



Annual Report and Audited Financial Statements

For the year ended 31 December 2019

The Renewables Infrastructure Group (UK) Limited

Registered number: 08506871



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Strategic Report

The Directors present their Strategic Report for the year ended 31 December 2019, which has been prepared in compliance with s414C of the Companies Act 2006.

This Strategic Report has been prepared for The Renewables Infrastructure Group (UK) Limited ("the Company" or "TRIG UK") and its portfolio of investments, and therefore gives greater emphasis to those matters which are significant to the group when viewed as a whole.

Business review

The principal activity of the Company during the year was the undertaking of investment activities on behalf of its parent, The Renewables Infrastructure Group Limited ("TRIG Ltd"). The Company invests in a portfolio of investments predominantly in the subordinated loan stock and ordinary equity of renewable energy infrastructure companies. The principal activity of those project finance companies is the development and management of solar parks and on-shore wind farms. The Company, TRIG Ltd and the portfolio of investments are known collectively as the TRIG group ("the Group").

Results and performance

The Company's results for the year under review are detailed in the profit and loss account in these financial statements.

The Company has prepared financial statements for the year to 31 December 2019. The Company's financial statements have been prepared in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council ("FRC").

The profit before tax for the year was £93.3m (2018: £72.8m) and Total Operating Income was £110.3m (2018: £86.6m). Administrative expenses of £14.2m (2018: £11.5m) include all operating expenses and £14.1m (2018: £11.2m) management fees paid to the Investment and Operations Managers (see Note 20). Cash received from the portfolio by way of distributions, including interest and capital repayments, was £nil (2018: £4.8m).

At 31 December 2019, the Company had 74 projects in its investment portfolio, which are all measured at fair value in accordance with FRS 102 section 9.9. As at 31 December 2019, the fair value of the Company's investments was £746.7m (2018: £466.7m) reflecting the increase in the value of investments in the year.

A decrease in power price forecast during 2019 decreased the valuation of the portfolio by £101.3m, however, overall the valuation increased by £280m. Some of the factors offsetting this decline includes using longer asset life assumptions in line with technical advice (as announced in March 2019), reduced maintenance costs obtained on renewal of contracts, improved power purchase agreement terms, refinancing gains, increased portfolio level tax reliefs and a better outcome from Ofgem's Targeting Charging Review than provided for in the valuation.

The valuation uses updated power price forecasts for each of the markets in which the Company invests, namely the GB market, the Single Electricity Market of Ireland, France and Germany (which sits within the main continental European power market) and Sweden (which sits in the Nordic electricity market). More details can be found in section 2.8 of TRIG Ltd's annual report which is available from their website www.trig-ltd.com.

The Company's cash as at 31 December 2019 was £0.1m (2018: £0.1m).

Combined share capital and share premium of £495.3m (2018: £307.3m) represents TRIG Ltd's 100% investment in the Company. A significant value of shares were issued during the year to fund acquisitions made by the Company.

Strategy

The Company invests principally in operational assets which generate electricity from renewable energy sources, with a particular focus on onshore and offshore wind farms and solar PV parks.

Strategic Report (continued)

Key performance indicators ("KPIs")

The Board monitors the progress of the Group by reference to the following KPIs:

- Directors' portfolio valuation at year end which was measured at £746.7m (2018: £446.7m), a 67.2% increase from prior year.
- Profit before tax of £93.3m (2018: £72.8m), reflecting the gain on investment in the year.
- Power generation – Power generation varies with weather patterns amongst other factors. For the year ended 31 December 2019, against the "P50" central estimate for energy production, power generation was down by 4.4% (2018: down by 3.7%).
- Availability - Availability for the portfolio as a whole was in line with expectations.

Principal risks and uncertainties

Portfolio energy productivity

The principal risk to energy production is the available incidence of solar energy and wind power to generate output. The incidence of solar energy and wind power is not under the control of the Directors, however, they aim to maximise availability and minimise the effect of downtime by scheduling repairs and maintenance activities at times of low light and low wind. While short-term variability of the production levels of a single asset may be material, the longer-term variability is minimised by constructing a technologically and geographically diverse portfolio. The production performance is measured in terms of yield factors and availability targets over time, and the Board notes that the Group is on track with both these measures for the year to 31 December 2019.

Future wholesale electricity prices

The Group is exposed to changes in the wholesale price of electricity for a proportion of its revenues. The impact of future power prices can be partially mitigated through the portfolio mix and growth strategy. The portfolio valuation is based on wholesale power price forecast in three different European markets with differing future pricing dynamics.

Government support for renewables

Geographically, the Company focuses its investments on the UK and Northern Europe where there is a strong emphasis on delivering versus challenging renewable energy deployment targets for 2020 and showing consistency in grandfathering prior subsidy commitments to operating plants.

Impact of COVID-19

Since the start of 2020 an outbreak of a novel coronavirus (which causes COVID-19) has spread to become a global pandemic, which in conjunction with the public health responses of various governments, has led to uncertainty in the market. The directors of the Company continue to follow advice given by the national and international agencies (including the World Health Organisation and Public Health England) to ensure best practices are followed. To date there has not been a material impact on the ability of the Company's to carry out its operations. Restrictions imposed by governments on public health grounds have impacted the consumption of electricity, and consequently electricity prices, however these measures are currently expected to be transitory and in place for the shortest period practicable, ultimately with a recovery to previous levels expected at this time. Consequently, the directors do not believe that there is a significant risk to the value of the Company's investments, operations or its overall business as a result of the COVID-19 pandemic but will continue to monitor any future developments.

Financial risk management

Risk is managed on a group basis. Information on the use of financial instruments by the Group, its management of financial risk and its exposure to cash flow risk (addressed under the headings of 'Credit risk', 'Liquidity risk' and 'Market risk') are disclosed in Note 4 of TRIG Ltd's financial statements, which are available from their website www.trig-ltd.com.

Most other risks under consideration, whether meteorological, economic or regulatory, are generally either closely associated with the three factors discussed above or are of a purely financial nature, for example the impact of interest rates or tax rates. The impact of these is discussed further in TRIG Ltd's financial statements.

Future developments in business

The Company seeks to benefit from steady income from the investments in its efficiently managed portfolio as well as to capitalise on the investment opportunities for renewables infrastructure and to provide an efficient conduit for the Group's institutional and other investors seeking an attractive, yield-based, risk-adjusted return.

With an extensive pipeline of diverse acquisition opportunities, strong support from our parent company, TRIG Ltd, and a positive year to date, we look forward to continuing to deliver on expectations.

The Group's parent, TRIG Ltd, reports governance against the Association of Investment Companies (the "AIC") Code of Corporate Governance updated in February 2019. This AIC code has been endorsed by the Financial Reporting Council. TRIG Ltd is a member of the AIC, benefitting from the on-going development of best practices in the industry and also playing a meaningful role as a flag-bearer of the renewables sector of the infrastructure investment market.

By order of the Board
Authorised signatory

A handwritten signature in black ink, appearing to be 'P R P George', written in a cursive style.

P R P George
Director
29 May 2020

Directors' Report

The Directors present their Annual Report and audited financial statements for the year ended 31 December 2019.

Incorporation

The Company, incorporated in England and Wales on 26th April 2013, is the single, direct subsidiary of TRIG Ltd, a closed ended investment company incorporated in Guernsey and whose shares are publicly traded on the London Stock Exchange under a premium listing.

Principal activity

In accordance with CA2006 s414, further information regarding the Company's principal activity is found within the Strategic Report.

Dividends

The Directors declared no dividends in the current year or preceding year.

Results for the year

The results for the year are set out in the profit and loss account on page 10.

Directors

The Directors who held office during the year to 31 December 2019 and to the date of this report were:

C Gill
W R Crawford
J Entract
J Bains
R Ruffle
D Joyce
P R P George

The Directors did not receive any remuneration in respect of their services to the Company during the year.

Company Secretary

E Mendes

Registered office

12 Charles II Street, London, SW1Y 4QU

Donations

The Company made no political donations during the year.

Going concern review

The financial position of the Company, its liquidity position and borrowing facilities, as well as the Company's business activities and factors likely to affect its future development and position, are described in the Strategic Report.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements, thus they adopt the going concern basis of accounting in preparing the annual financial statements.

COVID-19 is a post balance sheet non-adjusting event. While it will cause widespread economic disruption, its impact should be temporary. Given the long-term PPA's in place and the use of the Company's revolving credit facility (RCF) to fund working capital the directors do not foresee any going concern issues.

Disclosure of information to the Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and that each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information

and to establish that the Company's auditors are aware of that information. The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Subsequent Events

Details on events after the balance sheet date are discussed in note 18 to the accounts.

Independent auditor

Deloitte LLP is deemed to be reappointed in accordance with an elective resolution made under section 487 of the Companies Act 2006.

Strategic report

The following information has been disclosed in the Strategic Report;

- Business review
- Key performance indicators
- Principal risks and uncertainties
- Financial risk management
- Future developments in the business

By order of the Board

Authorised signatory



P R P George

Director

29 May 2020

Directors Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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.

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

Independent auditor's report to the members of The Renewables Infrastructure Group (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of The Renewables Infrastructure Group (UK) Limited ("the Company"):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in shareholders' equity;
- the cash flow statement; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

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

Independent Auditor's Report (continued)

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

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the 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.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 strategic report or 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.

Independent Auditor's Report (continued)

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.

A handwritten signature in black ink that reads "Anthony Matthews". The signature is written in a cursive style and is positioned above a horizontal line.

Anthony Matthews FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
29 May 2020

Profit and loss account

For the year ended 31 December 2019

	Note	Year ended 31 December 2019 £'000's	Year ended 31 December 2018 £'000's
Investment income	5	-	-
Dividend income	5	-	4,600
Gain on investments	5	110,297	82,003
Total operating income		110,297	86,603
Administrative expenses	6	(14,187)	(11,468)
Acquisition costs		(1,930)	(1,098)
Operating profit for the year		94,180	74,037
Finance costs	7	(887)	(1,281)
Profit before tax		93,293	72,756
Income tax credit/(expense)	8	-	-
Profit and Total Comprehensive Income for the year		93,293	72,756

All results are derived from continuing operations.

There is no other comprehensive income or expense apart from those disclosed above and consequently a statement of other comprehensive income has not been prepared.

Balance sheet

As at 31 December 2019

	Note	As at 31 December 2019 £'000's	As at 31 December 2018 £'000's
Non-current assets			
Investments at fair value through profit or loss	9	746,727	466,658
Total non-current assets		746,727	466,658
Current assets			
Debtors – due within one year	10	2,363	2,945
Cash and cash equivalents		98	106
Total current assets		2,461	3,051
Creditors: Amounts falling due within one year	11	(4,996)	(6,800)
Net current liabilities		(2,535)	(3,749)
Total assets less current liabilities		744,192	462,909
Creditors: Amounts falling due after more than one year	12	-	-
Net assets		744,192	462,909
Equity			
Called up share capital	13	275,277	275,276
Share premium	13	219,989	32,000
Retained reserves		248,926	155,633
Shareholders' funds		744,192	462,909

The accompanying Notes are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 29 May 2020, and signed on its behalf by:



P R P George
Director

Statement of changes in shareholders' equity

For the year ended 31 December 2019

	Called up share capital £'000's	Share Premium £'000's	Retained reserves £'000's	Total equity £'000's
Shareholders' equity at beginning of year	275,276	32,000	155,633	462,909
Profit for the year	-	-	93,292	93,292
Share Premium issued	1	187,989	-	187,990
Shareholders' equity at end of year	275,277	219,989	248,926	744,192

For the year ended 31 December 2018

	Called up share capital £'000's	Share Premium £'000's	Retained reserves £'000's	Total equity £'000's
Shareholders' equity at beginning of year	275,276	-	82,877	358,153
Profit for the year	-	-	72,756	72,756
Share Premium issued	-	32,000	-	32,000
Shareholders' equity at end of year	275,276	32,000	155,633	462,909

Cash flow statement

For the year ended 31 December 2019

	Notes	Year ended 31 December 2019 £'000's	Year ended 31 December 2018 £'000's
Net cash flows from operating activities	14	(16,212)	(3,549)
Cash flows from investing activities			
Purchases of investments	9	(170,000)	(25,000)
Acquisition costs		(1,796)	(700)
Net cash used in investing activities		(171,796)	(25,700)
Cash flows from financing activities			
Proceeds from issue of share capital during year	13	187,990	32,000
Arrangement fees paid		(39)	(2,785)
Net cash flows from financing activities		187,951	29,215
Net increase/(decrease) in cash and cash equivalents		(57)	(34)
Cash and cash equivalents at beginning of year		106	86
Exchange (loss)/gains on cash		49	54
Cash and cash equivalents at end of year		98	106

Notes to the Audited Financial Statements for the year ended 31 December 2019

1. General information

The Renewables Infrastructure Group (UK) Limited (the "Company") is a private company, limited by shares registered in England and Wales and incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given in the Directors' Report on page 4. The nature of the Company's operations and its principal activities are set out in the Strategic Report.

These financial statements are presented in pounds sterling, the functional currency, because that is the currency of the primary economic environment in which the Company operates. Foreign operations are included in accordance with the policies set out in Note 2.

These financial statements are separate financial statements. The Company has adopted FRS 102 and does not consolidate the investments it holds in accordance with FRS 102 section 9.9. This is explained further in Note 2(c).

2. Key accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council ("FRC").

The principal accounting policies adopted are set out below.

(b) Going concern

The financial position of the Company, its liquidity position and borrowing facilities, as well as the Company's business activities and factors likely to affect its future development and position, are described in the Strategic Report.

The Company currently has net current liabilities; however, its subsidiaries benefit from a range of long-term contracts with various major UK and European utilities and well-established suppliers across a range of infrastructure projects; these subsidiaries provide income to the Company. In addition, it maintains a working capital component of £15m as part of its revolving acquisition facility (currently sized at £340m and limited to 30% of Portfolio Value). The Company's project-level financing is non-recourse to the Company and is limited to 50% of Gross Portfolio Value. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully. The Directors do not believe that there is a significant risk to the business as a result of the COVID-19 pandemic but will continue to monitor any future developments.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, thus they adopt the going concern basis of accounting in preparing the annual financial statements.

(c) Basis of consolidation

In accordance with FRS 102 section 9.9, subsidiaries that are held as part of an investment portfolio shall be measured at fair value with changes in fair value recognised in profit or loss. As the Company treats its 74 investments as a homogenous investment portfolio, all subsidiaries are measured at fair value through profit and loss, as opposed to being consolidated on a line by line basis.

(d) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Notes to the Audited Financial Statements for the year ended 31 December 2019

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

The Directors consider the equity and loan stock to share the same investment characteristics and risks and they are therefore treated as a single unit of account for valuation purposes and a single class for disclosure purposes.

Loans and borrowings

Borrowings are recognised initially at fair value of the consideration received, less transaction costs, and are subsequently measured at amortised cost.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method less any impairment losses.

(e) Impairment

Financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the profit and loss account.

Notes to the Audited Financial Statements for the year ended 31 December 2019

(f) Investment income

Income from investments relates solely to returns from the Company's subsidiaries. This is recognised as it accrues by reference to the principal outstanding and the effective interest rate applicable and dividends when these are received.

(g) Income tax

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full using the balance sheet liability method on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(h) Foreign exchange gains and losses

Transactions entered into by the Company in a currency other than its functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the profit and loss account.

3. Critical accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with FRS 102 requires management to make judgements, estimates and assumptions in certain circumstances that affect reported amounts. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Key source of estimation uncertainty: Investments at fair value through profit or loss

FRS 102 section 10.2 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. Fair value is defined as 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 Board base the fair value of the investments on information received from the Investment Manager. Fair value is calculated on a discounted cash flow basis.

Notes to the Audited Financial Statements for the year ended 31 December 2019

Fair values for those investments for which a market quote is not available, in this instance being all investments, are determined using the income approach, which discounts the expected cash flows at the appropriate rate. In determining the discount rate, regard is had to relevant long-term government bond yields, specific risks associated with the technology (on-shore wind and solar) and geographic location of the underlying investment, and the evidence of recent transactions. The investments at fair value through profit or loss, whose fair values include the use of level 3 inputs, are valued by discounting future cash flows from investments in both equity (dividends and equity redemptions) and subordinated loans (interest and repayments) to the Group at an appropriate discount rate.

The weighted average discount rate applied in the December 2019 valuation was 7.25% (2018: 7.6%). The discount rate is considered one of the most significant unobservable inputs through which an increase or decrease would have a material impact on the fair value of the investments at fair value through profit or loss which are further discussed in Note 4 under sensitivities of the TRIG Ltd accounts.

The other material impacts on the measurement of fair value are the forward looking power price curve, energy yields, operating costs and macro-economic assumptions (including rates of inflation) which are further discussed in Note 4 under sensitivities.

The Investment Manager, when considering the assumptions to apply to the valuation of the investments at 31 December 2019 takes into account several key assumptions including whether these were impacted by the expected exit of the UK from the European Union which subsequently occurred on 31 January 2020.

Key Judgements

By virtue of the Company's status as an investment fund, and in conjunction with FRS 102 section 2.2 for investment entities, investments are designated upon initial recognition to be accounted for at fair value through profit or loss.

The Directors consider that the carrying value amounts of financial assets and financial liabilities recorded at amortised cost in the financial statement are approximately equal to their fair values.

4. Financial instruments

Fair value estimation

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:

Non-derivative financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses the income approach, which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at fair values. In determining the discount rate, regard is had to relevant long-term government bond yields, the specific risks of each investment and the evidence of recent transactions.

Derivative financial instruments

The fair value of financial instruments inputs other than quoted prices traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price. Note 2 discloses the methods used in determining fair values on a specific asset/liability basis. Where applicable, further information about the assumptions used in determining fair value is disclosed in the notes specific to that asset or liability.

Notes to the Audited Financial Statements for the year ended 31 December 2019

Classification of financial instruments

	31 December 2019 £'000s	31 December 2018 £'000s
Financial assets		
Designated at fair value through profit or loss:		
Investments	746,727	466,658
Other receivables	2,363	2,945
Cash and cash equivalents	98	106
Financial assets at fair value	749,188	469,709
Financial liabilities		
At amortised cost:		
Bank loans	-	-
Other payables	4,996	6,800
Financial liabilities at amortised cost	4,996	6,800

The Directors believe that the carrying values of all financial instruments are not materially different to their fair values.

Fair value hierarchy

The fair value hierarchy is defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	As at 31 December 2019			
	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Total £'000s
Investments at fair value through profit or loss	-	-	746,727	746,727
	-	-	746,727	746,727
	As at 31 December 2018			
	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Total £'000s
Investments at fair value through profit or loss	-	-	466,658	466,658
	-	-	466,658	466,658

Notes to the Audited Financial Statements for the year ended 31 December 2019

Level 3

Valuation methodology

The Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation. All investments are at fair value through profit or loss and are valued using a discounted cash flow methodology.

Economic assumptions

The Investment Manager has carried out market valuations of the investments as at 31 December 2019 and at 31 December 2018. The Directors have satisfied themselves as to the methodology used, the discount rates applied, and the valuation.

The following economic assumptions were used in the discounted cash flow valuations at:

	31 December 2019	31 December 2018
UK inflation rates (other than ROC's)	2.75%	2.75%
Inflation applied to UK ROC Income	3.0% 2020, 2.75% thereafter	3.2% 2019, 3.0% 2020, 2.75% thereafter
Rest of Europe inflation rates	1.75% 2019-2020, 2.00% thereafter	1.75% 2019-2020, 2.00% thereafter
UK, Ireland, France, Sweden and Germany deposit interest rates	1.00% to 31 December 2021, 2.00% thereafter	1.00% to 31 March 2021, 2.00% thereafter
UK corporation tax rate	19.00%	19.00%, reducing to 17% from 1 April 2020
France corporation tax rate	33.3% + 1.1% above €763,000 threshold, reducing to 25% by 2022	33.3% + 1.1% above €763,000 threshold, reducing to 25% by 2022
Ireland corporation tax rate	12.5% active rate, 25% passive rate	12.5% active rate, 25% passive rate
Swedish corporation tax rate	21.4% for 2020, 20.6% thereafter	-
Applicable German corporation tax	15.8%	-
Euro/sterling exchange rate	1.1827	1.1124
Energy yield assumptions	P50 case	P50 case

5. Total operating income

	Year ended 31 December 2019 Total £'000s	Year ended 31 December 2018 Total £'000s
Investment income	-	-
Dividend income	-	4,600
Gains on investments	110,297	82,003
	110,297	86,603

Notes to the Audited Financial Statements for the year ended 31 December 2019

6. Administrative expenses

	Year ended 31 December 2019 Total £'000s	Year ended 31 December 2018 Total £'000s
Fees payable to the Company's auditor for the audit of the Company's accounts	5	5
Investment and management fees (Note 20)	14,063	11,153
Other costs	119	310
	14,187	11,468

There are no non-audit fees paid to the Company's auditor.

The Company had no employees during the current or preceding year.

No director received any form of remuneration in lieu of their services to the Company in the current or prior year.

7. Finance costs

	Year ended 31 December 2019 Total £'000s	Year ended 31 December 2018 Total £'000s
Other finance costs	887	1,281
Total finance costs	887	1,281

8. Income tax

	Year ended 31 December 2019 Total £'000s	Year ended 31 December 2018 Total £'000s
Corporation tax	-	-
Total tax on profits	-	-

The standard rate of tax applied to report profit before tax on continuing operations is 19% (2018: 19%). The applicable tax rate from 01 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%, following the Budget announcement on 11 March 2020 and its substantive enactment on 17 March 2020.

Notes to the Audited Financial Statements for the year ended 31 December 2019

The charge for the year can be reconciled to the profit before tax in the profit and loss account as follows:

	Year ended 31 December 2019	Year ended 31 December 2018
	Total £'000s	Total £'000s
Profit before tax on continuing operations	93,292	72,766
Tax at the UK corporation tax rate of 19%	17,726	13,824
Tax effect of income not taxable in determining taxable profit	(20,956)	(15,581)
Tax effect of interest not deductible in determining taxable profit	3,231	1,757
Tax expense for the year	-	-

9. Investments at fair value through profit or loss

	31 December 2019 £'000s	31 December 2018 £'000s
Brought forward	466,658	359,750
Investments in the year	170,000	25,000
Distributions received	-	(4,600)
Dividend income	-	4,600
Other Movements	(228)	(95)
Gain on valuation	110,297	82,003
Carrying amount at year end	746,727	466,658
This is represented by:		
Less than one year	-	-
Greater than one year	746,727	466,658
Carrying amount at year end	746,727	466,658

The gains on revaluation of investments are unrealised.

The Investment Manager has carried out fair market valuations of the investments as at 31 December 2019, and as at 31 December 2018. The Directors have satisfied themselves as to the methodology used, the discount rates applied, and the valuation. The Investment Manager is experienced in the method of valuations on a discounted cash flow basis and is considered to be an expert in this process.

Notes to the Audited Financial Statements for the year ended 31 December 2019

Details of the Company's investments at 31 December 2019 and at 31 December 2018 are as follows:

Name	Registered Office	31 December 2019		31 December 2018	
		Country	Ownership Interest	Country	Ownership Interest
Wind farms					
Roos Energy Limited	2	UK	100%	UK	100%
Grange Renewable Energy Limited	2	UK	100%	UK	100%
Hill of Towie Limited	2	UK	100%	UK	100%
Green Hill Energy Limited	2	UK	100%	UK	100%
Forss Wind Farm Limited	2	UK	100%	UK	100%
Altahullion Wind Farm Limited	2	UK	100%	UK	100%
Lendrum's Bridge Wind Farm Limited	2	UK	100%	UK	100%
Lough Hill Wind Farm Limited	2	UK	100%	UK	100%
MHB Wind Farms Limited	7	Republic of Ireland	100%	Republic of Ireland	100%
CEPE de Haut Languedoc SARL	3	France	100%	France	100%
CEPE du Haut Cabardes SARL	3	France	100%	France	100%
CEPE de Cuxac SARL	3	France	100%	France	100%
CEPE des Claves SARL	3	France	100%	France	100%
CEPE Rosieres SARL	3	France	100%	France	100%
CEPE Montigny La Cour SARL	3	France	100%	France	100%
MC Power Limited	2	UK	100%	UK	100%
Tallentire Energy Limited	2	UK	100%	UK	100%
Earlseat Windfarm Limited	2	UK	100%	UK	100%
Taurbeg Limited	7	Republic of Ireland	100%	Republic of Ireland	100%
Crystal Rig Windfarm Limited*	4	UK	49%	UK	49%
Roths Wind Limited*	4	UK	49%	UK	49%
Paul's Hill Wind Limited*	4	UK	49%	UK	49%
Crystal Rig II Limited*	4	UK	49%	UK	49%
Roths II Limited*	4	UK	49%	UK	49%
Mid Hill Wind Limited*	4	UK	49%	UK	49%
Freasdail Energy Limited	2	UK	100%	UK	100%
Solwaybank Energy Limited	2	UK	100%	UK	100%
Erstrask Wind AB	10	Sweden	75%	Sweden	75%
Pallas Windfarm Limited	7	Republic of Ireland	100%	Republic of Ireland	100%
Pallas Energy Supply Limited	7	Republic of Ireland	100%	Republic of Ireland	100%
Neilston Community Wind Farm LLP	9	UK	100%	UK	100%
Garreg Lwyd Energy Limited	2	UK	100%	UK	100%
Scira Offshore Energy Limited	8	UK	14.7%	UK	14.7%
Jadraas Vindkraft AB	11	Sweden	100%	-	-
Hallasen Kraft AB	11	Sweden	100%	-	-
Energies Entre Tille et Venelle SAS	3	France	100%	-	-
Energie du Porcien	3	France	100%	-	-
Eolienne de Rully	3	France	100%	-	-
Parc Eoilen de Vignes	3	France	100%	-	-

The Renewables Infrastructure Group (UK) Limited

Parc Eolien de Fontaine Macon	3	France	100%	-	-
Energie Eolienne Somme II	3	France	100%	-	-
Parc Eolien Nodex XXI SAS	3	France	100%	-	-
Little Raith Wind Farm Limited	2	UK	100%	-	-
Gode Wind 1 Offshore Wind Farm GmbH	12	Germany	25%	-	-
Solar parks					
CEPE de Puits Castan SARL	3	France	100%	France	100%
Churchtown Farm Solar Limited	5	UK	100%	UK	100%
East Langford Solar Limited	5	UK	100%	UK	100%
Manor Farm Solar Limited	5	UK	100%	UK	100%
Sunsave 12 (Derriton Fields) Limited	2	UK	100%	UK	100%
Sunsave 25 (Wix Lodge) Limited	2	UK	100%	UK	100%
Parley Court Solar Park Limited	2	UK	100%	UK	100%
Egmere Airfield Solar Park Limited	2	UK	100%	UK	100%
Penare Farm Solar Park Limited	2	UK	100%	UK	100%
BKS Energy Limited	2	UK	100%	UK	100%
Hazel Renewables Limited	2	UK	100%	UK	100%
Kenwyn Solar Limited	2	UK	100%	UK	100%
FPV Broussan	3	France	48.9%	France	48.9%
FPV Chateau	3	France	48.9%	France	48.9%
FPV du Plateau	3	France	48.9%	France	48.9%
SECP Borgo	3	France	48.9%	France	48.9%
SECP Olmo 2	3	France	48.9%	France	48.9%
FPV Pascialone	3	France	48.9%	France	48.9%
FPV Santa Lucia	3	France	48.9%	France	48.9%
FPV Agrinerie	3	France	48.9%	France	48.9%
FPV d'Export	3	France	48.9%	France	48.9%
Agrisol 1A Services	3	France	48.9%	France	48.9%
SECP Chemin Canal	3	France	48.9%	France	48.9%
FPV Ligne des Quatre Cents	3	France	48.9%	France	48.9%
FPV Ligne des Bambous	3	France	48.9%	France	48.9%
Heliade Bellevue	3	France	48.9%	France	48.9%
SECP Creully	3	France	48.9%	France	48.9%
FPV du Midi	3	France	51.0%	France	51.0%
Battery Storage					
UK Energy Storage Services Limited	2	UK	100%	UK	100%
Holding companies					
Wind Farm Holdings Limited	2	UK	100%	UK	100%
Lendrum's Bridge (Holdings) Limited	6	UK	100%	UK	100%
MHB Wind Farms (Holdings) Limited	7	Republic of Ireland	100%	Republic of Ireland	100%
Verrerie Photovoltaïque SAS	8	France	100%	France	100%
Akuo Tulip Assets SAS	8	France	48.9%	France	48.9%

The Renewables Infrastructure Group (France) SAS	3	France	100%	France	100%
Trafalgar Wind Holdings Limited	1	UK	100%	UK	100%
European Investments (SCEL) Limited	2	UK	100%	UK	100%
European Investments (Cornwall) Limited	2	UK	100%	UK	100%
European Investments Tulip Limited	2	UK	100%	UK	100%
European Investments Solar Holdings Limited	1	UK	100%	UK	100%
European Investments Solar Holdings 2 Limited	1	UK	100%	UK	100%
European Investments (Earlseat) Limited	2	UK	100%	UK	100%
Sole e Aria 1	8	France	48.9%	France	48.9%
Sole e Aria 2	8	France	48.9%	France	48.9%
Sole e Aria 3	8	France	48.9%	France	48.9%
Fred. Olsen Wind Limited*	4	UK	49%	UK	49%
Fred. Olsen Wind Holdings Limited*	4	UK	49%	UK	49%
Offshore Wind Investments Group Limited	1	UK	100%	UK	100%
European Storage Investments Group Limited	1	UK	100%	UK	100%
European Wind Investments Group Limited	1	UK	100%	UK	100%
Irish Wind Investments Group Limited	1	UK	100%	UK	100%
Carbon Free Limited	9	UK	100%	UK	100%
Carbon Free Neilston Limited	9	UK	100%	UK	100%
NDT Trading Limited	9	UK	100%	UK	100%
Scandinavian Wind Investments Group Limited	1	UK	100%	UK	100%
Sirocco Wind Holding AB	11	Sweden	100%	-	-
European Wind Investments Group 2 Limited	1	UK	100%	UK	100%
Energies Entre Tille et Venelle Holdings SAS	3	France	100%	-	-
Fujin SAS	3	France	100%	-	-
European Wind Investments Group 3 Limited	1	UK	100%	-	-
German Offshore Wind Investments Group (Holdings) Limited	1	UK	100%	-	-
German Offshore Wind Investments Group Limited	1	UK	100%	-	-
GOW01 Investor LuxCo Sarl	13	Luxembourg	50%	-	-
Gode Wind 1 Investor Holding GmbH	14	Germany	50%	-	-
Merkur Offshore Wind Farm Holdings Limited	1	UK	100%	-	-

* Denotes the "Fred. Olsen portfolio"

Notes to the Audited Financial Statements for the year ended 31 December 2019

The investments in subsidiaries are all stated at fair value. The principal activity of the companies under the heading 'Wind farms' during the year was the operation of wind farms to generate electricity. The principal activity of the companies under the heading 'Solar parks' during the year was the operation of solar parks to generate electricity. The principal activity of the company under the heading 'Battery storage' during the year was the operation of a battery storage facility to store electricity.

The principal activity of the companies under the heading 'Holding companies' during the year was the holding of investments.

Registered Offices

The registered offices for the investments, as per the table above, are listed in the table below.

No.	Address of Registered Office
1	12 Charles II Street, London, SW1Y 4QU, UK
2	Beaufort Court, Egg Farm Lane, Kings Langley, WD4 8LR, UK
3	330 Rue Du Mourelet, Zi de Courtine, 84000, Avignon, France
4	2 nd Floor, 64-65 Vincent Square, London, SW1P 2NU, UK
5	13 Berkeley Street, Mayfair, London W1J 8DU, UK
6	Unit C1 & C2 Willowbank Business Park, Millbrook, Larne, BT40 2SF, UK
7	6 th Floor 2 Grand Canal Square, Dublin 2, 662881, Ireland
8	Wind Farm Place, Edgar Road, Walsingham, Norfolk, NR22 6EJ
9	Third Floor, Stv, Pacific Quay, Glasgow, United Kingdom, G51 1PQ
10	Arlovsvagen 9, 211 24 Malmö, Sweden
11	Box 4501, SE-203 20 Malmö, Sweden
12	Van-der-Smissen-Strasse 9, 22767 Hamburg
13	6 Rue Eugene, Ruppert, Luxembourg
14	Grüneburgweg 58-62, 60322, Frankfurt Am Main, Hessen, Germany

10. Debtors

	31 December 2019	31 December 2018
	£'000s	£'000s
Other debtors	758	538
Debt arrangement costs*	1,605	2,407
	2,363	2,945

* These are capitalised debt arrangement fees which relate to the Company's revolving acquisition facility. The drawn balance was £nil at 31 December 2019 (£nil at 31 December 2018)

11. Creditors: Amounts falling due within one year

	31 December 2019	31 December 2018
	£'000s	£'000s
Amounts owed to parent undertakings	-	3,000
Management fees	4,529	3,411
Other payables	467	389
	4,996	6,800

Notes to the Audited Financial Statements for the year ended 31 December 2019

12. Creditors: Amounts falling due after more than one year

At 31 December 2019, capitalised arrangement fees of £1,605k are netted off acquisition facility debt drawn of £nil (2018: £nil). Arrangement fees are amortised over the life of the revolving acquisition facility.

Interest on long-term borrowings from parent undertakings accrues at interest rates between 6.63% and 8.39% per annum. During the year, interest totalling £nil (2018: £nil) was charged to the profit and loss account, of which £nil (2018: £nil) remained payable at the balance sheet date.

13. Share Capital and Share Premium

	31 December 2019 £'000s	31 December 2018 £'000s
Authorised:		
275,277,196 ordinary shares of £1 each	275,277	275,276
Authorised at 31 December	275,277	275,276
Issued and fully paid:		
275,277,196 ordinary shares of £1 each	275,277	275,276
Issued and fully paid at 31 December	275,277	275,276

The Company issued 1,200 £1 ordinary shares and £187,990,000 share premium (2018: £31,999,800) in order to finance the purchase of investments.

The share premium reserve contains the premium arising on issue of equity shares. As at 31 December 2019 this balance was £219,988,600 (2018: £31,999,800).

14. Cash flow statement

	31 December 2019 £'000's	31 December 2018 £'000's
Operating profit	94,180	74,037
Adjustments for:		
Interest income	-	-
Dividend income	-	(4,600)
Gains on investments	(110,297)	(82,003)
Acquisition costs	1,930	1,098
Amortisation of debt arrangement costs	802	1,274
Other finance costs	-	-
FX movement on settlement of interest	-	-
Interest received on deposits	-	-
Operating cash flow before movement in working capital	(13,385)	(10,194)
Changes in working capital:		
Decrease/ (increase) in debtors	(1,023)	(1,837)
(Decrease)/Increase in creditors	(1,804)	3,683
Cash flow from operations	(16,212)	(8,347)
Cash received from investments	-	4,798
Cash generated by operations	(16,212)	(3,549)

Notes to the Audited Financial Statements for the year ended 31 December 2019**15. Reconciliation of net cash flow to movement in net debt**

	31 December 2019
	£'000's
Net decrease in cash and cash equivalent	(8)
Decrease in cash from repayment of short-term loan to parent	3,000
Decrease in cash from payment of management fee from prior year	3,411
Increase in accrual of management fee due at year end	(4,529)
Other movements	(78)
Movement in cash in the year	1,796
Net debt at the start of the year	(6,694)
Net debt at the end of the year	(4,898)

Net debt is defined as:

	31 December 2019	31 December 2018
	£'000's	£'000's
Cash and cash equivalents at the end of the period	98	106
Amounts owed to parent undertakings	-	(3,000)
Management fees	(4,529)	(3,411)
Other payables	(467)	(389)
Creditors: amounts falling due after more than one year	-	-
Total net debt	(4,898)	(6,694)

16. Guarantees and other commitments

As at 31 December 2019, the Company and its subsidiaries had provided £36.7m (2018: £19.9m) in guarantees to the projects in the TRIG portfolio.

The Company also guarantees the revolving acquisition facility, entered into by TRIG UK, which it may use to acquire further investments.

As at 31 December 2019 the company has £350.4m of future investment obligations relating to four wind farms (2018: £204.6m relating to two wind farms).

The investment by TRIG and other co-investors in Merkur offshore wind farm, which is operational, completed in May 2020.

The Company and its subsidiaries have issued decommissioning and other similar guarantee bonds with a total value of £24.2m (2018: £2.5m).

Notes to the Audited Financial Statements for the year ended 31 December 2019

17. Contingent consideration

The Group has performance-related contingent consideration obligations of up to £32.3m (2018: £37.0m) relating to acquisitions completed prior to 31 December 2019. These payments depend on the performance of certain wind farms and other contracted enhancements. The payments, if triggered, would be due between 2020 and 2025. The valuation of the investments in the portfolio does not assume that these enhancements are achieved. If further payments do become due they would be expected to be offset by an improvement in investment. The arrangements are generally two way in that if performance is below base case levels some refund of consideration may become due.

18. Events after the balance sheet date

On 21 January 2020, the Company announced it had exchanged contracts to acquire Blary Hill wind farm. The wind farm is to be developed by RES, the Operations Manager. RES are also the EPC contractor and the asset manager. The asset is under construction and amounts will be paid to fund this construction activity. The wind farm represents 2% of the committed portfolio value once built.

Ersträsk is an onshore wind farm in Sweden being developed in two phases. The delays in the construction of Phase 2 will result in the project missing key milestones and, given the near-term prospects for its progression, the Company has chosen not to proceed with the investment in Phase 2. TRIG will not suffer any financial loss. Under the terms of the acquisition agreement for Ersträsk, TRIG has an option to sell Phase 1 back to Enercon in the event that Phase 2 does not complete. TRIG intends to exercise this option given Phase 1 was only intended to be part of the larger project. The investment represents c.2% of the Company's portfolio value as at 31 December 2019. The sale back to Enercon is expected to complete in Q3 2020.

As noted in the Directors' Report, the directors have considered the impact of the COVID-19 virus. At the time of signing, it is expected that the virus will have a limited impact of the operations of the company. Accordingly, there has been no adjustment to any current or prior year figures as a result of the virus, and the going concern basis is still deemed appropriate.

19. Related party and key advisor transactions

Loans from related parties:

	31 December 2019 £'000s	31 December 2018 £'000s
Amounts owed to parent undertakings	-	3,000
Amounts owed to parent undertakings, in respect of management fees to be settled in shares	992	992
	992	3,992

During the year, interest totalling £nil (2018: £nil) was charged to the profit and loss account in respect of the long-term interest-bearing borrowings between the Company and its parent, TRIG Ltd, of which £nil (2018: £nil) remained payable at the balance sheet date.

Key advisor transactions

The Investment Manager to the Group (InfraRed Capital Partners Limited) is appointed by the Investment Management Agreement, dated 5 July 2013 and which was amended to accommodate AIFMD requirements on 11 June 2014, which may be terminated by either party giving not less than 12 months' written notice, no earlier than the fourth anniversary of admission to the London Stock Exchange on 29 July 2013. The Investment Manager is entitled to 65 per cent of the aggregate management fee (see below), payable quarterly in arrears. The Operations Manager to the Group (Renewable Energy Systems Limited) is appointed by the Operations Management Agreement dated 5 July 2013 and which was amended to accommodate AIFMD requirements on 11 June 2014, which may be terminated by either party giving not less than 12 months' written notice, no earlier than the fourth anniversary of admission to the London Stock Exchange

Notes to the Audited Financial Statements for the year ended 31 December 2019

on 29 July 2013. The Operations Manager is entitled to 35 per cent of the aggregate management fee (see below), payable quarterly in arrears.

The aggregate management fee payable to the Investment Manager and the Operations Manager is 1 per cent of the Adjusted Portfolio Value in respect of the first £1 billion of the Adjusted Portfolio Value and 0.8 per cent in respect of the Adjusted Portfolio Value in excess of £1 billion less the aggregate of the Investment Manager advisory fee and the Operations Manager advisory fee, which is payable by TRIG Ltd, totalling £200.0k per annum.

The Investment Manager fee charged to the profit and loss account for the year was £9,141k (2018: £7,249k), of which £2,289k (2018: £1,562k) remained payable at the balance sheet date. The Operations Manager fee charged to the profit and loss account for the year was £4,922k (2018: £3,904k), of which £1,232k (2018: £841k) remained payable at the balance sheet date.

In addition, the Operations Manager also received £7,704k (2018: £5,783k) for services in relation to Asset Management and other services provided to project companies within the portfolio.

In line with the Investment Management Agreement and the Operations Management Agreement, 20 per cent of the Group's aggregate management fees up to an Adjusted Portfolio Value of £1 billion are to be settled in Ordinary Shares. The shares issued to the Managers by the Company relate to amounts due to the Managers by TRIG UK. Accordingly, TRIG UK reimburses the Company for the shares issued.

As at 31 December 2018, 939,843 shares equating to £1,008,219, based on a Net Asset Value ex dividend of 107.275 pence per share (the Net Asset Value at 31 December 2018 of 108.9 pence per share less the interim dividend of 1.66 pence per share) were due, in respect of management fees earned in H2 2018, but had not been issued. The Company issued these shares on 31 March 2019.

On 30 September 2019, the Company issued 875,047 shares, equating to £991,778, based on a Net Asset Value ex dividend of 113.34 pence per share (the Net Asset Value at 30 June 2019 of 115.0 pence per share less the interim dividend of 1.66 pence per share), in respect of management fees earned in H1 2019.

As at 31 December 2019, 889,550 shares equating to £1,008,219, based on a Net Asset Value ex dividend of 113.34 pence per share (the Net Asset Value at 31 December 2019 of 108.9 pence per share less the interim dividend of 1.66 pence per share) were due, in respect of management fees earned in H2 2019, but had not been issued. The Company intends to issue these shares on 31 March 2019.

No director received any form of remuneration in lieu of their services to the Company during the year.

All of the above transactions were undertaken on an arm's length basis.

20. Controlling party

In the opinion of the Directors, the Company's ultimate and immediate parent company and controlling party is TRIG Ltd, a company incorporated in Guernsey (Registered address: East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey) and whose shares are listed under a premium listing on the London Stock Exchange. Copies of the financial statements of TRIG Ltd are available from their website www.trig-ltd.com.

Notes to the Audited Financial Statements for the year ended 31 December 2019

DIRECTORS

C Gill
J Entract
W R Crawford
J Bains
R Ruffle
P R P George
D Joyce

COMPANY SECRETARY AND REGISTERED OFFICE

E Mendes
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INVESTMENT MANAGER

InfraRed Capital Partners Limited
12 Charles II Street
London SW1Y 4QU

OPERATIONS MANAGER

Renewable Energy Systems Limited
Beaufort Court
Egg Farm Lane
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Hertfordshire, WD4 8LR

AUDITOR

Deloitte LLP
Statutory Auditor
1 New Street Square
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EC4A 3HQ
United Kingdom