Annual report and audited financial statements

RI UK Solar Holdings Limited

Company number: 09653134

For the financial year ended 31 December 2021

RI UK SOLAR HOLDINGS LIMITED

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RI UK SOLAR HOLDINGS LIMITED

GENERAL INFORMATION

Directors
Peter Raftery (British)
Stephane Tetot (French)

Registered office
12 Throgmorton Avenue
London EC2N 2DL
United Kingdom

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

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

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

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

RI UK SOLAR HOLDINGS LIMITED

BACKGROUND

RI UK Solar Holdings Limited (the "Entity"), a UK registered company, was incorporated on 23 June 2015 under registration number 09653134.

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

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

The ultimate parent undertaking and controlling party of the Entity is considered to be the Fund. The immediate parent company of the Entity is RI Income UK Holdings Limited.

The term "BlackRock" and "Portfolio Manager" are used to represent BlackRock Investment Management (UK) Limited as appropriate. The term "Directors" means the directors of the Entity.

Further details, including the investment objectives, are set out in the Fund's prospectus.

Changes to the Entity during the financial year
There were no significant changes to the Entity during the financial year.

Outbreak of COVID-19
The infectious respiratory illness caused by a novel coronavirus known as COVID-19 has had a profound impact on all aspects of society in recent years. The impact of this significant event on the Entity's financial risk exposure is disclosed in Note 3.

The Directors have assessed the impact of market conditions arising from the COVID-19 outbreak on the Entity's ability to meet its investment objective. Based on the latest available information, the Entity continues to be managed in line with its investment objective, with no disruption to the operations of the Entity.

RI UK SOLAR HOLDINGS LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of RI UK Solar Holdings Limited (the "Entity") for the financial year ended 31 December 2021.

Statement of Directors' responsibilities
The Directors are responsible for preparing the annual report and the audited financial statements in accordance with applicable United Kingdom ("UK") law and with UK adopted international accounting standards, and in compliance with Section 396 of the Companies Act, 2006.

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

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

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

The Directors are responsible for ensuring that the Entity keeps or causes to be kept adequate accounting records which:
- correctly record and explain the transactions of the Entity;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Entity to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the Companies Act 2006 and enable those financial statements to be audited.

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

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

Results and dividends
The results for the financial year of the Entity are set out in the statement of comprehensive income. The Directors do not recommend the payment of a dividend (2020: Nil).

Review of business and future developments
As at 31 December 2021, the Entity had the following investment holdings:

	31 December 2021		31 December 2020	
Type of investment	Number of holdings	Fair value GBP'000	Number of holdings	Fair value GBP'000
Debt instruments	1	1,544	2	2,371
Equity instruments	3	36,829	3	37,480

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

A description of the Entity and its principal activities can be found in the Background section.

A review of the potential implications of the COVID-19 outbreak, which could impact the Entity's business are included in the Background section and Note 3.

RI UK SOLAR HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

Risk management objectives and policies
The risks facing the Entity relate to the financial instruments held by it and are set out in the Financial Risks section of the financial statements.

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

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

Directors' interests and transactions
The Directors had no interests in the shares of the Entity during or at the end of the financial year (2020: Nil). No Director had at any time during the financial year, a material interest in any contract of significance, in relation to the business of the Entity (2020: Nil).

Peter Raftery and Stephane Tetot are Directors of the Entity and also employees of the BlackRock Group. There were no fees paid in respect of compensation to the Directors for their services in managing the Entity.

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

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

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

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

On behalf of the Directors

Stephane Tetot
Director

15 March 2022

Deloitte.

Deloitte Ireland LLP
Chartered Accountants &
Statutory Audit Firm

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
RI UK Solar Holdings Limited

Report on the audit of the financial statements

Opinion on the financial statements of RI UK Solar Holdings Limited (the 'Company')

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

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

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

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and UK adopted International Accounting Standards ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Deloitte.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements including the UK Companies Act 2006; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty:

We discussed among the audit engagement team, including relevant internal specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in relation to revenue recognition, specifically in relation to the unrealised gain/loss movement on financial assets at fair value through profit or loss, and our specific procedures performed to address this risk are described below:

- We performed an unrealised gain/loss reconciliation by comparing the opening and closing unrealised gain/loss to the movement in the statement of comprehensive.
- We obtained an understanding and tested the design and implementation of the internal controls relating to the unrealised gain/loss movement on financial assets at fair value through profit or loss.
- We recalculated the fair value of financial assets at fair value through profit or loss, by testing the accuracy of the valuation models and agreeing material inputs to supporting documentation and observable market data, where appropriate.
- We used an internal valuation specialist to perform an evaluation of the valuation models which included the following procedures:
    - considering the appropriateness of the valuation methodology used; and
    - assessing the reasonableness of the valuation assumptions, including significant inputs used in the models, based on their market experience.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

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

30 March 2022

RI UK SOLAR HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2021

	Note	2021 GBP'000	2020 GBP'000
Dividend income		2,213	1,021
Interest income		50	-
Net losses on financial instruments	5	(648)	(259)
Total investment income		1,615	762
Operating expenses	6	(17)	(22)
Operating profit		1,598	740
Finance costs			
Interest expense		(1,274)	(1,489)
Total finance costs		(1,274)	(1,489)
Net profit/(loss) before taxation		324	(749)
Taxation	7	-	362
Increase/(Decrease) in net assets attributable to equity shareholders		324	(387)

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

RI UK SOLAR HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	31 December 2021 GBP'000	31 December 2020 GBP'000
ASSETS			
Financial assets at fair value through profit or loss	3,4	38,373	39,851
Cash and cash equivalents		-	1,193
Other receivables		77	77
Total assets		38,450	41,121
EQUITY			
Share capital	11	11,387	11,387
Retained earnings		8,251	7,927
Total equity		19,638	19,314
LIABILITIES			
Financial liabilities at fair value through profit or loss	3,4	18,624	21,292
Interest payable		66	408
Other payables	8	122	107
Total liabilities		18,812	21,807
Total equity and liabilities		**38,450**	**41,121**

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

On behalf of the Directors

Stephane Tetot
Director

15 March 2022

RI UK SOLAR HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2021

	Note	2021 GBP'000	2020 GBP'000
Share capital			
Balance at beginning of the financial year		11,387	11,387
Share capital issued		-	-
Balance at end of the financial year	11	11,387	11,387
Retained earnings			
Balance at beginning of the financial year		7,927	8,314
Increase/(decrease) in net assets attributable to equity shareholders		324	(387)
Balance at end of the financial year		8,251	7,927
Total shareholder's equity at the end of the financial year		19,638	19,314

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

RI UK SOLAR HOLDINGS LIMITED

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2021

	2021 GBP'000	2020 GBP'000
Cash flows from operating activities		
Increase/(decrease) in net assets attributable to equity shareholders	324	(387)
Adjustments to reconcile net income to net cash provided by operating activities:		
Decrease in operating assets:		
Decrease in financial assets at fair value through profit or loss	1,478	4,383
Increase in operating liabilities:		
Increase in other payables	15	11
Other adjustments:		
- Dividend income	(2,213)	(1,021)
- Interest income	(50)	-
- Interest expense	1,274	1,489
Dividends received	2,213	1,021
Interest received	50	-
Net cash provided by operating activities	3,091	5,496
Cash flows used in financing activities		
Repayments of financial liabilities at fair value through profit or loss	(2,668)	(3,262)
Interest paid	(1,616)	(2,008)
Net cash used in financing activities	(4,284)	(5,270)
Net increase in cash and cash equivalents	(1,193)	226
Cash and cash equivalents at beginning of the financial year	1,193	967
Cash and cash equivalents at end of the financial year	-	1,193

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

NOTES TO THE FINANCIAL STATEMENTS

1. General information

RI UK Solar Holdings Limited (the "Entity"), a UK registered company, was incorporated on 23 June 2015 and commenced operations on 6 August 2015. The Entity was established as a special purpose vehicle to provide investment into renewable power assets through equity and debt instruments, focusing on acquiring wind and solar power projects primarily in UK. The registered office of the Entity is located at 12 Throgmorton Avenue, London EC2N 2DL, United Kingdom.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements are prepared in accordance with UK adopted international accounting standards.

The financial statements are prepared on a going concern basis under the historical cost convention as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

The principal accounting policies and notes are set out below, all of which are applied for the financial year ended 31 December 2021 and 31 December 2020.

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

2.2 Financial instruments

2.2.1 Classification

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

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

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

All other financial assets and liabilities including cash and cash equivalents, receivables and payables are classified as being measured at amortised cost using the effective interest method.

2.2.2 Recognition and derecognition

The Entity recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Purchases and sales of investments are recognised on the day the trade takes place. Realised gains and losses on disposals of financial instruments are calculated using the First-In-First-Out cost method.

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

2. Significant accounting policies (continued)

2.2 Financial instruments (continued)
2.2.3 Measurement
All financial instruments are initially recognised at fair value.

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

Financial assets and financial liabilities, other than those classified as at fair value through profit or loss, are subsequently measured at amortised cost. For these financial assets and liabilities measured at amortised cost, the Entity has chosen to apply the simplified approach for expected credit losses under IFRS 9 "Financial Instruments". Therefore the Entity does not track changes in credit risk, but instead assesses a loss allowance based on lifetime expected credit losses at each reporting date. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance might be required.

2.2.4 Fair value estimation
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The estimation of fair value, after initial recognition, is determined as outlined below:

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

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

Valuation techniques used for non-standardised financial instruments include those detailed in the fair value hierarchy note and are commonly used by market participants, making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

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

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

2.3.2 Transactions and balances
Transactions in foreign currencies are translated into the functional currency of the Entity at the foreign currency exchange rate in effect at the date of the transaction. Foreign currency assets and liabilities, including investments, are translated at the exchange rate prevailing at the reporting date. The foreign exchange gain or loss based on the translation of the investments, as well as the gain or loss arising on the translation of other assets and liabilities, is included in the statement of comprehensive income in "Net gains/(losses) on financial instruments".

2. Significant accounting policies (continued)

2.4 Critical accounting estimates and judgements

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

2.4.1 Assumptions and estimation uncertainties

2.4.1.1 Fair value of financial instruments with significant unobservable inputs

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

Where limited or no market data is available, the Entity may value positions using its own models, which use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The sensitivity to unobservable inputs is based on management's expectation of reasonable possible shifts in these inputs, taking into consideration historical volatility and estimations of future market movements.

2.4.2 Judgements

2.4.2.1 Assessment as investment entities

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

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

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

The Directors have concluded that the Fund, the Limited Company and the Holding Companies each meet the definition of an investment entity as the following conditions exist:

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

2.5 Dividend income

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

2.6 Interest income and interest expense

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

2.7 Fees and expenses

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

2. Significant accounting policies (continued)

2.8 Taxation
2.8.1 Current tax
Current tax, including UK corporation tax and foreign tax, is recognised for the amount of income tax payable in respect of the Entity's taxable profits using the tax rates and laws that have been enacted or substantively enacted by the financial year end date.

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

2.9 Changes in accounting policies
2.9.1 New standards and amendments adopted during the financial year
The following standards and amendments applied for the first time to financial reporting periods commencing on or after 1 January 2021:

Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one.

The Phase 2 amendments provide the following reliefs:
- When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the statement of comprehensive income.
- The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

Affected entities need to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition. Given the pervasive nature of IBOR-based contracts, the reliefs could affect entities in all industries. The Entity has adopted the Phase 2 amendments from 1 January 2021. These amendments had no impact on the financial statements of the Entity as it does not have any significant financial instruments subject to IBOR Reform as at the balance sheet date.

2.9.2 New standards and amendments effective after 31 December 2021 which have not been early adopted
Certain new standards and amendments to standards are effective for annual periods beginning on or after 31 December 2021 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Entity.

Annual Improvements to IFRS Standards 2018-2020
The following improvements were finalised in May 2020 and will become effective for annual periods beginning on or after 1 January 2022:
- IFRS 9 Financial Instruments - clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases - amendment to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards - allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

3. Financial risks

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

3. Financial risks (continued)

3.1 Risk management framework

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

3.2 Market risk

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

3.2.1 Market risk arising from foreign currency risk

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

Exposure to foreign currency risk

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

All, or substantially all, of the Entity's investments are denominated in the functional currency of the Entity, therefore as at 31 December 2021 and 31 December 2020, the Entity was not directly exposed to foreign currency risk and no currency sensitivity information has been presented.

3.2.2 Market risk arising from interest rate risk

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

Exposure to interest rate risk

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

The following tables detail the Entity's exposure to interest rate risk as at 31 December 2021 and 31 December 2020:

31 December 2021	Fixed GBP'000	Floating GBP'000	Non interest bearing GBP'000	Total GBP'000
Assets				
Financial assets at fair value through profit or loss	-	-	38,373	38,373
Other receivables	-	-	77	77
Total	-	-	38,450	38,450
Liabilities				
Financial liabilities at fair value through profit or loss	(18,624)	-	-	(18,624)
Interest payable	-	-	(66)	(66)
Other payables	-	-	(122)	(122)
Total	(18,624)	-	(188)	(18,812)
Net exposure	(18,624)	-	38,262	19,638

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Financial risks (continued)

3.2 Market risk (continued)
3.2.2 Market risk arising from interest rate risk (continued)
Exposure to interest rate risk (continued)

31 December 2020	Fixed GBP'000	Floating GBP'000	Non interest bearing GBP'000	Total GBP'000
Assets				
Financial assets at fair value through profit or loss	-	-	39,851	39,851
Cash and cash equivalents	-	1,193	-	1,193
Other receivables	-	-	77	77
Total	-	1,193	39,928	41,121
Liabilities				
Financial liabilities at fair value through profit or loss	(21,292)	-	-	(21,292)
Interest payable	-	-	(408)	(408)
Other payables	-	-	(107)	(107)
Total	(21,292)	-	(515)	(21,807)
Net exposure	(21,292)	1,193	39,413	19,314

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

As at 31 December 2021, if interest rates on floating rate financial assets had been higher/lower by 25 basis points, with all other variables held constant, the increase/decrease in net assets would have been GBPNil/(GBPNil) (31 December 2020: GBP2,982/(GBP2,982)). This primarily arises from the increase/decrease in interest income on cash and cash equivalents.

As at 31 December 2021, if interest rates on fixed financial liabilities had been higher/lower by 25 basis points with all other variables held constant, the decrease/increase in net assets would have been (GBP46,560)/GBP46,560 (31 December 2020: (GBP53,229)/GBP53,229). This arises from the increase/decrease in the fair value of fixed rate liabilities at fair value through profit or loss.

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

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

3. Financial risks (continued)

3.2 Market risk (continued)

3.2.3 Market risk arising from price risk (continued)

The coronavirus outbreak has had a profound impact on all aspects of society in recent years. While there is a growing consensus in developed economies that the worst of the impact is now over, there is an expectation that travel restrictions, enhanced health screenings at ports of entry and elsewhere, disruption of and delays in healthcare service preparation and delivery, cancellations, supply chain disruptions, and lower consumer demand will create ongoing challenges. While widescale vaccination programmes are now in place in many countries and are having a positive effect, the impact of COVID-19 continues to adversely affect the economies of many nations across the globe and this impact may be greater where vaccination rates are lower, such as in certain emerging markets. Although it is difficult to make timing predictions, it is expected that the economic effects of COVID-19 will continue to be felt for a period after the virus itself has moved from being pandemic to endemic in nature, and this in turn may continue to impact investments held by the Entity.

Exposure to price risk

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

Given the geographic specific nature of the investments to which the Entity is exposed, the exposure of the Entity will be highly concentrated in assets located in a limited number of target jurisdictions. The Entity may at certain times hold large positions in a relatively limited number of issuers or investments, including in a concentrated number of countries, subject to pre-defined constraints. The Entity could be subject to significant losses if it holds a relatively large position in a single country, issuer or a particular type of investment that declines in value and the losses could increase even further if the investments cannot be liquidated without adverse market reaction or are otherwise adversely affected by changes in market conditions or circumstances.

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

The Entity's debt and equity instruments are priced using significant unobservable inputs, therefore a sensitivity analysis is considered not to be representative of the total effect on the Entity's net assets of future movements in market prices. The impact on net assets arising from increasing/decreasing the significant unobservable inputs used in the valuation of the Entity's financial assets not traded in active markets is presented on Note 4.3.

The Entity's financial assets exposed to price risk were concentrated in the following industries and geographic locations as at 31 December 2021 and 31 December 2020:

31 December 2021 Industry type	Place of business	Fair value GBP'000	Fair value %
Power[1]	United Kingdom	38,373	100.00
Total		38,373	100.00

31 December 2020 Industry type	Place of business	Fair value GBP'000	Fair value %
Power[1]	United Kingdom	39,851	100.00
Total		39,851	100.00

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

3. Financial risks (continued)

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

By diversifying the portfolio, where this is appropriate and consistent with the Entity's objectives, the risk that a price change of a particular investment will have a material impact on the net assets of the Entity is minimised. The performance of the Entity's investments is monitored on a regular basis by the Portfolio Manager.

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

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

Equity and debt instruments owned or acquired by the Entity are not expected to be actively traded. Depending on market activity, volatility, applicable laws and other factors, the Entity may not be able to promptly liquidate investments at an attractive price or at all. In addition, the Entity may acquire investments which cannot be sold publicly, for legal or contractual reasons, absent registration or qualification under applicable securities laws (which may be prohibitively expensive or otherwise restricted or unavailable). The types of instruments in which the Entity may intend to invest are frequently illiquid and may remain so for an indefinite period of time. Liquidation of investments may be subject to delays and additional costs and may be possible only at substantial discounts. Given the uncertainty inherent in the valuation of assets of the Entity that lack a readily ascertainable market value, the value of such assets as reflected in the Entity's statement of financial position may differ materially from the prices at which the Entity would be able to liquidate such assets.

As at 31 December 2021 and 31 December 2020, the Entity's financial liabilities classified into relevant maturity groupings based on the remaining period to the contractual maturity date were as follows:

31 December 2021	Less than 1 month GBP'000	1 - 3 months GBP'000	3 months to 1 year GBP'000	Over 1 year GBP'000	Total GBP'000
Liabilities					
Financial liabilities at fair value through profit or loss	-	-	-	(18,624)	(18,624)
Interest payable	-	-	(66)	-	(66)
Other payables	-	-	(122)	-	(122)
Total	-	-	(188)	(18,624)	(18,812)

31 December 2020	Less than 1 month GBP'000	1 - 3 months GBP'000	3 months to 1 year GBP'000	Over 1 year GBP'000	Total GBP'000
Liabilities					
Financial liabilities at fair value through profit or loss	-	-	-	(21,292)	(21,292)
Interest payable	-	-	-	(408)	(408)
Other payables	-	-	(107)	-	(107)
Total	-	-	(107)	(21,700)	(21,807)

3. Financial risks (continued)

3.3 Liquidity risk (continued)

Management of liquidity risk

The Entity's liquidity risk is managed by the Portfolio Manager in accordance with established policies and procedures in place. The Entity's approach to managing this risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions. The analysis and management of liquidity risks are monitored and assessed at all stages in the investment selection process. The liquidity management systems and procedures employed by the Portfolio Manager will allow them to apply various tools and arrangements to respond appropriately to the requirement to liquidate the assets of the Entity.

3.4 Counterparty credit risk

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

Exposure to counterparty credit risk

The Entity is exposed to counterparty credit risk from the parties with which it trades and will bear the risk of settlement default. The carrying value of financial assets best represents the Entity's maximum exposure to counterparty credit risk at the reporting date. The Entity only transacts with counterparties that are regulated entities subject to prudential supervision, or with high credit ratings assigned by international credit-rating agencies.

As at 31 December 2021 and 31 December 2020, the Entity's financial assets exposed to credit risk amounted to the following:

	31 December 2021 GBP'000	31 December 2020 GBP'000
Assets		
Financial assets at fair value through profit or loss	38,373	39,851
Cash and cash equivalents	-	1,193
Other receivables	77	77
Total	38,450	41,121

There were no past due or impaired balances in relation to transactions with counterparties as at 31 December 2021 or 31 December 2020.

Management of counterparty credit risk

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

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

3.4.1 Bank

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

3. Financial risks (continued)

3.4 Counterparty credit risk (continued)

3.4.1 Bank (continued)

To mitigate the Entity's counterparty credit risk with to the Bank, the Portfolio Manager employ specific procedures to ensure that the Bank is a reputable institution and that the associated counterparty credit risk is acceptable to the Entity. The Entity only transacts with banks that are regulated entities subject to prudential supervision, or with high credit ratings assigned by international credit rating agencies. The long-term credit rating of the parent company of the Bank, The Bank of New York Mellon Corporation, as at 31 December 2021 is A (31 December 2020: A) (Standard & Poor's rating).

3.4.2 Issuer credit risk relating to loans to related parties

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

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

4. Fair value hierarchy

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

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

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

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

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

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

4.1 Valuation techniques

Valuation techniques used by the Entity include net present value and discounted cash flow valuation models, comparison with similar instruments for which observable market prices exist and other valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used and determination of expected future cash flows on the financial instrument being valued.

Model inputs and values are calibrated against historical data and published forecasts and, when possible, against current or recent observed transactions. This calibration process is inherently subjective, and it yields ranges of possible inputs and estimates of fair value, and management judgement is required to select the most appropriate point in the range.

4. Fair value hierarchy (continued)

4.1 Valuation techniques (continued)

There are a number of key assumptions that have a significant impact on the carrying value of the investments held by the Entity including the discount factor, useful life, inflation rate, the price at which the power and associated benefits can be sold, the amount of electricity the assets are expected to produce and project operating costs (resource). 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.

4.2 Fair value hierarchy – Assets and liabilities measured at fair value

The following tables provide an analysis of the Entity's assets and liabilities measured at fair value as at 31 December 2021 and 31 December 2020:

31 December 2021	Level 1 GBP'000	Level 2 GBP'000	Level 3 GBP'000	Total GBP'000
Financial assets at fair value through profit or loss				
- Debt instruments	-	-	1,544	1,544
- Equity instruments	-	-	36,829	36,829
Total	-	-	38,373	38,373
Financial liabilities at fair value through profit or loss				
- Loans payable	-	-	(18,624)	(18,624)
Total	-	-	(18,624)	(18,624)

31 December 2020	Level 1 GBP'000	Level 2 GBP'000	Level 3 GBP'000	Total GBP'000
Financial assets at fair value through profit or loss				
- Debt instruments	-	-	2,371	2,371
- Equity instruments	-	-	37,480	37,480
Total	-	-	39,851	39,851
Financial liabilities at fair value through profit or loss				
- Loans payable	-	-	(21,292)	(21,292)
Total	-	-	(21,292)	(21,292)

The Entity held only Level 3 investments during the financial years ended 31 December 2021 and 31 December 2020. There were no transfers between levels during the financial years ended 31 December 2021 and 31 December 2020.

The following table presents the movement in Level 3 assets and liabilities for the financial years ended 31 December 2021 and 31 December 2020:

	31 December 2021 GBP'000	31 December 2020 GBP'000
Financial assets at fair value through profit or loss		
Opening balance	39,851	44,234
Repayments	(827)	(4,124)
Total losses recognised in profit or loss		
- Unrealised loss on financial assets held at fair value through profit or loss	(651)	(259)
Closing balance	38,373	39,851

	31 December 2021 GBP'000	31 December 2020 GBP'000
Financial liabilities at fair value through profit or loss		
Opening balance	(21,292)	(24,554)
Repayment on loans drawn down	2,668	3,262
Closing balance	(18,624)	(21,292)

4. Fair value hierarchy (continued)

4.3 Significant unobservable inputs used in measuring fair value

The following tables set out information about significant unobservable inputs used at 31 December 2021 and 31 December 2020 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

31 December 2021 Description	Fair value (GBP'000)	Valuation technique	Significant unobservable inputs	Estimated range of sensitivity	Sensitivity of fair values to changes in unobservable inputs* (GBP'000)
Investments	38,373	Discounted	Inflation	+/- 0.45%	39,515 - 37,290
		Cash Flow	Resource	+/- 6.36% - 7.47%	41,612 - 35,130
			Power Prices	+/- 49.02%	48,429 - 27,760
			Discount Rate	+/- 0.83%	40,827 - 36,151

31 December 2020 Description	Fair value (GBP'000)	Valuation technique	Significant unobservable inputs	Estimated range of sensitivity	Sensitivity of fair values to changes in unobservable inputs* (GBP'000)
Investments	39,851	Discounted	Inflation	+/- 0.42%	41,206 - 38,555
		Cash Flow	Resource	+/- 6.36% - 7.47%	43,235 - 36,349
			Power Prices	+/- 30.72%	47,136 - 32,315
			Discount Rate	+/- 0.83%	42,849 - 37,147

* 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.

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 discount factor, useful life, inflation rate, the price at which the power and associated benefits can be sold, the amount of electricity the assets are expected to produce and project operating costs (resource). 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.

Further details of the significant unobservable inputs are outlined below:

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

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

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

4. Fair value hierarchy (continued)

4.3 Significant unobservable inputs used in measuring fair value (continued)

Discount rate

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

Useful life

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

4.4 Financial instruments not measured at fair value

The following table analyses within the fair value hierarchy the Entity's assets and liabilities not measured at fair value as at the financial years ended 31 December 2021 and 31 December 2020, but for which a fair value is disclosed:

31 December 2021	Level 1 GBP'000	Level 2 GBP'000	Level 3 GBP'000	Total GBP'000
Other receivables	-	77	-	77
Total assets	-	77	-	77
Interest payable	-	(66)	-	(66)
Other payables	-	(122)	-	(122)
Total liabilities	-	(188)	-	(188)

31 December 2020	Level 1 GBP'000	Level 2 GBP'000	Level 3 GBP'000	Total GBP'000
Cash and cash equivalents	1,193	-	-	1,193
Other receivables	-	77	-	77
Total assets	1,193	77	-	1,270
Interest payable	-	(408)	-	(408)
Other payables	-	(107)	-	(107)
Total liabilities	-	(515)	-	(515)

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

5. Net losses on financial instruments

	2021 GBP'000	2020 GBP'000
Net unrealised loss on financial assets at fair value through profit or loss	(651)	(259)
Net gains on foreign exchange	3	-
Total	(648)	(259)

6. Operating expenses

	2021 GBP'000	2020 GBP'000
Administration fees	(11)	(12)
Audit fees	(6)	(8)
Professional fees	-	(2)
Total	(17)	(22)

Administration fees
The Administrator receives an administration fee from the Entity in accordance with the terms of the Administrator Agreement.

Audit fees
Fees and expenses paid to the statutory auditor, Deloitte Ireland LLP, in respect of the financial year, entirely relate to the audit of the financial statements of the Entity. There were no fees and expenses paid in respect of other assurance, tax advisory or non-audit services provided by the auditor during the financial year ended 31 December 2021 and the financial year ended 31 December 2020.

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

7. Taxation

	2021 GBP'000	2020 GBP'000
Current tax		
Current financial year tax charges	-	362
Total	-	362

The reconciliation of tax on the operating income before tax, at the UK standard corporation rate, to the Entity's actual tax charge for the financial year ended 31 December 2021 and 31 December 2020, can be seen in the table below.

	2021 GBP'000	2020 GBP'000
Operating income/(loss) before tax	324	(749)
Current tax at 19%	62	(142)
Effects of:		
Non-taxable loss	(297)	(145)
Deferred tax not recognised	235	287
Adjustment in respect of previous period	-	362
Tax for the year	-	362

8. Other payables

	2021 GBP'000	2020 GBP'000
Administration fees payable	10	11
Audit fees payable	8	8
Due to related party	104	88
Total	122	107

9. Investment entities

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

Investment Entities held by the Entity

Name	Principal activity	Place of business	Country of incorporation	Equity ownership % held 2021	2020
Hale Farm Solar Limited	Solar farm	United Kingdom	United Kingdom	100%	100%
UK Solar (Hartwell) LLP	Solar farm	United Kingdom	United Kingdom	99%	99%
UK Solar (Lower Newton) LLP	Solar farm	United Kingdom	United Kingdom	84%	84%

10. Reconciliation of liabilities arising from financing activities

	2021 GBP'000	2020 GBP'000
Opening balance	21,292	24,554
Cash flows:		
Repayments on loans drawn down	(2,668)	(3,262)
Closing balance	18,624	21,292

11. Share capital

	2021 GBP'000	2020 GBP'000
Issued and fully paid up		
11,387,060 (2020: 11,387,060) ordinary shares of GBP0.10 each	11,387	11,387

12. Exchange rates

The rates of exchange as at 31 December 2021 and 31 December 2020 were:

Currency		2021	2020
GBP1 =	USD	1.3545	1.3669
	EUR	1.1911	1.1172

13. Related party transactions

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

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

13.1 Related party fees and expenses

As at 31 December 2021, Peter Raftery and Stephane Tetot were employees of BlackRock Inc. and its subsidiaries (the "BlackRock Group"). The Directors who are employees of the BlackRock Group are not entitled to receive Directors' fees.

RI UK SOLAR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Related party transactions (continued)

13.2 Other related party transactions

The following tables detail the Entity's related party transactions during the financial years ended 31 December 2021 and 31 December 2020:

31 December 2021	Limited Company GBP'000	RI UK Solar Holdings Limited GBP'000	Investment Entities GBP'000
Statement of comprehensive income			
Dividend income	-	-	2,213
Interest expense on loans payable	(1,274)	-	-
Statement of financial position			
Financial assets at fair value through profit or loss - Loans*	-	-	1,544
Financial assets at fair value through profit or loss - Equity attributable to equity shareholder	-	-	36,829
Other receivables**	-	66	-
Equity attributable to equity shareholder	-	19,638	-
Financial liabilities at fair value through profit or loss - Loans payable***	18,624	-	-
Interest payable on loans payable	66	-	-

31 December 2020	Limited Company GBP'000	RI UK Solar Holdings Limited GBP'000	Investment Entities GBP'000
Statement of comprehensive income			
Dividend income	-	-	1,021
Interest expense on loans payable	(1,489)	-	-
Statement of financial position			
Financial assets at fair value through profit or loss - Loans*	-	-	2,371
Financial assets at fair value through profit or loss - Equity attributable to equity shareholder	-	-	37,480
Other receivables**	-	66	-
Equity attributable to equity shareholder	-	19,314	-
Financial liabilities at fair value through profit or loss - Loans payable***	21,292	-	-
Interest payable on loans payable	408	-	-

*These loans are repayable on demand and no interest was earned nor received from these loans.
**This related to a repayment of equity which is now due back to the Entity from RI Income UK Holdings Limited.
***All loans from the Limited Company have a fixed interest rate of 6.30% and a maturity date of 31 December 2044.

BlackRock Asset Management Ireland Limited has paid fees on behalf of the Entity. As at 31 December 2021, the amount payable to BlackRock Asset Management Ireland Limited for the payment of fees is GBP29,069 (2020: GBP46,839). The Fund and the Limited Company have also paid fees on behalf of the Entity. As at 31 December 2021, the amount payable to the Fund and the Limited Company is GBP74,417 and GBP569 respectively (2020: GBP39,704 and GBP569 respectively).

13. Related party transactions (continued)

13.2 Other related party transactions (continued)

No provisions have been recognised by the Entity against amounts due from related parties at the financial year end date (31 December 2020: Nil). No amounts have been written off during the financial year in respect of amounts due to or from related parties (31 December 2020: Nil). No commitments secured or unsecured or guarantees have been entered into with related parties during the financial year (31 December 2020: Nil).

There were no loans, quasi loans, credit transactions or remuneration between the Entity and its key management personnel or Directors for the financial years ended 31 December 2021 and 31 December 2020.

14. Commitments and contingent liabilities

There were no significant commitments or contingent liabilities as at 31 December 2021 and 31 December 2020.

15. Subsequent events

There have been no events subsequent to the financial year end, which, in the opinion of the Directors, may have had an impact on the financial statements for the financial year ended 31 December 2021.

16. Approval date

The financial statements were approved by the Directors on 15 March 2022.