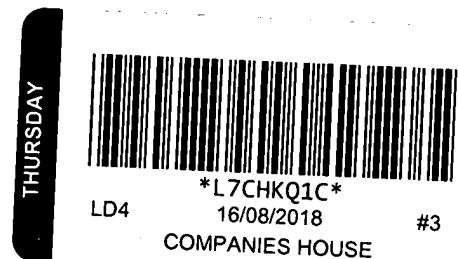


UK GREEN INVESTMENT FCG LIMITED

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 APRIL 2017 TO 31 DECEMBER 2017**



Registered Number: 09838757

UK GREEN INVESTMENT FCG LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

CONTENTS	Page
Directors and advisers	1
Strategic report	2
Directors' report	3
Statement of Directors' responsibilities	4
Independent auditor's report to the members of UK Green Investment FCG Limited	5 - 6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 25

DIRECTORS AND ADVISERS

Directors

H B Crossley
P J Ireland

Company registered office

Welken House
10-11 Charterhouse Square
London
England
EC1M 6EH

Auditor

KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

The principal activity of UK Green Investment FCG Limited (the "Company") is to hold an investment in Full Circle Generation Holding Company Limited.

BUSINESS REVIEW

The Company is a holding entity for 35.1% of the share capital in Full Circle Generation Holding Company Limited, a United Kingdom registered entity whose activity is to hold investment in the operational Full Circle Power Energy from Waste project based in Belfast.

The Company meets the definition in IAS 28 (May 2011) *Investments in Associates and Joint Ventures* of a venture capital organisation or similar entity and upon initial recognition has designated its investment in joint venture and associates at fair value through profit or loss. The Company therefore measures its interest in joint ventures and associates at fair value through profit or loss in accordance with IAS 39 Financial Instrument and IFRS 13 Fair Value Measurement, with changes in fair value recognised in profit or loss in the period of the charge.

GOING CONCERN

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate. In reaching this conclusion, the Directors have specifically considered the Company's activity and forecast over the next 12 months and the Company's relationships with its immediate parent. More information is provided in note 2 to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk faced by the Company is credit risk in relation to its investment. Credit risk is mitigated by the Company holding investments in projects where the majority of the risk is passed through to sub-contractors through project agreements.

KEY PERFORMANCE INDICATORS

The key performance indicators for the Company are primarily client and financially focused; including those listed below:

- tracking the performance and delivery of the services in conjunction with the KPIs set by the local authorities;
- the progress of the individual project company;
- the comparison of actual cash flows costs to those that have been forecast and;
- that the operational project is performing within the restrictions of all project documentation.

FUTURE DEVELOPMENTS

The Directors of the Company are not aware of any circumstances by which the principal activity of the Company would alter or cease.

On behalf of the board



P.J. Ireland
Director
14 August 2018

DIRECTORS' REPORT

The Directors submit their annual report and the audited financial statements for the 9 month period from 1 April 2017 to 31 December 2017. The Directors have taken the decision during the period to change the accounting reference date to 31 December 2017 from 31 March 2018.

DIRECTORS

The Directors who served throughout the period are:

A G Bremmer (resigned 30 June 2017)
J M Isherwood (resigned 18 August 2017)
J L Stuart (appointed 30 June 2017, resigned 18 July 2017)
P J Ireland (appointed 18 August 2017)
H B Crossley (appointed 18 August 2017)

RESULTS AND DIVIDENDS

The results for the period are shown on page 7 in the Statement of Comprehensive Income. The Directors have decided to not declare a final dividend for the period. The Company's performance reflects the position under the various intercompany agreements that were in place during the period. Refer to the Strategic Report, Business Review on page 2 for further information relating to these results.

EMPLOYEES

The Company had no employees during the period. (31 March 2017: Nil)

FINANCIAL RISK MANAGEMENT

The Company's management of financial risks including interest rate, credit, performance and liquidity risk during the year are detailed in note 2.

AUDITOR

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

On 1 March 2018, the Directors appointed KPMG LLP as auditor of the Company to fill the casual vacancy as auditor under section 485 (3) of the Companies Act 2006. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and therefore KPMG LLP will continue in office.

By order of the Board



P J Ireland
Director
14 August 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK GREEN INVESTMENT FCG LIMITED

Opinion

We have audited the financial statements of UK Green Investment FCG Limited ("the Company") for the period ended 31 December 2017, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UK GREEN INVESTMENT FCG LIMITED

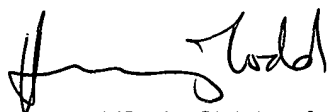
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Henry Todd (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL

14 August 2018

UK GREEN INVESTMENT FCG LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 APRIL 2017 TO 31 DECEMBER 2017

	Notes	Period from 1 April 2017 to 31 December 2017	Restated Period from 23 October 2015 to 31 March 2017
		£'000	£'000
Fee Income		-	1,395
Investment income		1,538	-
Fair value (loss)/ gain on investments	10	(2,907)	5,339
(Loss)/Profit from operations	5	(1,369)	6,734
Finance costs	7	(1,538)	-
(Loss)/Profit before tax		(2,907)	6,734
Taxation	8	-	(279)
(Loss)/Profit after tax from continuing operations		(2,907)	6,455
(Loss)/Profit for the period transferred to reserves		(2,907)	6,455

All of the above relates to continuing activities.

The Company has no recognised gains or losses other than those reported above, therefore no separate Statement of Total Comprehensive Income has been presented.

The notes on pages 11 to 25 form an integral part of the Financial Statements.

UK GREEN INVESTMENT FCG LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Notes	As at 31 December 2017 £'000	Restated as at 31 March 2017 £'000
Assets			
Non-current assets			
Investment held at fair value	10	<u>41,140</u>	<u>40,716</u>
		41,140	40,716
Current assets			
Other receivables	11	<u>1,538</u>	<u>1,395</u>
		1,538	1,395
Total assets		<u>42,678</u>	<u>42,111</u>
Current liabilities			
Other payables	12	(1,538)	-
Corporation tax payable	12	-	(279)
Borrowings	13	<u>-</u>	<u>(35,377)</u>
		(1,538)	(35,656)
Non-current liabilities			
Borrowings	13	<u>(38,709)</u>	<u>-</u>
Total non-current liabilities		<u>(38,709)</u>	<u>-</u>
Total liabilities		<u>(40,247)</u>	<u>(35,656)</u>
NET ASSETS		<u>2,431</u>	<u>6,455</u>
Equity			
Share capital	14	-	-
Retained earnings		2,431	6,455
SHAREHOLDER'S EQUITY		<u>2,431</u>	<u>6,455</u>

The notes on pages 11 to 25 form an integral part of the Financial Statements.

The financial statements of UK Green Investment FCG Limited, registered number 09838757, were approved by the Board of Directors and authorised for issue on 14 August 2018 and were signed on its behalf by:



P J Ireland
Director

UK GREEN INVESTMENT FCG LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE 9 MONTH PERIOD ENDED 31 DECEMBER 2017

	Share capital £'000	Retained earnings £'000	Total £'000
Balance as at 1 April 2017	-	6,455	6,455
Loss for the Period	-	(2,907)	(2,907)
Deemed distribution to shareholders	-	(1,117)	(1,117)
Balance as at 31 December 2017	-	2,431	2,431

FOR THE 17 MONTH PERIOD ENDED 31 MARCH 2017

	Share capital £'000	Restated Retained earnings £'000	Restated Total £'000
Balance as at 23 October 2015	-	-	-
Restated profit for the Period	-	6,455	6,455
Restated balance as at 31 March 2017	-	6,455	6,455

The notes on pages 11 to 25 form an integral part of the Financial Statements.

UK GREEN INVESTMENT FCG LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 1 APRIL 2017 TO 31 DECEMBER 2017

	Notes	Period from 1 April 2017 to 31 December 2017 £'000	Restated Period from 23 October 2015 to 31 March 2017 £'000
Cash flows from operating activities			
(Loss)/profit before tax for the period		(2,907)	6,734
<i>Adjustments for:</i>			
Investment income		(1,538)	-
Fair value gain on investments	10	2,907	(5,339)
Finance costs	7	1,538	-
Operating cash flows before movements in working capital		-	1,395
(Increase) in trade receivables		-	(1,395)
Net cash flows generated from operating activities		-	-
Investing activities			
Payments to acquire investments		(3,332)	(35,377)
Net cash used in investing activities		(3,332)	(35,377)
Financing activities			
Interest paid		-	-
Receipt of shareholder loan		3,332	35,377
Net cash from financing activities		3,332	35,377
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the period		-	-
Cash and cash equivalents at end of period		-	-

The notes on pages 11 to 25 form an integral part of the Financial Statements.

Notes to the financial statements for the period ended 31 December 2017

1 ACCOUNTING POLICIES

a) General information

UK Green Investment FCG Limited is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2. These financial statements are presented in pounds sterling, being the currency of the primary economic environment in which the Company operates rounded to the nearest £'000.

b) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs"). A summary of the principal accounting policies, all of which have been applied consistently throughout the current and prior year are set out below.

c) Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Strategic Report on page 2.

d) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. It is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. In relation to the fair value exercise, interest revenue is adjusted to remove any double counting of cash flows.

Income from participating interests is recognised when the shareholders' rights to receive payment have been established.

Other income associated with the provision of services is accrued on a time basis over the period to which the delivery of the service is set, net of VAT and other sales-related tax.

Fee Income

The recognition of fee revenue excluding VAT is determined by the purpose of the fee. The fee in the prior year is a non-refundable arrangement fee payable by Full Circle Generation Holding Company Limited on the first drawdown.

Notes to the financial statements for the period ended 31 December 2017

1 ACCOUNTING POLICIES (continued)

e) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the net profit as reported in the statement of comprehensive income 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affect neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable difference arising on investments, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and the rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same taxable company, and the Company intends to settle its current tax assets and liabilities on a net basis.

f) Financial Instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of an instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with IAS 39.

Financial assets

Financial assets, are classified in the following categories: fair value through profit and loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Notes to the financial statements for the period ended 31 December 2017

1 ACCOUNTING POLICIES (continued)

f) Financial Instruments (continued)

(i) *Investments at fair value through profit or loss*

Investments at fair value through profit or loss are designated upon initial recognition as financial assets at fair value through profit or loss. The Company's policy is to fair value both the equity and subordinated debt investments in PPP assets together. Both elements are exposed to the same primary risk, being performance risk. This performance risk is taken into consideration when determining the discount rate applied to the forecast cash flows. In determining fair value observable transactions are considered and fair value is measured using assumptions that market participants would use when pricing assets including assumptions regarding risk. The sub debt and equity are considered to have the same risk characteristics. As such, the debt and equity form a single class of financial instrument for the purposes of this disclosure. The Company measures its investments as a single class of financial asset at fair value in accordance with IFRS 13 'Fair Value Measurement'. Subsequent to initial recognition, the investments are measured on a combined basis at fair value with changes recognised within the Statement of Comprehensive Income.

Investments in joint ventures and associates

The Company meets the definition in IAS 28 (May 2011) Investments in Associates and joint Ventures of a venture capital organisation or similar entity and upon initial recognition has designated its investment in joint ventures and associates at fair value through profit or loss. The Company therefore measures its interest in joint ventures and associates at fair value through profit or loss in accordance with IAS 39 Financial instrument and IFRS 13 Fair Value Measurement, with changes in fair value recognised in profit or loss in the period of the charge.

(ii) *Loans and receivables*

Trade receivables, loans and other receivables that are non derivative financial assets and that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and other receivables'. Loans and other receivables are measured at amortised cost using the effective interest method, less any impairment. They are include in current assets, except where maturities are in greater than 12 months after the balance sheet date which are classified as non current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Impairment of financial assets

Financial assets, other than those through profit or loss, are assessed for indicators or 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 impact on the asset. Significant financial assets are tested for impairment on an individual basis. All impairment losses are recognised in the Statement of Comprehensive Income. An impairment loss can be reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Fair value estimation

The fair value of financial instruments that are not traded in an active market with unobservable inputs, is derived in one of the following ways:

Notes to the financial statements for the period ended 31 December 2017

1 ACCOUNTING POLICIES (continued)

(i) Investments at fair value through profit or loss

Fair value is calculated by discounting future cash flows, from investments in both equity and subordinated loans (interest and repayments), at an appropriate discount rate. In determining the discount rate, regard has been given to risk free rates and risk premia that are specific to the individual concessions and recent market transactions. The discount rate that has been applied to the financial assets at 31 December 2017 was 10.11% (31 March 2017: 9.93%). Movements in fair value are attributed in full to the equity investment.

(ii) Loans and receivables

Loans and borrowings are held at amortised cost.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

f) Financial Instruments (continued)

Financial liabilities and equity

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities, including borrowings, are classified as 'other financial liabilities' and are initially measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

g) Financial risk management

The Company has loans from Equitix Capital Eurobond 4 Ltd, the Company's immediate parent, with fixed interest rates. These loans, including accrued interest, are repayable when the Company has sufficient surplus cash. The value of the loans shown on the balance sheet represent the value of the loans as at the balance sheet date.

The Company does not have any other borrowings, loans or overdrafts that expose the Company to financial risks.

h) Share capital

Ordinary shares are classified as equity.

i) Expenses

All expenses are accounted for on an accruals basis. The Company's fees, finance costs and all other expenses are charged through the income statement.

j) Assessable risks

Credit risk

The Company is not exposed to significant credit risk as the Company derives interest from joint ventures and subsidiaries which are PFI concessions with government departments, local authorities and other public sector clients.

Notes to the financial statements for the period ended 31 December 2017

1 ACCOUNTING POLICIES (continued)

Liquidity risk

The Company adopts a prudent approach to liquidity management and maintains sufficient cash reserves at group level to meet its obligations.

Foreign exchange risk

The Company does not currently have any exposure to foreign currency exchange risk, nor does it have any immediate plans to geographically deviate its focus.

Performance risk

The Company mitigates performance risk through a robust asset management process, and passes on risks of non-performance to service providers and subcontractors.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Inter-company agreements - Interest Rate

The Company's loan agreements with its immediate parent Equitix Infrastructure 4 Ltd carry an interest rate of 10.8%, reflecting the market rate attributable to similar instruments within the Group, therefore the Directors believe that the loan note value in these financial statements reflects fair value at the balance sheet date.

The judgements, estimates and assumptions that have the most significant effect on the carrying value of assets and liabilities of the Company as at 31 December are discussed below.

Investments at fair value through profit or loss

By virtue of the Company's status as a venture capital entity under IAS 28, investments in associates are designated upon initial recognition and subsequently to be accounted for at fair value through profit or loss.

The fair values of unlisted investments, which are not traded in an active market, are determined using valuation techniques. The Directors principally use discounted cash flow analysis to make their best estimation of the fair value. The estimate of fair value may vary from the price achieved in an actual sale as potential acquirers may use different valuation criteria for their own strategic reasons.

The principal drivers of internally prepared valuations are therefore:

- i) expected future net cash flows; and
- ii) the discount rate to be applied.

The fair value estimation takes into account the future distributions to be received by the Company from its investments.

Future distributions involve a degree of uncertainty in terms of their amount and timing. Cash flows in the underlying investments are exposed to risks in relation to operational performance of the onshore wind farm.

If the expected future net cash flows were decreased or increased by 10%, with all other variables held constant, the impact on the value of financial assets would be £4,114k a gain/ loss respectively.

The discount rate is determined in relation to the particular risks for each investment. All relevant risks such as interest rate risk, credit risk and liquidity risk are incorporated in the fair value of the investments by adjusting the expected cash flows or discount rate used for the valuation of investments. The discount rates used for the 2017 valuation was 10.11%. If the discount rate used in the valuation were increased or decreased by 100 bps, the impact on the value of the financial assets would be a loss/gain respectively of £4,230k/£4,904k.

Notes to the financial statements for the period ended 31 December 2017

3 CHANGES IN ACCOUNTING ESTIMATES AND POLICIES

Changes in Accounting Estimate

In accordance with IAS 8, the Company has opted to make a change in accounting estimate in relation to the interest income recognised on the intercompany loan held by the Company to Full Circle Generation Holding Company Limited, an investment held under IAS 28 as an Investment in Associate.

In the prior year, during the projects continuing construction period, interest income was deemed not recoverable until the point at which the project became operational and as a result was not recognised. The Directors have reviewed this position as at 18 August 2017, and have concluded that, based on current progress of the underlying project, the interest income to be recognised on the loan will be recoverable and have therefore taken the interest income on the loan to the income statement.

As a result of this change in accounting estimate, interest at the rate stated in the loan agreement of 10.8% p.a. will be charged from the point at which the project was deemed to become operational on the final loan balance. Consequently, interest income of £1,538k has been recorded in the period from 18 August 2017 to 31 December 2017, and an interest receivable balance of the same amount recorded as at 31 December 2017. No prior year amounts have been restated.

Changes in Accounting Policy

In accordance with IAS 8, the Company has opted to make a voluntary change in accounting policy in relation to the valuation methodology for Investments in Associates.

The Company has decided to hold Investments in Associates at Fair Value through Profit and Loss, as allowable under IAS 28 for a venture capital organisation, as opposed to being held at cost, as previously reported.

The Company has adopted this view on the basis that its investment is held in order to receive future cash flows in the form of investment income from the associate over a concession period more than 25 years. It is therefore deemed more appropriate to report the fair value, calculated using the discounted cash flow method and as described in note 1(f)(i).

As a result of the change, which is to be applied retrospectively, an adjustment of £5,339k has been recorded as the fair value movement on the value of the Investment in Associate as at 31 March 2017. This includes:

	17 Months to 31 March 2017	Adjustment	As Restated
Statement of Comprehensive Income	£'000	£'000	£'000
Movement in fair value	-	5,339	5,339
Profit after Tax	1,116	5,339	6,455
Statement of Financial Position	31 March 2017	Adjustment	As Restated
Investments in Associates	35,377	5,339	40,716
Net Assets	1,116	5,339	6,455

As the Company produced their first set of financial statements for the period to 31 March 2017, there are no further adjustments to previous periods beyond those stated above.

Notes to the financial statements for the period ended 31 December 2017

4 INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") - ADOPTION OF NEW AND REVISED

The following Adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements:

- IFRS 9 Financial Instruments (January 2018)
- IFRS 15 Revenue from Contract with Customers (January 2018)
- IFRS 16 Leases (January 2019)
- Annual Improvements to IFRS Standards 2014-2016 Cycle

5 OPERATING PROFIT

The operating profit of the Company is attributable to the principal activity of the Company, all of which was carried out in the United Kingdom.

The audit fee for UK Green Investment FCG Limited of £2,600 has been borne by Equitix Fund IV LP, who will not seek compensation from the Company. The prior period audit fee of £12,000 was paid to PriceWaterhouseCoopers LLP.

6 DIRECTORS' REMUNERATION

No staff were directly employed by the Company.

No Directors received any remuneration for services to the Company during the current or previous period. The Company is managed by secondees from Equitix Limited. No recharge for services rendered has been made during the year.

UK GREEN INVESTMENT FCG LIMITED

Notes to the financial statements for the period ended 31 December 2017

7 FINANCE COSTS

	31 December 2017 £'000	31 March 2017 £'000
Recognised in the statement of comprehensive income		
Finance cost		
Interest expense on loans from immediate parent company	1,538	-
Total finance cost	<u>1,538</u>	<u>-</u>

8 TAX CHARGE ON PROFIT FROM ORDINARY ACTIVITIES

Taxation is based on profit for the year and comprises:

	31 December 2017 £'000	31 March 2017 £'000
UK corporation tax at a rate of 19% (31 March 2017: 20%)		
Current year	-	279
Tax charge	<u>-</u>	<u>279</u>

The differences between the total current tax shown above and the amount calculated by applying the average rate of UK corporation tax to the profit before tax are as follows:

	31 December 2017 £'000	31 March 2017 £'000
(Loss)/profit on ordinary activities before tax	<u>(2,907)</u>	<u>6,734</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (31 March 2017: 20%)	(552)	1,347
Income and fair value movements not subject to taxation	552	(1,068)
Total current tax charge for the year	<u>-</u>	<u>279</u>

No deferred tax asset has been recognised in respect of timing differences relating to losses for the period.

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

UK GREEN INVESTMENT FCG LIMITED

Notes to the financial statements for the period ended 31 December 2017

9 DIVIDENDS

	31 December 2017 £'000	31 March 2017 £'000
The following interim dividends have been paid during the period:		
Interim dividend paid	<u>-</u>	<u>-</u>

The Directors recommend that no final dividend be paid.

10 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2017 £'000	31 March 2017 £'000
Carrying value	<u>41,140</u>	<u>40,716</u>
Cost	<u>38,708</u>	<u>35,377</u>

Reconciliation of value of investment

	31 December 2017 £'000	31 March 2017 £'000
Opening balance	40,716	-
Return from Investment	-	-
Movement in accrued interest*	3,332	35,377
Unwind of discount rate and other movements*	(2,908)	5,339
Carrying amount at 31 December	<u>41,140</u>	<u>40,716</u>

*Net loss on investments at fair value through profit or loss for the period ended 31 December 2017 is £2,070k

The Directors have satisfied themselves as to the methodology used, the discount rates applied and the valuation. Further detail is given in note 1.

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

	2017
UK inflation rates	3.0%
UK deposit interest rates	0.5%*
UK corporation tax rate	19.0%**

* post-2017 assumption 3.5%

** post-2020 assumption 17%

UK GREEN INVESTMENT FCG LIMITED

Notes to the financial statements for the period ended 31 December 2017

11 RECEIVABLES

	31 December 2017 £'000	31 March 2017 £'000
Interest receivable	1,538	-
Other receivables	-	1,395
Total receivables	<u>1,538</u>	<u>1,395</u>
Included on the balance sheet as follows:		
Current	1,538	1,395
Non-current	-	-
	<u>1,538</u>	<u>1,395</u>

12 OTHER PAYABLES

	31 December 2017 £'000	31 March 2017 £'000
Interest payable	1,538	-
Corporation tax payable	-	279
	<u>1,538</u>	<u>279</u>
Included on the balance sheet as follows:		
Current	1,538	279
Non-current	-	-
	<u>1,538</u>	<u>279</u>

Interest payable is due to the parent company as detailed in note 13.

Notes to the financial statements for the period ended 31 December 2017

13 LOANS AND BORROWINGS

	31 December 2017	31 March 2017
	£'000	£'000
Loans from parent company	<u>38,709</u>	<u>35,377</u>
	<u>38,709</u>	<u>35,377</u>
Included on the balance sheet as follows:		
Current	-	35,377
Non-current	<u>38,709</u>	<u>-</u>
	<u>38,709</u>	<u>35,377</u>

The loan from Parent Company is formed of two separate agreements, both of which are repayable when surplus cash is available in the Company.

A loan from the parent company, Equitix Infrastructure 4 Ltd, of £38,369k is interest bearing and interest is charged on an arm's length basis at a fixed rate of 10.8%.

A further amount of £339k is non-interest bearing and repayable on 31 March 2042.

As at 31 March 2017, the Company held a loan from the previous parent company, UK Green Investment Bank plc. This loan facility was interest free and repayable on demand.

The carrying amount of these liabilities approximates their fair value.

14 SHARE CAPITAL

		Authorised	Issued and unpaid
	2017 Number	2017 £'000	2017 £'000
Ordinary shares of £1 each			
As at 1 April and 31 December 2017	<u>100</u>	<u>-</u>	<u>-</u>

Notes to the financial statements for the period ended 31 December 2017

15 FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company borrowings are as disclosed in note 10, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity and note 11. The Company is not subject to any externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

	Carrying value	
	31 December 2017	31 March 2017
<i>Categories of financial instruments</i>	£'000	£'000
Financial assets		
Fair value through profit and loss		
Investments	41,140	40,716
Financial liabilities at amortised cost		
Borrowings	38,709	35,377
	<u>38,709</u>	<u>35,377</u>

FINANCIAL RISK MANAGEMENT*Risk management objectives*

The Directors provide advice to the Company on all risks faced and manage the financial risks relating to the operations of the Company through internal risk reports which analyse the exposures faced by degree and magnitude of risk consequences. These risks include market risk, credit risk and liquidity risk.

The Company does not enter into financial derivative contracts.

Market risk

The Company's activities expose it primarily to the financial risks of interest rates.

Interest rate risk management

The Company has limited exposure to interest rate risk as the underlying borrowings are fixed rate loans. Therefore the Company is not exposed to cash flow risk due to changes in interest rates over variable rate borrowings. The fixed rate borrowings are carried at amortised cost and hence not exposed to fair value movements due to changes in interest rates.

The Group has no exposure to interest rate risk on the loans held with Equitix Infrastructure 4 Ltd because the loans have a fixed interest rate of 10.8% (31 March 2017: 0%).

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. For cash and cash equivalents the Company only transacts with entities that are rated the equivalent to investment grade and above. Other financial assets consist of amounts receivable from related parties. Credit risk is generated through the overall performance risk of the projects, deterioration of which might impact their ability to service equity payments. This risk is mitigated through the PFI contract structure, whereby deductions are passed down to the facilities management and construction sub contractors.

Notes to the financial statements for the period ended 31 December 2017

15 FINANCIAL INSTRUMENTS (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

Performance risk management

Performance risk management refers to the risk that the underlying project companies will not perform in line with expectations, and as such the Company will not receive forecast cashflows as expected. To mitigate this risk, the projects are closely managed by the asset management team and risks of non-performance are passed on to service providers and subcontractors by the project agreements.

Fair value of financial instruments

The fair value of financial assets and liabilities is determined as follows:

The fair value of non-derivative financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

The fair value of other non-derivative financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

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

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up on undiscounted cash flows of financial liabilities based on the earliest date the Company could be required to satisfy borrowing repayments. The table includes principal repayment and assumed interest cash flows:

Liabilities

	Less than 1 year	1-2 years	3-5 years	5+ years	Total
	£'000	£'000	£'000	£'000	£'000
2017					
Loans from related parties	-	-	-	38,709	38,709
	-	-	-	38,709	38,709
	Less than 1 year	1-2 years	3-5 years	5+ years	Total
	£'000	£'000	£'000	£'000	£'000
2016					
Loans from related parties	35,377	-	-	-	35,377
	35,377	-	-	-	35,377

Loans from related parties comprise inter-company loan agreements entered into between the Company and Equitix Infrastructure 4 Ltd. The carrying value of the loan notes represents the current fair value.

UK GREEN INVESTMENT FCG LIMITED

Notes to the financial statements for the period ended 31 December 2017

15 FINANCIAL INSTRUMENTS (continued)

d) Fair value of financial instruments

The Company holds a number of financial instruments on the statement of financial position at their fair values. The following hierarchy classifies each class of financial asset or liability depending upon the valuation technique applied in determining its fair value.

- i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities, where inputs are observable;
- ii) Level 2 fair value measurements are those derived from 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) where inputs are directly or indirectly observable; and
- iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data, where the inputs are unobservable.

There have been no transfers between these categories in the current period.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

	31 Dec 2017 Level 1 £'000	31 Dec 2017 Level 2 £'000	31 Dec 2017 Level 3 £'000	31 Dec 2017 Total £'000
Investments at fair value through profit or loss	-	-	41,140	41,140
	-	-	41,140	41,140

	31 Mar 2017 Level 1 £'000	31 Mar 2017 Level 2 £'000	31 Mar 2017 Level 3 £'000	31 Mar 2017 Total £'000
Investments at fair value through profit or loss	-	-	40,716	40,716
	-	-	40,716	40,716

Financial liabilities held at amortised cost are determined to be level 3 items, the basis for their measurement and recognition is disclosed in notes 1.

The key assumptions used in determining the fair values of level 3 investments and a sensitivity analysis is disclosed in note 2. The reconciliation below quantifies the impact of the key unobservable inputs, being the discount rates, on the value of the investments:

Level 3 Reconciliation - Investments at fair value through profit or loss

An analysis of the movement between opening to closing balances of the investments at fair value through profit or loss is given in note 9. For financial assets at fair value through profit or loss, changing the discount rate used to value the underlying instruments would alter the fair value.

	31 December 2017 £'000	31 March 2017 £'000
Opening net book value	40,716	-
Acquisitions net of capital repayments	3,331	35,377
Movement due to unwinding of discounting calculation	(3,324)	5,339
Movement due to change in discount rate	417	-
Closing net book value	41,140	40,716

UK GREEN INVESTMENT FCG LIMITED

Notes to the financial statements for the period ended 31 December 2017

15 FINANCIAL INSTRUMENTS (continued)

Gearing ratio

The gearing ratio at the year end is as follows:

	31 December 2017	31 March 2017
	£'000	£'000
Debt	38,709	35,377
Cash and cash equivalents	-	-
Net debt	38,709	35,377
Equity	-	-
Net debt to capital ratio	100%	100%

Debt is defined as long- and short-term borrowings (excluding derivatives) as detailed in note 13.

Equity includes all capital and reserves of the Company that are managed as capital.

16 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Equitix Infrastructure 4 Limited, the Company has taken advantage of the exemption under IAS 24 (revised), 'Related party disclosures' not to provide information on related party transactions with other undertakings within the Equitix Infrastructure 4 Limited. Note 16 gives details of how to obtain a copy of the published financial statements of Equitix Infrastructure 4 Limited.

The following transactions took place between the Company and its subsidiaries during the period.

	31 December 2017	31 March 2017
	£'000s	£'000s
Full Circle Generation Holding Company Ltd		
Income Statement		
Fee Income	-	-
Subordinated Debt Interest	1,538	-
Balance due		
Subordinated loan	38,708	35,377
Subordinated loan interest	1,538	-
Total as at 31 December/31 March	40,246	35,377

17 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is Equitix Infrastructure 4 Limited, a company incorporated in the United Kingdom. The Company's ultimate parent and controlling entity, is Equitix Fund IV LP, a limited partnership registered in England and Wales. The Company's results are not consolidated as the Company and its parent entities meet the criteria of Investment Entities under IFRS 10. Copies of Equitix Infrastructure 4 Limited accounts can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

18 INVESTMENTS AS AT 31 DECEMBER 2017

Company name	Percentage of shares held	Number and class of shares held	Principal activity	Registered Address
Full Circle Generation Holding Company Limited	35%	557945 ordinary £1 share	Parent company to Full Circle Generation Limited	10-11 Charterhouse Square, London, United Kingdom, EC1M 6EH
Full Circle Generation Limited	100%	1 ordinary £1 share	Project company for Energy from Waste plant	56 Craigmole Road, Garvagh, Coleraine, County Derry, BT51 5HF