

**BlackRock Renewables UK Limited**

**DIRECTORS' REPORT AND AUDITED  
FINANCIAL STATEMENTS**

**For the year ended 31 December 2016**

**COMPANY NUMBER: 8333324**

**BLACKROCK®**

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**BlackRock Renewables UK Limited**  
**Directors' Report and Audited Financial Statements**  
**For the year ended 31 December 2016**

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**BlackRock Renewables UK Limited**  
**Directors' Report and Audited Financial Statements**  
**For the year ended 31 December 2016**

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**COMPANY INFORMATION**

Directors	Peter George Raftery Charles Desmond Kyrle Reid
Registered Office	12 Throgmorton Avenue London EC2N 2DL England
Registered Number	8333324
Bank	The Bank of New York Mellon SA/NV 46 Rue Montoyerstraat B-1000 Brussels Belgium
Independent Auditor	Deloitte Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2 Ireland
Corporate Administrator	BNY Mellon Fund Services (Ireland) DAC Guild House Guild Street IFSC Dublin 1 Ireland
Legal Advisors	Matheson 70 Sir John Rogerson's Quay Dublin 2 Ireland
Custodian	BNY Mellon Trust Company Ireland Limited Guild House Guild Street Dublin 1 Ireland

**BlackRock Renewables UK Limited**  
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**DIRECTORS' REPORT**

The Directors present their report and the audited financial statements of BlackRock Renewables UK Limited (the "Company") for the year ended 31 December 2016.

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The Company, a UK registered company, was incorporated on 17 December 2012. The Company was established as a vehicle to provide investment into UK renewable power assets through equity and debt instruments, focusing on acquiring primarily wind and solar power projects at operational and pre-operational stages. It funds this through the issuance of loan notes with related parties.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties facing the Company relate to the financial instruments held by it and are set out in Note 13 to the financial statements.

**FUTURE DEVELOPMENTS**

The Directors' main focus will be the achievement of growth and diversification of renewables assets portfolio acquired in the UK.

**RESULTS AND DIVIDENDS**

The results for the year are shown on page 7. During the year ended 31 December 2016, dividends of £Nil (2015: £1,514,230) were paid. The Directors do not recommend any further dividends for the year ended 31 December 2016.

**CHANGES IN DIRECTORS, SECRETARY AND REGISTERED OFFICE**

There was no change in Directors, Company Secretary or Registered Office during the year.

**DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES**

The Directors or the Company Secretary had no beneficial interest in the share capital of the Company at the date of appointment or at the end of the year.

**SUBSEQUENT EVENTS**

There were no significant post balance sheet events.

**TRANSACTIONS WITH DIRECTORS**

The Directors of the Company are all employees of BlackRock Group. There were no fees paid in respect of compensation to the Directors for their services in managing the Company or its subsidiaries.

**POLITICAL AND CHARITABLE DONATIONS**

The Company did not make any political or charitable donations during the year.

**EMPLOYEES**

The Company has no direct employees. Services are provided by both the management company of the BlackRock NTR Renewable Power Fund (Offshore Master), L.P., an exempted limited partnership organized in the Cayman Islands (the "Fund"), and BNY Mellon Fund Services (Ireland) DAC. Due to the nature of the services provided it is not possible to separately ascertain specific employee numbers.

**BlackRock Renewables UK Limited**  
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**DIRECTORS' REPORT (continued)**

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

During the year ended 31 December 2016, two financial instruments at fair value through profit or loss – Goonhilly Limited and Tranche 3 Holdings Limited - were transferred to Tranche 5 Holdings Limited at fair value. The aggregate net realised gain from the aforementioned transfers was £369,282. The purpose of the transfers was to refinance certain bank debt related to these investments.

**CREDITORS**

The Company had no trade creditors throughout or at the end of the year ended 31 December 2016. It acknowledges the importance of paying invoices in a timely manner and always endeavours to abide by any agreed terms of payment.

**ADEQUATE ACCOUNTING RECORDS**

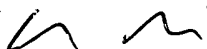
The Directors ensure that adequate accounting records are kept by engaging BNY Mellon Fund Services (Ireland) DAC who employ accounting personnel with the appropriate expertise and by providing adequate resources to the finance function.

Those accounting records are maintained at the Administrator's office at Guild House, Guild Street, IFSC, Dublin 1, Ireland.

**INDEPENDENT AUDITORS**

Deloitte, Chartered Accountants and Statutory Audit Firm, have signified their willingness to continue in office in accordance with Section 485 of the Companies Act 2006.

On behalf of the board



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Charles Reid  
Director

Date: 28 June 2017

**BlackRock Renewables UK Limited**  
**Directors' Report and Audited Financial Statements**  
**For the year ended 31 December 2016**

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**DIRECTORS' RESPONSIBILITIES STATEMENT**

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

UK company law requires the Directors to prepare financial statements for each financial year. The Directors have prepared the Company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU). The financial statements are required by law to 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 estimates that are reasonable and prudent;
- State that the financial statements comply with IFRS as adopted by the EU, subject to any material departure disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors are responsible for keeping proper books of 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 to 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.

Each of the Directors, whose name and functions are listed in the Company Information section of these financial statements, confirms that to the best of each person's knowledge and belief:

- The financial statements, prepared in accordance with IFRS as adopted by the EU and in accordance with the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- The Directors' report contained in the Annual Report and Accounts which comprises the sections described in the Directors' report section, includes a fair review of the development and performance of the business and the position of the Company and a description of the principal risks and uncertainties that they face;
- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- They have each taken all the steps that ought to have been taken by them 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.



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BLACKROCK RENEWABLES UK LIMITED**

We have audited the financial statements of BlackRock Renewables UK Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

### **Respective responsibilities of directors and auditor**

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACKROCK RENEWABLES UK LIMITED

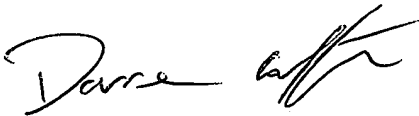
### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year 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.



Darren Griffin  
For and on behalf of Deloitte  
Chartered Accountants and Statutory Auditor  
Dublin

Date:

28 June 2017

**BlackRock Renewables UK Limited**  
**Directors' Report and Audited Financial Statements**  
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**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER**

	<b>Notes</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Dividend income		-	3,637
Net change in fair value on financial assets at fair value through profit or loss	7, 12	10,765	(288)
<b>Total income</b>		<b>10,765</b>	<b>3,349</b>
<b>Expenses</b>			
Interest expense		(1,942)	(1,961)
<b>Total expenses</b>		<b>(1,942)</b>	<b>(1,961)</b>
<b>Operating profit</b>		<b>8,823</b>	<b>1,388</b>
<b>Operating profit before tax on ordinary activities</b>		<b>8,823</b>	<b>1,388</b>
Tax on profit on ordinary activities	6	388	666
<b>Net increase in shareholder's equity resulting from operating activities</b>		<b>9,211</b>	<b>2,054</b>

The accompanying notes form an integral part of the financial statements

**BlackRock Renewables UK Limited**  
**Directors' Report and Audited Financial Statements**  
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**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER**

	Notes	2016 £'000	2015 £'000
<b>Assets</b>			
Financial assets at fair value through profit or loss	7,14	49,436	47,764
Cash and cash equivalents	8	2	-
Other receivables		472	671
<b>Total assets</b>		<b>49,910</b>	<b>48,435</b>
<b>Liabilities</b>			
Deposits and payables	9,15	37,592	45,428
Accrued interest payable		105	5
<b>Total liabilities</b>		<b>37,697</b>	<b>45,433</b>
<b>Net assets</b>		<b>12,213</b>	<b>3,002</b>
<b>Equity</b>			
Share capital	10	-	-
Retained earnings		12,213	3,002
<b>Total equity</b>		<b>12,213</b>	<b>3,002</b>



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Charles Reid  
Director

Date: 28 June 2017

The accompanying notes form an integral part of the financial statements

**BlackRock Renewables UK Limited**  
**Directors' Report and Audited Financial Statements**  
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**STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b><u>Share Capital</u></b>		
Opening balance	-	-
Share capital issued	-	-
Balance at 31 December	-	-
<b><u>Retained Earnings</u></b>		
Opening Balance	3,002	2,462
Net increase in shareholder's equity resulting from operating activities	9,211	2,054
Dividends paid	-	(1,514)
Balance at 31 December	12,213	3,002
<b>Total Equity</b>	<b>12,213</b>	<b>3,002</b>

The accompanying notes form an integral part of the financial statements

**BlackRock Renewables UK Limited**  
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**STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities</b>		
Operating result before taxation	9,211	2,054
<i>Adjustment for:</i>		
Net (gain)/loss on financial assets at fair value through profit or loss	(10,765)	287
Dividend income	-	(3,637)
Interest expense	1,942	1,961
Increase in other receivables	199	(589)
<b>Net cash provided by operating activities</b>	<b>587</b>	<b>76</b>
<b>Cash flows from investing activities</b>		
Dividends received	-	3,637
Acquisition of financial assets	(41,075)	163
Proceeds from disposal of financial assets	50,168	286
<b>Net cash provided by investing activities</b>	<b>9,093</b>	<b>4,086</b>
<b>Cash flows from financing activities</b>		
Interest paid	(1,842)	(2,400)
Proceeds from issuance of loan notes	550	-
Payment on redemption of loan notes	(8,386)	(253)
Dividends paid	-	(1,514)
<b>Net cash used in financing activities</b>	<b>(9,678)</b>	<b>(4,167)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2</b>	<b>(5)</b>
Cash and cash equivalents at beginning of the year	-	5
<b>Cash and cash equivalents at end of the year</b>	<b>2</b>	<b>-</b>

The accompanying notes form an integral part of the financial statements

**BlackRock Renewables UK Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**1. General information**

BlackRock Renewables UK Limited (the "Company"), a UK registered company, was incorporated on 17 December 2012.

The principal accounting policies and notes are set out below, all of which applied for the year ended December 2016.

In these financial statements BlackRock Renewables UK Limited is referred to as the "Company". BlackRock Renewable (Finance) Dublin Designated Activity Company is the legal and beneficial owner of 100 ordinary shares with a par value of £1.00 held at BlackRock Renewable UK Limited. These entities are all part of BlackRock NTR Renewable Power Fund (Offshore Master) L.P. (the "Fund").

**2. Basis of preparation**

**(a) Statement of compliance**

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 Directors have concluded that the Company satisfies the criteria to be regarded as an investment entity under IFRS 10 'Consolidated Financial Statements'.

The Directors are of the opinion that the Company has all the typical characteristics of an investment entity and the three essential criteria specified in the standard. The three essential criteria are such that the entity must:

1. Obtain funds from one or more investors for the purpose of providing these investors with professional investment management services;
2. Commit to its investors that its business purpose is to invest its funds solely for returns from capital appreciation, investment income or both; and
3. Measure and evaluate the performance of substantially all of its investments on a fair value basis.

In satisfying the second essential criteria, the notion of an investment time frame is critical. An investment entity should not hold its investments indefinitely but should have an exit strategy for their realisation. Although the Company has invested in equity interests in special purpose vehicles that have an indefinite life, the Company is part of an overall fund structure with a fund life of 10 years demonstrating intent to exit within this timeframe. This can be extended by two consecutive one year periods.

The Company does not provide any financial support to non-controlled structured entities, in the absence of contractual obligations that resulted in control being obtained.

**(b) Basis of measurement**

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The financial statements have been 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.

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **2. Basis of preparation (continued)**

#### **(c) Use of estimates and judgements**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### **3. Significant accounting policies**

#### **(a) Consolidation**

The Company meets the definition of an investment entity as defined by IFRS 10 (see Note 2(a) for further details). As a result the Company's investment in the subsidiaries is accounted for at fair value through profit or loss. The Company's investments in subsidiaries are included in Note 14.

#### **(b) Financial instruments**

##### *Financial assets at fair value through profit or loss*

Financial assets are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

The classification of financial assets at initial recognition depends on the purpose for which the financial asset was acquired and its characteristics.

All financial assets are initially recognised at fair value. All purchases of financial assets are recorded at trade date, being the date on which the Company became party to the contractual requirements of the financial asset.

The Company has not classified any of its financial assets as Held to Maturity or as Available for Sale.

The Company's financial assets comprise of loans and receivables and investments designated as financial assets at fair value through profit or loss.

##### *Loans and Receivables*

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They principally comprise trade and other receivables and cash and cash equivalents. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition, and subsequently carried at amortised cost using the effective interest rate method, less provisions for impairment.

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **3. Significant accounting policies (continued)**

#### **(b) Financial instruments (continued)**

##### **Financial assets (continued)**

###### *Loans and Receivables (continued)*

A provision for impairment is made where there is objective evidence (including counterparties with financial difficulties or in default on payments) that amounts will not be recovered in accordance with original terms of the agreement. This is established when the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate. If any such indication exists, the asset's recoverable amount, being the higher of the fair value less costs to sell and the value in use of the asset, is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows).

In respect of loans and receivables, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

###### *Investments Held at Fair Value Through Profit or Loss*

Investments are designated upon initial recognition as held at Fair Value through Profit or Loss. Financial assets are recognised/derecognised at the trade date of the purchase/disposal. Investments are initially recognised at cost, being the fair value of consideration given. Transaction costs are recognised in the Statement of Comprehensive Income as incurred. Thereafter, investments are measured at subsequent reporting dates at fair value in accordance with IFRS.

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Fair value is calculated on a levered, discounted cash flow basis in accordance with IFRS 13. Gains or losses resulting from the revaluation of investments are recognised in the Statement of Comprehensive Income.

Because of their inherent uncertainty, estimated fair values may differ significantly from the values that would have been used had a ready market for the securities existed and differences could be material.

###### *Derecognition of financial assets*

A financial asset (in whole or in part) is derecognised either:

- when the Company has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

#### **(c) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, demand deposits, time deposits and other short-term highly liquid investments with original maturities of three months or less from the acquisition date.



## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **3. Significant accounting policies (continued)**

#### **(d) Taxation**

Current tax, including U.K. 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 period end date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the end of the period. Provision is made at the rates expected to apply when the timing differences reverse. 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 gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### **(e) Functional currency and presentation currency**

These financial statements are presented in Sterling pounds ("£") which is the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The majority of the Company's funding and investments are denominated in £. The Directors of the Company believe that £ most faithfully represents the economic effects of the underlying transactions, events and conditions.

#### **(f) Transactions in foreign currencies**

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign currency closing exchange rate ruling at the balance sheet date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the foreign currency exchange rates ruling at the period end date.

#### **(g) Interest income and interest expense**

Interest income and interest expense are recognised in the Statement of Comprehensive Income on an effective interest rate basis.

#### **(h) Collateral**

The Company has not received or pledged any assets as collateral during the year ended 31 December 2016 and 31 December 2015.

#### **(i) Deposits and payables**

Deposits and payables include amounts received from related parties in the form of interest bearing or non-interest bearing loan notes and are measured at amortised cost. The repayments are limited recourse obligations payable solely from the assets of the borrower.

#### **(j) Critical accounting judgements, estimates and assumptions**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **4. New standards and interpretations**

A number of new standards, amendments to standards and interpretations came into effect during the year ended 31 December 2016. See below for standards and applicable dates.

**New standards, amendments and interpretations effective after 1 January 2017 and have not been early adopted**

The International Accounting Standards Board (IASB) has published amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. To achieve this objective, the IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. They are effective for annual periods beginning on or after 1 January 2017, with earlier application being permitted.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. An updated version of IFRS 9 was issued on 10 November 2013. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the required accounting period beginning on or after the date advised by the IASB. The effective mandatory date in place for IFRS 9 is 1 January 2018.

IFRS 15, 'Revenue from Contracts with Customers'— IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

IFRS 16, "Leases", issued in January 2016 and effective for annual periods beginning on or after 1 January 2019, replaces existing IAS 17, 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 lessors accounting requirements substantially remains the same as in IAS 17.

The Company has not adopted any other amendments or interpretations that are not mandatory. The directors anticipate that the adoption of those standards, amendments or interpretations will have no material impact on the financial statements of the Company in the period of initial application.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**5. Auditors' remuneration**

	<b>Year ended 31/12/2016 £'000</b>	<b>Year ended 31/12/2015 £'000</b>
Statutory audit	-	-
Tax advisory services	-	-
Non-audit services	-	-
Other assurance services	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

The auditors' remuneration, totalling £31,109 (2015: £8,000), has been paid by the Fund on behalf of the Company.

**6. Taxation**

	<b>Year Ended 31/12/2016 £'000</b>	<b>Year Ended 31/12/2015 £'000</b>
<b>Current tax</b>		
Current tax on income for the period	(388)	(397)
Adjustments in respect of prior period	-	(269)
<b>Total current period taxation charge</b>	<b>(388)</b>	<b>(666)</b>

The reconciliation of tax on the profit before taxation, at the UK standard corporation tax rate, to the Company's actual tax charge for the periods ended 31 December 2016 and 2015 are as follows:

	<b>Year Ended 31/12/2016 £'000</b>	<b>Year Ended 31/12/2015 £'000</b>
Operating profit before tax on ordinary activities for the period	8,823	1,388
Operating profit before tax multiplied by blended rate of corporation tax 20% (2015: 20.25%)	1,765	281
Non-taxable income	(2,153)	(678)
Adjustment in respect of prior period	-	(269)
<b>Taxation charge for the period</b>	<b>(388)</b>	<b>(666)</b>

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**7. Financial assets at fair value through profit or loss**

	As at 31/12/2016	As at 31/12/2015
	£'000	£'000
<b>Investments at fair value through profit or loss</b>		
Opening balance	47,764	48,500
Investment in equity and loans	41,075	(163)
Loan repayments	(23,321)	(286)
Sale of equity	(26,847)	-
Net change in realised losses on investments	(887)	-
Net change in unrealised gains/(losses) on investments	11,652	(287)
<b>Total investments at fair value through profit or loss</b>	<u>49,436</u>	<u>47,764</u>

Financial assets at fair value through profit or loss of £49,435,738 (2015: £47,763,629) reflects investments made by way of equity of £21,021,380 (2015: £30,528,626) and debt of £28,414,358 (2015: £17,235,003).

**8. Cash and cash equivalents**

All cash balances at the year end were held at The Bank of New York Mellon SA/NV, ("Global Sub-Custodian"). BNY Mellon Trust Company (Ireland) Limited acts as Custodian for all cash. Funds held on behalf of the Company with the Custodian (or the Custodian's Global Sub-Custodian) will be maintained on deposit with the Custodian (or the Global Sub-Custodian) and in respect of that cash the Company will rank as a general creditor of the Custodian in the event of the Custodian's (or the Global Sub-Custodian's) insolvency.

**9. Deposits and payables**

Deposits and payables include amounts received from related parties in the form of interest bearing or non-interest bearing loan notes and are measured at amortised cost. The repayments are limited recourse obligations payable solely from the assets of the borrower.

For details on amounts received, see Note 15, Related Party Transactions.

**10. Share capital**

	As at 31/12/2016	As at 31/12/2015
	£'000	£'000
<i>Authorised</i>		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<i>Issued and fully paid up</i>		
100 ordinary shares of £1 each	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**11. Measurement basis of financial assets and liabilities**

**31 December 2016**

**Financial assets**

Financial assets at fair value through profit or loss

Other receivables

Cash and cash equivalents

**Total financial assets**

**Financial liabilities**

Deposits and payables

Accrued interest payable

**Total financial liabilities**

Designated upon initial recognition as held at fair value through profit or loss £'000	Loans and advances held at amortised cost £'000
---	--

49,436

-

472

-

2

49,436

474

-

37,592

-

105

-

37,697

**31 December 2015**

**Financial assets**

Financial assets at fair value through profit or loss

Other receivables

Cash and cash equivalents

**Total financial assets**

**Financial liabilities**

Deposits and payables

Accrued interest payable

**Total financial liabilities**

Designated upon initial recognition as held at fair value through profit or loss £'000	Loans and advances held at amortised cost £'000
---	--

47,764

-

671

-

-

47,764

671

-

45,428

-

5

-

45,433

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 12. Fair values

The fair value hierarchy has the following levels:

**Level 1** comprises financial assets and liabilities valued using quoted market prices in active markets. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

**Level 2** comprises financial assets and liabilities valued using techniques based significantly on observable market data.

**Level 3** comprises financial assets and liabilities valued using techniques where the impact of the non-observable market data is significant in determining the fair value of the instrument. Non-observable market data is not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on observable inputs of a similar nature, historic observations on the level of the input or analytical techniques.

The following is a summary fair value hierarchy for 31 December 2016 and 31 December 2015 in valuing the Company's financial assets carried at fair value:

As at 31 December 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss</b>				
Investments in Subsidiaries	-	-	49,436	49,436
<b>Total financial assets at fair value through profit or loss</b>	-	-	49,436	49,436
<b>As a % of financial assets at fair value</b>	0.0%	0.0%	100.0%	100.0%
<b>As at 31 December 2015</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Investments in Subsidiaries	-	-	47,764	47,764
<b>Total financial assets at fair value through profit or loss</b>	-	-	47,764	47,764
<b>As a % of financial assets at fair value</b>	0.0%	0.0%	100.0%	100.0%

There were no transfers between levels during the years ended 31 December 2016 and 31 December 2015.

Financial assets at fair value through profit or loss of £49,435,738 (2015: £47,763,629) reflects investments made by way of equity of £21,021,380 (2015: £30,528,626) and debt of £28,414,358 (2015: £17,235,003).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**12. Fair values (continued)**

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting year (there were no transfers between levels for the year ended 31 December 2016 and 31 December 2015):

	2016 Investments £'000	2015 Investments £'000
<b>Financial assets at fair value through profit or loss</b>		
Opening balance	47,764	48,500
Total gains and losses:		
realised loss	(887)	(286)
unrealised gain/loss	11,652	(287)
Purchases	41,075	-
Sales	(50,168)	(163)
Closing Balance	<u>49,436</u>	<u>47,764</u>

The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value at the year end but for which a fair value is disclosed:

As at 31 December 2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Cash and cash equivalents	2	-	-	2
Other receivables	-	472	-	472
Deposits and payables	-	(37,592)	-	(37,592)
Accrued interest payable	-	(105)	-	(105)
 As at 31 December 2015	 Level 1 £'000	 Level 2 £'000	 Level 3 £'000	 Total £'000
Cash and cash equivalents	-	-	-	-
Other receivables	-	671	-	671
Deposits and payables	-	(45,428)	-	(45,428)
Accrued interest payable	-	(5)	-	(5)

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 12. Fair values (continued)

*Quantitative Information about and Sensitivity of Significant Unobservable Inputs used in Level 3 Fair Value Measurements*

The following tables provides additional information about valuation methodologies and inputs used for financial instruments that are measured at fair value and categorised within Level 3 as of 31 December 2016 and 31 December 2015:

Investment Type	Balance 2016 (£'s in thousands)	Balance 2015 (£'s in thousands)	Valuation Technique	Significant unobservable input(s)/sensitivity of fair value to changes in unobservable inputs (1)	2016	2015
					Value/Range*	Value/Range*
Investments	£49,436	£47,764	Discounted Cash Flows	Inflation	52,814 - 46,239	51,810 - 43,974
				Natural Resources	59,732 - 39,195	55,968 - 39,525
				Interest rate	49,436 - 49,436	47,764 - 47,764
				Power Prices	55,560 - 43,400	55,606 - 41,022
				Discount Rate	53,883 - 45,890	52,418 - 44,809

**Sensitivity of the fair value to changes in the unobservable inputs:**

Significant increase/(decrease) in the unobservable inputs in isolation would result in a significantly higher/(lower) fair value measurement.

\* 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.

### 13. Financial risk management

The assumptions used in determining whether the Company satisfies the criteria to be regarded as an investment entity are disclosed in Note 2. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are those used to determine the fair value of the investments.

There are a number of key assumptions that have a significant impact on the carrying value of the investments with regard to discounting future cash flows. These are the useful life of the assets, the discount factor, the price at which the power and associated benefits can be sold and the amount of electricity the assets are expected to produce. 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 periods.

Useful lives are based on the Company's estimates of the period over which the assets will generate revenue; these are reviewed and adjusted if appropriate at each balance sheet date. The estimated useful life of Wind and Solar farm assets is 25 years. However, the actual useful life may be a shorter or longer period depending on the actual operating conditions experienced by 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.



## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **13. Financial risk management (continued)**

This rate is reviewed 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.

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 ("PPA") or a fixed income tariff ("FIT") for a specific term and the second being future pricing. 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.

External reports are used to estimate the expected electrical output from the wind or solar farm 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.

The Company's activities expose it to a variety of financial risks: market risk (including other price risk, interest rate risk and currency risk), credit risk and liquidity risk.

The Company is also exposed to operational risks such as settlement risk.

The Company's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Company is exposed and seeks to minimise potential adverse effects on the Company's financial performance. All investments present a risk of loss of capital. The maximum loss of capital on the Company's investments is limited to the fair value of those positions. The Company has no future capital commitments at 31 December 2016 (2015: £Nil).

The fair value of the investments is subject to the following principal risks and uncertainties:

#### **Renewables Policy Changes**

If the Renewables industry was to reduce or fundamentally change its support for increased use of energy from Renewable sources including generation of electricity from wind or solar, this could have an adverse effect on international, national or local government authority support in the promotion of such energy sources. If an authority was to reduce the value of any green benefits relied upon by the Company retrospectively to current operating projects this could have a material adverse effect on the Company.

#### **Market Pricing**

A decline in the market price of electricity could materially adversely affect revenues and financial conditions. Similarly, a decline in the costs of other sources of electricity generation, such as fossil fuels or nuclear power, could reduce the wholesale price of electricity and thus the price achieved for electricity generated by the Company's wind or solar farms. The Company monitors current and forecasted electricity prices via the engagement of appropriate market experts in power pricing and would commence hedging if required.

#### **Natural Resources**

The Company's revenues are dependent upon the weather conditions at the respective wind and solar farms and conditions at any site can vary materially across seasons and years. It is the Company's investment policy to mitigate this risk by using the central estimate (known as P50) for expected resources from the output of the energy assessment that predict long term yields. A P50 figure indicates the probability of reaching a higher or lower annual energy production.

#### **Useful Life**

Wind turbines or solar panels may have shorter life-spans than their expected life-span of 25 years.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 13. Financial risk management (continued)

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 technology that has 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.

The Company uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

#### (a) Market risk

Market risk embodies the potential for both losses and gains and includes price risk, currency risk and interest rate risk as detailed below.

#### (i) Price risk

The analysis and management of price risks are monitored and assessed at all stages in the investment selection process.

The Company's financial assets exposed to price risk were concentrated in the following industries as at 31 December 2016 and 31 December 2015:

Industry Type	Place of Business	2016		2015	
		Financial assets held at fair value		Financial assets held at fair value	
		Fair value	Fair value	Fair value	Fair value
		£'000	%	£'000	%
Wind	United Kingdom	44,080	89.17	42,638	89.27
Solar	United Kingdom	5,356	10.83	5,126	10.73
Total		49,436	100.00	47,764	100.00

#### (ii) Foreign currency risk

Foreign currency risk exists where assets and liabilities are denominated in currencies other than the functional currency. The Company may use forward currency contracts for the purpose of economically hedging its foreign currency risk exposure. There were no open foreign currency contracts at the year end.

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

The Company held no foreign currency assets or liabilities at the year end and therefore had no foreign currency risk exposure.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**13. Financial risk management (continued)**

**(a) Market risk (continued)**

**(iii) 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:

The following table details the interest rate profile of the Company's financial assets and financial liabilities as at 31 December 2016 and 31 December 2015:

<b>As at 31 December 2016</b>	<b>Fixed £'000</b>	<b>Floating £'000</b>	<b>Non interest bearing £'000</b>	<b>Total £'000</b>
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	-	-	49,436	49,436
Cash and cash equivalents	-	-	2	2
Other receivables	-	-	472	472
<b>Total</b>	<b>-</b>	<b>-</b>	<b>49,910</b>	<b>49,910</b>
<b>Financial liabilities</b>				
Deposits and payables	22,298	-	15,294	37,592
Accrued interest payable	-	-	105	105
<b>Total</b>	<b>22,298</b>	<b>-</b>	<b>15,399</b>	<b>37,697</b>

<b>As at 31 December 2015</b>	<b>Fixed £'000</b>	<b>Floating £'000</b>	<b>Non interest bearing £'000</b>	<b>Total £'000</b>
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	-	-	47,764	47,764
Other receivables	-	-	671	671
<b>Total</b>	<b>-</b>	<b>-</b>	<b>48,435</b>	<b>48,435</b>
<b>Financial liabilities</b>				
Deposits and payables	27,953	-	17,475	45,428
Accrued interest payable	-	-	5	5
<b>Total</b>	<b>27,953</b>	<b>-</b>	<b>17,480</b>	<b>45,433</b>

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**13. Financial risk management (continued)**

**(a) Market risk (continued)**

**(iii) Interest rate risk (continued)**

The following tables detail the Company's exposure to interest rate risks as at 31 December 2016 and 31 December 2015. They include the Company's assets and trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity date:

As at 31 December 2016	Up to 1 year £'000	1 - 3 years £'000	Over 3 years £'000	Non interest bearing £'000	Total £'000
<b>Assets</b>					
Financial assets at fair value through profit or loss	-	-	-	49,436	49,436
Cash and cash equivalents	-	-	-	2	2
Other receivables	-	-	-	472	472
<b>Total assets</b>	-	-	-	49,910	49,910
<b>Liabilities</b>					
Deposits and payables	22,298	-	-	15,294	37,592
Accrued interest payable	105	-	-	-	105
<b>Total liabilities</b>	22,403	-	-	15,294	37,697
<b>Total interest sensitivity gap</b>	(22,403)	-	-	34,616	12,213
<b>As at 31 December 2015</b>	<b>Up to 1 year £'000</b>	<b>1 - 3 years £'000</b>	<b>Over 3 years £'000</b>	<b>Non interest bearing £'000</b>	<b>Total £'000</b>
<b>Assets</b>					
Financial assets at fair value through profit or loss	-	-	-	47,764	47,764
Other receivables	-	-	-	671	671
<b>Total assets</b>	-	-	-	48,435	48,435
<b>Liabilities</b>					
Deposits and payables	27,953	-	-	17,475	45,428
Accrued interest payable	5	-	-	-	5
<b>Total liabilities</b>	27,958	-	-	17,475	45,433
<b>Total interest sensitivity gap</b>	(27,958)	-	-	30,960	3,002

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**13. Financial risk management (continued)**

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The main liability of the Company is associated with the repayment of the notes subscription agreements but it is subordinate to the claims of all other creditors of the Company and is of limited recourse. The Company may invest in illiquid assets for which there is no established resale market. The Company might only be able to liquidate these assets at disadvantageous prices, should it become necessary. Illiquidity in certain assets could make it difficult for the Company to liquidate assets in favourable terms, thereby resulting in losses or a decrease in the Total Assets of the Company.

At 31 December 2016 and 31 December 2015, the Company's financial assets and liabilities classified into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date were as follows:

<b>As at 31 December 2016</b>	<b>Less than 1 month £'000</b>	<b>1 - 3 months £'000</b>	<b>3 months to 1 year £'000</b>	<b>Over 1 year £'000</b>
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	-	-	-	49,436
Cash and cash equivalents	2	-	-	-
Other receivables	472	-	-	-
<b>Total assets</b>	<b>474</b>	<b>-</b>	<b>-</b>	<b>49,436</b>
<b>Financial liabilities</b>				
Deposits and payables	-	-	-	37,592
Accrued interest payable	-	-	105	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>105</b>	<b>37,592</b>
<b>As at 31 December 2015</b>	<b>Less than 1 month £'000</b>	<b>1 - 3 months £'000</b>	<b>3 months to 1 year £'000</b>	<b>Over 1 year £'000</b>
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	-	-	-	47,764
Other receivables	671	-	-	-
<b>Total assets</b>	<b>671</b>	<b>-</b>	<b>-</b>	<b>47,764</b>
<b>Financial liabilities</b>				
Deposits and payables	-	-	-	45,428
Accrued interest payable	-	-	5	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>45,428</b>

The amounts in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant. The Company's liquidity risk is managed in accordance with 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 Board of Directors.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**13. Financial risk management (continued)**

**(c) 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. The Company is exposed to counterparty credit risk on parties with whom it trades and bears the risk of settlement default.

The extent of the Company's exposure to counterparty credit risk in respect of these financial assets approximates their carrying value as recorded in the Statement of Financial Position.

The carrying amount of financial assets best represents the maximum credit risk exposure at the Statement of Financial Position date. At year end, the Company's financial assets exposed to credit risk amounted to the following:

	As at 31 December 2016 £'000	As at 31 December 2015 £'000
Financial assets at fair value through profit or loss	49,436	47,764
Cash and cash equivalents	2	-
Other receivables	472	671
<b>Total</b>	<b>49,910</b>	<b>48,435</b>

None of these financial assets are impaired nor past due but not impaired.

The Company only transact with counterparties that are regulated entities subject to prudential supervision, or with high credit ratings assigned by international credit rating agencies. The Global Sub-Custodian does not have a credit rating, however their parent company, The Bank of New York Mellon Corporation, has a Moody's long term credit rating of A1 (2015: A1).

**14. Unconsolidated subsidiaries**

The Company has holdings in the following entities which are not consolidated as the Company is an investment entity as defined under IFRS 10, "Consolidated Financial Statements". Accordingly the value of these holdings has been included in the fair value through profit or loss line. Refer to Note 2 and Note 7 for further details.

<b>Names</b>	<b>Farm Activity</b>	<b>Place of Business</b>	<b>Country of Incorporation</b>	<b>2016 Ownership % Held</b>	<b>2015 Ownership % Held</b>
Goonhilly Solar Limited	Solar Farm	United Kingdom	United Kingdom	100%	100%
Tranche 3 Holdings Limited	Holding Company	United Kingdom	United Kingdom	100%	100%
Tranche 5 Holdings Limited	Wind Farm	United Kingdom	United Kingdom	100%	100%

The Company does not provide any financial support to non-controlled structured entities, in the absence of contractual obligations that resulted in control being obtained.

During the year ended 31 December 2016, two financial instruments at fair value through profit or loss – Goonhilly Limited and Tranche 3 Holdings Limited - were transferred to Tranche 5 Holdings Limited at fair value. The aggregate net realised gain from the aforementioned transfers was £369,282. The purpose of the transfers was to refinance certain bank debt related to these investments.

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **15. Related party transactions**

The Company is a wholly owned entity of BlackRock Renewable Finance (Dublin) Designated Activity Company. There is no ultimate controlling party as the Company forms part of the BlackRock NTR Renewable Power Fund (Offshore Master) L.P.

In accordance with section 413 of the Companies Act 2006, for the purpose of the Companies Act disclosures, Directors means the Board of Directors and any part Directors who were Directors during the relevant period. There were no loans, quasi loans, credit transactions or remuneration between the Company and its Directors or Key Management personal during or at the year ended 31 December 2016 or 31 December 2015. There was also no compensation or additional benefits paid to any Director for its services for managing the Company or its subsidiaries for the year ended 31 December 2016 (2015: £Nil), other than as employees of BlackRock group.

The aggregate amounts outstanding in respect of all loans and deposits between the Company and related parties for the period ended 31 December 2016 are £37,591,699 (2015: £45,427,661):

- It has borrowed loans of £22,297,782 (2015: £27,953,394) with BlackRock Renewable Finance (Dublin) Designated Activity Company, a related party, to enable the investment in a number of wind and solar farms, recognising an expense of £1,941,642 (2015: £1,961,282) for the financial year ended 31 December 2016 and accrued interest payable of £98,089 (2015: £5,361); and
- It has borrowed £15,293,917 (2015: £17,474,267) from BlackRock NTR Renewable Power Fund (Offshore Master), L.P. in the form of loan notes, recognising expense of £Nil for the year ended 31 December 2016 (2015: £Nil).

### **16. Contingent liabilities**

At 31 December 2016, there are no contingent liabilities in place.

A contingent liability existed at 31 December 2015 for £550,000 relating to Ramsay, which was payable to the Nene Valley Gliding Club in accordance with the conditions of the share purchase agreement.

### **17. Post balance sheet events**

There were no significant events affecting the Company since the Statement of Financial Position date.

### **18. Approval of financial statements**

The Board of Directors approved the financial statements on 28 June 2017.