	<u>2</u>
Current assets					
Debtors	9	1,369,005	330,597	1	1
Restricted cash		902,323	2,574,242	-	-
Cash at bank and in hand		1,220,498	-	-	-
		<u>3,491,826</u>	<u>2,904,839</u>	<u>1</u>	<u>1</u>
Creditors: amounts falling due within one year	10	(1,168,698)	(2)	-	-
Net current assets		<u>2,323,128</u>	<u>2,904,837</u>	<u>1</u>	<u>1</u>
Creditors: amounts falling due after more than one year	11	(18,798,358)	(17,372,901)	(2,000)	(2)
Provisions for liabilities	12	(267,175)	(29,570)	-	-
Net assets		<u>955,562</u>	<u>(39,084)</u>	<u>1</u>	<u>1</u>
Capital and reserves					
Called up share capital	13	1	1	1	1
Profit and loss account	14	955,561	(39,085)	-	-
Shareholder's funds		<u>955,562</u>	<u>(39,084)</u>	<u>1</u>	<u>1</u>

The financial statements of Tranche 3 Holdings Limited, registered number 07705570 were approved by the board of directors and authorised for issue on 3 June 2014.

C Reid
Director

Tranche 3 Holdings Limited

Consolidated cash flow statement For the period ended 31 December 2013

	Notes	1 July 2012 to 31 December 2013 £	1 July 2011 to 30 June 2012 £
Net cash inflow from operating activities	15	<u>3,153,497</u>	<u>(196,391)</u>
Investing activities			
Purchases of tangible fixed assets		<u>(4,303,207)</u>	<u>(14,591,271)</u>
Net cash used in investing activities		<u>(4,303,207)</u>	<u>(14,591,271)</u>
Financing activities			
Proceeds from issue of shareholder loans		-	17,361,903
Repayment of shareholder loans		(13,430,538)	-
Proceeds from borrowings		15,153,378	-
Repayments of borrowings		(1,024,551)	-
Issue of share capital		-	1
Movement in restricted cash		<u>1,671,919</u>	<u>(2,574,242)</u>
Net cash inflow from financing activities		<u>2,370,208</u>	<u>14,787,662</u>
Net increase in cash and cash equivalents	16	1,220,498	-
Cash and cash equivalents at beginning of period		<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of the period		<u><u>1,220,498</u></u>	<u><u>-</u></u>

Tranche 3 Holdings Limited

Notes to the financial statements For the period ended 31 December 2013

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding financial period.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of preparation

The accounts have been prepared on the basis the Group is a going concern, which the directors' consider appropriate for the following reasons:

The directors have separately reviewed integrated forecasts for the Group, for a period in excess of 12 months from the date that these financial statements were approved, which indicate that the Group will be able to meet its cash flow demands and liabilities as they fall due for the foreseeable future from cash flows from operations and existing working capital.

This includes a formal review of covenant compliance for the life of the loans against the Group forecasts and there is significant headroom within the key variables before any breaches would arise.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. This is the first year of consolidation, which has then been applied retrospectively.

Turnover

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

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- a) **Generation revenue**
Revenue from the sale of electricity represents the invoice value, pre sales tax, of electricity provided to third parties and is recognised when electricity is generated.
- b) **TRIADS revenue**
Revenue 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 revenue**
Renewable Obligation Certificates (ROCs) are issued to qualifying renewable generators as evidence that a licensed electricity supplier has supplied qualifying electricity to their customers in Great Britain. These certificates may be traded separately from the electricity to which they relate. The ROCs are recorded as accrued income at cost when the electricity to which they relate is generated, and then are re-valued to fair value. This revaluation is recorded in the profit and loss account in revenue due to the linked nature of the generation of electricity to the issue of ROCs. As a result of the fact that these certificates may be traded separately from the electricity to which they relate, revenue may include an amount relating to un-realised ROC sales.

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.

Tranche 3 Holdings Limited

Notes to the financial statements For the period ended 31 December 2013

1. Accounting policies (continued)

Interest income

Revenue is recognised as interest accrues.

Tangible fixed assets

Plant and equipment is stated at cost, excluding the costs of day-to-day servicing, 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.

Assets in the course of construction are stated at cost and are recognised only when it is probable that a project under development will be constructed by the Company. This decision is based on management judgement when the project meets key criteria required for its successful development, including planning permission and grid access.

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

Cash at bank and in hand

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

Restricted cash

Restricted cash amounts comprise of cash balances held with the banks that are not available to the Group at the balance sheet date. The funds are used to provide collateral against future debt service costs and scheduled operating costs as part of the Group's finance facilities.

Accrued income

Accrued income represents accruals for electricity income not yet billed.

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.

Tranche 3 Holdings Limited

Notes to the financial statements For the period ended 31 December 2013

1. 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.

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.

Investments

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

Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold derivative financial instruments for speculative purposes. Hedge accounting has not been adopted in these financial statements.

2. Turnover

The total turnover of the Group for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3. Operating profit

	1 July 2012 to 31 December 2013 £	1 July 2011 to 30 June 2012 £
Operating profit is stated after charging:		
Depreciation	1,198,890	-
Rentals under operating leases:		
Other operating leases	178,019	7,000
Auditor's remuneration:		
Audit fees	28,000	4,000
	<u> </u>	<u> </u>

Tranche 3 Holdings Limited

Notes to the financial statements For the period ended 31 December 2013

4. Finance charge

	1 July 2012 to 31 December 2013 £	1 July 2011 to 30 June 2012 £
Foreign exchange loss	169,535	132,721
Loan interest	992,541	-
Amortisation of finance costs	141,933	-
Bank charges	25,563	-
Finance charge	<u>1,329,572</u>	<u>132,721</u>

5. Information regarding directors and employees

The Group had no employees in the current or prior period. No directors received any remuneration from the Group during the current or prior period. Services are provided through an asset management agreement.

6. Tax charge on profit on ordinary activities

(a) Tax charge on profit on ordinary activities

The tax charge is made up as follows:

	1 July 2012 to 31 December 2013 £	1 July 2011 to 30 June 2012 £
Current tax		
United Kingdom corporation tax at 23.5% (2012: 25.5%) based on the profit for the period	-	-
Total current tax	-	-
Deferred tax		
Deferred tax charge	269,459	29,570
Adjustment in respect of prior periods	(31,854)	-
Total deferred tax (note 12)	<u>237,605</u>	<u>29,570</u>
Total tax in profit and loss	<u>237,605</u>	<u>29,570</u>

Tranche 3 Holdings Limited

Notes to the financial statements For the period ended 31 December 2013

6. Tax charge on profit on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed for the period is lower (2012: lower) than that resulting from applying the standard rate of corporation tax in the UK 23.5% (2012: 25.5%). The differences are explained below:

	1 July 2012 to 31 December 2013 £	1 July 2011 to 30 June 2012 £
Profit on ordinary activities before taxation	1,232,251	(9,515)
Theoretical tax at UK corporation tax rate of 23.5% (2012: 25.5%)	289,579	(2,426)
Effects of:		
Expenses not deductible for taxation purposes	-	10,331
Capital allowances in excess of depreciation	(287,319)	(31,418)
Losses carried forward not recognised	-	23,513
Utilisation of adjusted brought forward losses	(2,260)	-
Total current tax	-	-

(c) Factors which may affect future tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2013 has been calculated based on the substantively enacted rates at the balance sheet date.

Tranche 3 Holdings Limited

Notes to the financial statements For the period ended 31 December 2013

7. Tangible fixed assets

	Assets under construction £	Operating wind sites £	Operating wind sites £
Cost			
At 1 July 2012	3,354,172	11,104,378	14,458,550,
Additions	3,785,594	652,713	4,438,307
Transfers	(7,139,766)	7,139,766	-
	<hr/>	<hr/>	<hr/>
At 31 December 2013	-	18,896,857	18,896,857
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 July 2012	-	-	-
Charge for period	-	1,198,890	1,198,890
	<hr/>	<hr/>	<hr/>
At 31 December 2013	-	1,198,890	1,198,890
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2013	-	17,697,967	17,697,967
	<hr/>	<hr/>	<hr/>
At 30 June 2012	3,354,172	11,104,378	14,458,550
	<hr/>	<hr/>	<hr/>

8. Investments

	Company	
	31 December 2013 £	30 June 2012 £
Subsidiary undertakings	2,000	2
	<hr/>	<hr/>

Investments are directly owned 100% holdings of the ordinary share capital of two subsidiaries, Sancton Hill Limited and South Sharpley Limited. These subsidiaries are both incorporated in the United Kingdom with their principle activity being that of operating wind farms. During the period the Company purchased a further £999 in each of the subsidiaries due to the issue of further share capital and therefore maintained their 100% holdings.

Tranche 3 Holdings Limited

Notes to the financial statements For the period ended 31 December 2013

9. Debtors

	31 December 2013 £	30 June 2012 £
Trade debtors and accrued income	1,200,622	134,206
Prepayments	65,817	196,390
Other debtors	56,833	-
VAT	45,733	-
Amounts owed by group undertakings	-	1
	<u>1,369,005</u>	<u>330,597</u>

The Company has an outstanding debtor of £1 (2012: £1) in relation to called up share capital not yet paid up.

10. Creditors: amounts falling due within one year

	31 December 2013 £	30 June 2012 £
Bank loans and overdrafts (note 11)	239,050	-
Trade creditors	37,411	-
Accruals	890,208	-
Other creditors	2,029	2
	<u>1,168,698</u>	<u>2</u>

The Company has no outstanding creditors (2012: £nil).

Tranche 3 Holdings Limited

Notes to the financial statements For the period ended 31 December 2013

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

	31 December 2013 £	30 June 2012 £
Amounts owed to group companies	3,931,365	17,361,901
Accruals	-	11,000
Bank loans		
Between one and two years	594,200	-
Between two and five years	2,277,923	-
Over 5 years	11,994,870	-
	<u>18,798,358</u>	<u>17,372,901</u>

The bank loans have terms which run until 30 September 2022 and carry interest at 3 month LIBOR plus 2.1% and at 3 month LIBOR plus 2.2%. The exposure to movements in interest rates has been hedged using interest rate swap contracts (note 17). They are secured against the tangible fixed assets of the Group.

12. Deferred tax

	31 December 2013 £	30 June 2012 £
Deferred tax (liability) / asset	<u>(267,175)</u>	<u>(29,570)</u>
The gross movement on the deferred tax account is:		
Balance at 1 July	(29,570)	-
Current period movement through profit & loss	(301,307)	(31,418)
Adjustment in respect of prior periods	31,854	-
Impact of change in tax rate	31,848	1,848
Balance at 31 December 2013 / 30 June 2012	<u>(267,175)</u>	<u>(29,570)</u>
Deferred tax is provided as follows:		
Accelerated capital allowances	<u>(267,175)</u>	<u>(29,570)</u>

13. Share capital

	31 December 2013 £	30 June 2012 £
Allotted, called up and fully paid		
1 Ordinary share of £1 at par	<u>1</u>	<u>1</u>

Tranche 3 Holdings Limited

Notes to the financial statements For the period ended 31 December 2013

14. Reconciliation of shareholders' funds and movement in profit and loss account

	Share capital £	Profit and loss account £	Total £
At 1 July 2011	1	-	1
Profit for the year	-	(39,085)	(39,085)
	<hr/>	<hr/>	<hr/>
At 30 June 2012	1	(39,085)	(39,084)
Profit for the period	-	994,646	994,646
	<hr/>	<hr/>	<hr/>
At 31 December 2013	<u>1</u>	<u>955,561</u>	<u>955,562</u>

15. Net cash inflow from operating activities

	1 July 2012 to 31 December 2013 £	1 July 2011 to 30 June 2012 £
Operating profit	2,561,823	123,206
Adjustments for:		
Depreciation	1,198,890	-
Increase in debtors	(995,632)	(330,597)
Increase in creditors	388,416	11,000
	<hr/>	<hr/>
	<u>3,153,497</u>	<u>(196,391)</u>

Tranche 3 Holdings Limited

Notes to the financial statements For the period ended 31 December 2013

16. Analysis and reconciliation of net debt

	1 July 2012 £	Cash flow £	Other non- cash changes £	Foreign exchange movements	31 December 2013 £
Cash at hand and in bank and restricted cash	2,574,242	(281,885)	-	(169,535)	2,122,822
Debt due after 1 year	(17,361,903)	(1,675,505)	239,050	-	(18,798,358)
Debt due within 1 year	-	-	(239,050)	-	(239,050)
	(17,361,903)	(1,675,505)	-	-	(19,037,408)
Net debt	(14,787,661)	(1,957,390)	-	(169,535)	(16,914,586)

	31 December 2013 £	30 June 2012 £
(Decrease) / increase in cash in the year	(281,885)	2,706,963
Cash inflow from increase in debt	(1,675,505)	(17,361,903)
Increase in net debt resulting from cash flows	(1,957,390)	(14,654,940)
Translation difference	(169,535)	(132,721)
Increase in net debt in year	(2,126,925)	(14,787,661)
Net debt at 1 July 2012 / 1 July 2011	(14,787,661)	-
Net debt at 31 December 2013 / 30 June 2012	(16,914,586)	(14,787,661)

Tranche 3 Holdings Limited

Notes to the financial statements For the period ended 31 December 2013

17. Derivatives not included at fair value

	31 December 2013	31 December 2013	30 June 2012	30 June 2012
	Principal	Fair value	Principal	Fair value
	£	£	£	£
Interest rate swap contracts				
Sancton Hill	9,643,164	287,838	-	-
South Sharpley	6,238,726	168,331	-	-
	<u>15,881,890</u>	<u>456,169</u>	<u>-</u>	<u>-</u>

The Sancton Hill interest rate swap contract with a nominal value of £9,643,164 (2012: £nil) has fixed interest payments at a rate of 5.6% for the 9 year period of the debt, ending on 30 September 2022 and has floating interest receipts at 3 month LIBOR plus 2.1%.

The South Sharpley interest rate swap contract with a nominal value of £6,238,726 (2012: £nil) has fixed interest payments at a rate of 5.7% for the 9 year period of the debt, ending on 30 September 2022 and has floating interest receipts at 3 month LIBOR plus 2.2%.

18. Obligations under operating leases

The Group has annual land and building commitments under non-cancellable operating leases as follows:

	31 December 2013	30 June 2012
	£	£
Expiry date		
- after five years	<u>15,000</u>	<u>15,000</u>

19. Related party disclosures

The consolidated financial statements include the financial statements of Tranche 3 Holdings Limited and the wholly owned primary subsidiaries listed in the following table:

Name of Company	Holding	Country of incorporation	Nature of Business
Sancton Hill Limited	Ordinary shares	UK	Wind farms
South Sharpley Limited	Ordinary shares	UK	Wind farms

During the period, Tranche 3 Holdings Limited subscribed to additional shares in both of the above subsidiaries as detailed in note 8.

Tranche 3 Holdings Limited

Notes to the financial statements For the period ended 31 December 2013

19. Related party disclosures (continued)

The Group holds loans which are payable to Tranche 3 Holdings Limited's immediate parent company, Blackrock Renewables UK Limited. These were as follows:

	31 December 2013 £	30 June 2012 £
Blackrock Renewables UK Limited	3,931,365	-
REG Holdings Limited	-	17,361,901
	<u> </u>	<u> </u>

In the prior period, these balances were owed to the previous parent company, REG Holdings Limited.

The Group did not enter into any other transactions with related parties.

20. Ultimate parent undertaking

The Company is a wholly owned subsidiary of Blackrock Renewables UK Limited, a company registered in England & Wales. The financial statements of Blackrock Renewables UK Limited are available from the registered office given on page 1.

The ultimate controlling party is considered to be BlackRock NTR Renewable Power Fund which is a limited partnership.