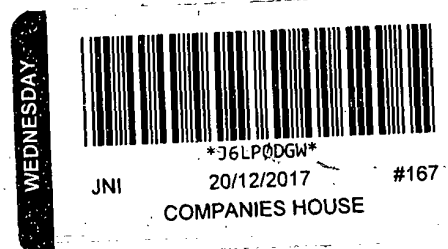


IIF CYCLONE NI LIMITED

(Registered number NI 612808)

**Annual Report and Financial
Statements**

For the year ended 31 March 2017



IIF CYCLONE NI LIMITED

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IIF CYCLONE NI LIMITED

Management & Administration

Directors

Colm O'Neill - Irish
Mark Sandys - Irish
Patrick Burke - Irish
David Rees – British

Administrator and Custodian

Northern Trust International Fund Administration
Services (Ireland) Limited
Georges Court
54-62 Townsend Street
Dublin 2, Ireland

Registered Office

138 University Street
Belfast, BT7 1HJ
United Kingdom

Depository

Northern Trust Fiduciary Services (Ireland) Limited
Georges Court
54-62 Townsend Street
Dublin 2, Ireland

Investment Manager

Irish Life Investment Managers Limited
Beresford Court
Beresford Place
Dublin 1, Ireland

Infrastructure Investment Manager

AMP Capital Investors (UK) Limited
Berkeley House
London, W1J 6BX
United Kingdom

Secretary

Sanne Corporate Administration Services Ireland Limited
T/A Sanne
Fourth Floor
76 Lower Baggot Street
Dublin 2, Ireland

Legal Advisors

McCann FitzGerald Solicitors
Riverside One
Sir John Rogerson's Quay
Dublin 1, Ireland

Independent Auditors

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast, BT2 7DT
United Kingdom

IIF CYCLONE NI LIMITED

Strategic Report

The directors of IIF Cyclone NI Limited ("the Company") present their strategic report for the year ended 31 March 2017.

Principal Activities and Review of the business

The Company was incorporated in Northern Ireland on 21 May 2012 with registered number NI 612808. On the 15 June 2012 the Company acquired 80% of the equity share capital of IIF Cyclone NI Holdco Limited which directly owns 100% of the equity share capital of IIF Cyclone NI Funding Limited and indirectly owns 100% of the equity share capital of Church Hill Energy Limited and Crighshane Energy Limited. Together these companies form the Group (the "Group") and control assets in the wind energy sector in Northern Ireland.

The Company's parent undertaking is the Irish Infrastructure Fund (the "Parent Undertaking"), a unit trust whose objective is to provide unit holders with a return generated from a combination of capital growth and income yield by investing in a portfolio of infrastructure assets which are primarily located in Ireland.

The Company's strategy is to identify and develop opportunities for investment and growth within the wind energy sector. Following acquisition the key milestone was the completion of the construction and entry into commercial operations of the wind farms at Crighshane and Church Hill. This was successfully achieved to plan on 1 July 2012.

The key revenue drivers for the Group are a combination of turbine availability, which is principally under Group control, and two external factors wind speeds and market prices for electricity and renewable obligation certificates ("ROC"). Turbine availability continued to be very strong during the course of the year. However, lower wind speeds have resulted in the decline in revenue to £7.4 million for the year to 31 March 2017 as compared with £8.5 million for the year to 31 March 2016.

Management key performance indicator is earnings before interest, tax, depreciation and amortisation ("EBITDA"). EBITDA for the year under review was £5.5 million (year end 31 March 2016: £6.7 million). The decrease on the EBITDA is principally explained by the decrease in revenue as outlined above. The loss for the year was £2.1 million (2016 loss £0.9 million). This reduction in EBITDA partially offset by reduced finance costs were the key drivers on the change over the year.

The key components of the assets of the Group are the investments made in constructing the two wind farm sites at Crighshane and Church Hill, together with the goodwill that arose following the completion of the acquisition of the portfolio on 15 June 2012. These assets are financed through equity from the Parent Undertaking as well as a combination of a bank loan facility agreement and loans from Project Cyclone 2 DAC, an entity under common control.

Principal Risks and Uncertainties

The principal operating risks facing the Group are lower wind speeds than anticipated resulting in less electricity generation, technical problems with the plant reducing electricity generation availability or network availability. To mitigate against technical risk, the Group has contracted a team of experienced contractors who are responsible for monitoring wind farm performance.

The principle non-operating risks facing the Group are that the group is unable to operate within its project finance facilities, that the Group would be unable to repay loans, or that investments carried in the Company's balance sheet would not be realised. To mitigate this risk, the Directors monitor the performance and financial status of the Group companies and the ability of the Group to operate within its project finance facilities on an ongoing basis. The Group has also entered into interest rate swaps to mitigate its interest rate risk on its project finance facilities.

Derivative financial instruments

The Group has contracted with a counterparty on its interest rate swaps and forward currency contracts. The credit risk which arises is the risk of failure by the counterparty to perform according to the terms of the contract.

IIF CYCLONE NI LIMITED

Strategic Report (continued)

Financial risk management policy

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, bank loans and other loans. The main risks associated with these financial statement assets and liabilities are set out below.

Foreign currency risk

Although the Group operates solely in the United Kingdom, a certain amount of its costs are incurred in Euros. The Group manages the risk through the use of forward currency contracts.

Credit risk

The Group has trade receivables due from the Single Electricity Market Operator (SEMO) and companies wholly owned by the minority interest shareholder of the Company's only investment, IIF Cyclone NI Holdco Limited. The associated credit risk has been assessed as low and no provisions have been made.

Interest rate risk

In order to manage its interest rate risk on its floating rate project finance facilities, the Group has entered into interest rate swaps. The Group's other borrowings carry fixed interest rates.

Liquidity risk and going concern

The Group's business activities, together with the principal risks and uncertainties likely to affect its future performance are described above. The Group is financed by a combination of project finance facilities and long term loans from an entity under common control, Project Cyclone 2 DAC, as well as Viridian Renewables Company 1 Limited, the minority shareholder in the Company's only investment, IIF Cyclone NI Holdco Limited.

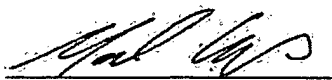
The Group's projections, taking into account possible changes in trading performance, show that the Group expects to operate within its project finance facilities for the foreseeable future.

The Company's Directors have a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparation of the financial statements.

Results

The results for the year ended 31 March 2017 and year ended 31 March 2016 are shown on page 9.

This report was approved by the Board on **18** December 2017 and signed on its behalf by:



Director – **MARY SANDYS**



Director – **COLIN O'NEILL**

Date: **18** December 2017

IIF CYCLONE NI LIMITED

(Registered number NI 612808)

Directors' Report

The Directors of IIF Cyclone NI Limited (the "Company") present the annual report and financial statements for the year ended 31 March 2017 ("2017").

Results and dividends

The Group reported a loss before taxation for the year in the amount of £2,027,000 (year end 31 March 2016: loss £1,095,000). The change in the loss reported is due to a decrease in revenue. There was no dividend paid during the year (year end 31 March 2016: £Nil).

Directors and Secretary

The Directors of the Company are listed on page 2.

Patrick Burke is a Director of the Investment Manager. Colm O'Neill is an employee of the Investment Manager. Mark Sandys and David Rees are both employees of the Infrastructure Investment Manager.

Financial Instruments

The main risks associated with the entity's financial assets and liabilities are described in the Strategic Report.

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow Directors and the Company's auditors, each Director has taken all steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent Auditor

The Company has opted under an elective regime to dispense with the obligation to appoint auditors annually, and therefore Ernst & Young LLP's appointment is expected to continue next year.

Political donations

There were no contributions for political purposes during the year (year end 31 March 2016: £Nil).

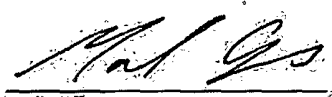
Subsequent events

There have been no events between the reporting date and the date of which the financial statements were approved by the Directors of the company, which would require adjustment to the financial statements or additional disclosures.

Future Developments

The Group will continue to operate the fourteen turbine site (32.2MW) at Crighshane, Co Tyrone and the eight wind turbines (18.4MW) at Church Hill, Co Tyrone.

This report was approved by the Board on 18 December 2017 and signed on its behalf by:



Director - MARK SANDYS



Director - COLM O'NEILL

Date: 18 December 2017

IIF CYCLONE NI LIMITED

Statement of Directors' Responsibilities

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

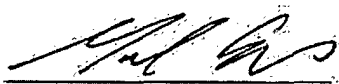
The Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

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 Group and the Company and of the profit or loss of the Group for that period. In preparing the financial statements the directors are required to:

- present fairly the financial position, financial performance and cash flows of the Company;
- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the company financial statements have been prepared in accordance with IFRS as adopted by The European Union and;
- prepare the financial statements on a going concern basis, unless they consider that to be inappropriate.

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

This report was approved by the board on 18 December 2017 and signed on its behalf by:



Director – MARK SANDYS



Director - COLIN O'NEILL

Date: 18 December 2017

IIF CYCLONE NI LIMITED

Independent Auditor's Report to the Members of IIF Cyclone NI Limited

We have audited the financial statements of IIF Cyclone NI Limited for the year ended 31 March 2017 which comprise of the Group Income Statement, the Group Statement of Other Comprehensive Income, the Group and Company Statements of Financial Position, the Group and Company Statements of Changes in Equity, the Group Statement of Cash Flows and the related notes 1 to 29. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements;

IIF CYCLONE NI LIMITED

Independent Auditor's Report to the Members of IIF Cyclone NI Limited

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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.



Ruth Logan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

Date: 19th of December 2017

IIF CYCLONE NI LIMITED

Group Income Statement

For the year ended 31 March 2017

	Notes	31 March 2017 £'000	31 March 2016 £'000
Group revenue	4	7,438	8,531
Group operating costs	6	(4,894)	(4,841)
Group operating profit		2,544	3,690
Finance income		2	6
Finance costs	5	(4,573)	(4,791)
Loss on ordinary activities before taxation		(2,027)	(1,095)
Taxation (charge)/credit	8	(26)	208
Loss on ordinary activities after taxation		(2,053)	(887)
Attributable to:			
Equity holders of the parent		(1,866)	(935)
Non – controlling interest	22	(187)	48
Loss for the financial year		(2,053)	(887)

All revenue and operating costs for both the current year and previous year are included above and arise from continuing operations.

Group Statement of Other Comprehensive Income

For the year ended 31 March 2017

	31 March 2017 £'000	31 March 2016 £'000
Loss for the financial year	(2,053)	(887)
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):		
Loss on cash flow hedges	(739)	(984)
Transfers to income statement	1,214	1,246
Net other comprehensive income for the year	475	262
Total comprehensive loss for the year	(1,578)	(625)
Attributable to:		
Equity holders of the parent	(1,391)	(673)
Non – controlling interest	22 (187)	48

The notes on pages 15 to 36 form an integral part of these financial statements.

IIF CYCLONE NI LIMITED

(Registered number NI 612808)

Group Statement of Financial Position


As at 31 March 2017

	Notes	31 March 2017 £'000	31 March 2016 £'000
Assets			
Non-current assets			
Property, plant and equipment	10	45,863	49,159
Goodwill	11	26,103	26,103
Deferred tax asset	19	398	208
Total non-current assets		72,364	75,470
Current assets			
Trade and other receivables	13	1,681	1,771
Income tax asset		-	3
Cash and cash equivalents	14	1,818	3,074
Total current assets		3,499	4,848
Total assets		75,863	80,318
Current liabilities			
Other financial liabilities	15	(5,791)	(4,695)
Income tax liability		(261)	-
Trade and other payables	15	(319)	(1,012)
Derivative financial instruments	18	(1,297)	(1,173)
Total current liabilities		(7,668)	(6,880)
Non-current liabilities			
Other financial liabilities	16	(62,504)	(65,373)
Deferred tax liability	19	(499)	(565)
Provisions for liabilities and charges	19	(895)	(1,028)
Derivative financial instruments	18	(4,670)	(5,267)
Total non-current liabilities		(68,568)	(72,233)
Total liabilities		(76,236)	(79,113)
Net liabilities		(373)	1,205
Equity			
Share Capital	20	10,805	10,805
Cash flow hedging reserve	20	(5,966)	(6,441)
Retained earnings		(5,165)	(3,299)
Equity attributable to equity holders		(326)	1,065
Non – controlling interest	22	(47)	140
Shareholders deficit		(373)	1,205

The financial statements were approved by the Board of Directors and authorised for issue on 18 December 2017. They were signed on behalf of the Board of Directors by:



Director - MARK SANDS



Director - COLUM O'NEILL

The notes on pages 15 to 36 form an integral part of these financial statements.

IIF CYCLONE NI LIMITED

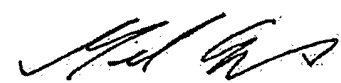
(Registered number NI 612808)

Company Statement of Financial Position


As at 31 March 2017

	Notes	31 March 2017 £'000	31 March 2016 £'000
Assets			
Non-current assets			
Investments	12	28,455	28,455
Total non-current assets		28,455	28,455
Current assets			
Debtors: amounts falling due within one year			
Trade and other receivables	13	645	649
Cash and cash equivalents	14	-	-
Total current assets		645	649
Total assets		29,100	29,104
Current liabilities			
Creditors: amounts falling due within one year			
Trade and other payables	15	(51)	(39)
Financial liabilities	15	(3,329)	(2,225)
Total current liabilities		(3,380)	(2,264)
Non-current liabilities			
Creditors: amounts falling due after one year			
Financial liabilities	16	(17,532)	(17,532)
Total non-current liabilities		(17,532)	(17,532)
Total liabilities		(20,912)	(19,796)
Net assets		8,188	9,307
Capital and Reserves			
Share capital	20	10,805	10,805
Profit and loss reserve		(2,617)	(1,498)
Total shareholders' funds		8,188	9,307

The financial statements were approved by the Board of Directors and authorised for issue on 18 December 2017. They were signed on its behalf by:



Director - MARK SANDYS



Director - COLIN O'NEILL

The notes on pages 15 to 36 form an integral part of these financial statements.

IIF CYCLONE NI LIMITED

(Registered number NI 612808)

Group Statement of Changes in Equity

As at 31 March 2017

	Issued Capital £'000	Retained earnings £'000	Cash flow hedge £'000	Non- controlling interest £'000	Total 31 March 2017 £'000
Opening balance as at 1 April 2016	10,805	(3,299)	(6,441)	140	1,205
Loss for the year	-	(1,866)	-	(187)	(2,053)
Other comprehensive income	-	-	475	-	475
Balance at 31 March 2017	10,805	(5,165)	(5,966)	(47)	(373)

	Issued Capital £'000	Retained earnings £'000	Cash flow hedge £'000	Non- controlling interest £'000	Total 31 March 2016 £'000
Opening balance as at 1 April 2015	10,805	(2,364)	(6,703)	92	1,830
(Loss)/profit for the year	-	(935)	-	48	(887)
Other comprehensive income	-	-	262	-	262
Balance at 31 March 2016	10,805	(3,299)	(6,441)	140	1,205

The notes on pages 15 to 36 form an integral part of these financial statements.

IIF CYCLONE NI LIMITED

(Registered number NI 612808)

Company Statement of Changes in Equity

As at 31 March 2017

	Issued Capital £'000	Retained earnings £'000	Total 31 March 2017 £'000
Opening balance as at 1 April 2016	10,805	(1,498)	9,307
Loss for the year		(1,119)	(1,119)
Balance at 31 March 2017	10,805	(2,617)	8,188

	Issued Capital £'000	Retained earnings £'000	Total 31 March 2016 £'000
Opening balance as at 1 April 2015	10,805	(373)	10,432
Loss for the year		(1,125)	(1,125)
Balance at 31 March 2016	10,805	(1,498)	9,307

The notes on pages 15 to 36 form an integral part of these financial statements.

IIF CYCLONE NI LIMITED

(Registered number NI 612808)

Group Statement of Cash Flows

As at 31 March 2017

		31 March 2017	31 March 2016
	Notes	£'000	£'000
Cash Flows from Operating Activities			
Group operating profit		2,544	3,690
<i>Adjustments for:</i>			
Depreciation charge	10	2,971	2,987
Interest expense paid		(3,128)	(3,848)
Interest received		2	6
<i>Changes in:</i>			
Decrease in trade and other receivables	13	74	297
Increase in trade and other payables	15	3	144
Net Cash Inflow from Operating Activities		<u>2,466</u>	<u>3,276</u>
Cash Flows from Investing Activities			
Decrease in tangible fixed assets	10	153	288
Decrease in capital accruals		(744)	(83)
Net Cash (Outflow)/Inflow from Investing Activities		<u>(591)</u>	<u>205</u>
Cash Flows from Financing Activities			
Decrease in borrowings		(3,131)	(3,375)
Net Cash Outflow from Financing Activities		<u>(3,131)</u>	<u>(3,375)</u>
Net (decrease)/increase in cash and cash equivalents (per above)		(1,256)	106
Cash and cash equivalents at the beginning of the period	14	3,074	2,968
Cash and cash equivalents at the end of the period	14	<u>1,818</u>	<u>3,074</u>

The notes on pages 15 to 36 form an integral part of these financial statements.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements

For the year ended 31 March 2017

1. Reporting Entity

IIF Cyclone NI Limited (the "Company") was incorporated in Northern Ireland on 21 May 2012, limited by its shares, with registered number NI 612808. On the 15 June 2012 the Company acquired 80% of the equity share capital of IIF Cyclone NI Holdco Limited which directly owns 100% of the equity share capital of IIF Cyclone NI Funding Limited and indirectly owns 100% of the equity share capital of Church Hill Energy Limited and Crighshane Energy Limited. Together these companies form the Group (the "Group") and control assets in the wind energy sector in Northern Ireland.

The Company's parent undertaking is the Irish Infrastructure Fund (the "Parent Undertaking"), a unit trust whose objective is to provide unit holders with a return generated from a combination of capital growth and income yield by investing in a portfolio of infrastructure assets which are primarily located in Ireland.

2. Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) as they apply to the financial statements for the Group for the year ended 31 March 2017.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in Sterling (£) with all values rounded to the nearest £'000 except where otherwise indicated.

3. Accounting Policies and Basis of Preparation

The principal accounting policies are set out below:

Consolidation

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") (as adopted by the European Union) and issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB.

Basis of consolidation

The financial statements comprise the financial statements of the Company and its subsidiaries, collectively recognised as the Group, as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries (except for those which meet the conditions of a merger) are accounted for using acquisition accounting. The acquisition method of accounting involves allocating the cost of the acquisition to the fair value of the net assets assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable net assets represents goodwill. Any excess of the Group's interest in the fair value of the net assets over the cost of acquisition is recognised immediately in Group Income Statement.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

3. Accounting Policies and Basis of Preparation (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. All contingent consideration (except that which is classified as equity) is measured at fair value with the changes in fair value in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

3. Accounting Policies and Basis of Preparation (continued)

Current versus non-current classification (continued)

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

The Group measures financial instruments, such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability or
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.

Financial instruments — initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date on which the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance income (positive net changes in fair value) or finance costs (negative net changes in fair value) in the statement of profit or loss. The Group has not designated any financial assets upon initial recognition as at fair value through profit or loss.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

3. Accounting Policies and Basis of Preparation (continued)

ii) Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Derivative financial instruments and hedging

The Company uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is formally designated and documented at its inception. This documentation identifies the risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting period for which they were designated.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes

Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Amendments to and new accounting standards and interpretations

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company does not plan to adopt these standards early; instead it will apply them from their effective dates as determined by their dates of EU endorsement.

- IFRSs 2014-2016 Cycle

Annual Improvements to IFRS 2014-2016 Cycle (effective 1 January 2018)

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

3. Accounting Policies and Basis of Preparation (continued)

Amendments to and new accounting standards and interpretations (continued)

- IAS 1: Disclosure Initiative

Amendments to IAS 1: Disclosure Initiative (effective for annual periods beginning 1 January 2016)

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the Group and Parent Statement of Financial Position, the Group Income Statement and Group Statement of Comprehensive Income. These amendments do not have any impact on the Group.

- IAS 7: Statement of Cash Flows

Amendments to IAS 7: Disclosure Initiative (effective for annual periods beginning 1 January 2017)

- IFRS 14: Regulatory Deferral Accounts (effective for annual periods beginning 1 January 2016)

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

- IFRS 15: Revenue (effective 1 January 2018)

Revenue from contracts with customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method. The Group will perform a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Group is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments.

The group generates and sells electricity from wind assets located in Northern Ireland.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

3. Accounting Policies and Basis of Preparation (continued)

Amendments to and new accounting standards and interpretations (continued)

- IFRS 16: Leases (effective 1 January 2019)

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2017, the Company plans to assess the potential effect of IFRS 16 on its consolidated financial statements

- IFRS 9: Financial Instruments (effective 1 January 2018) Financial Instruments (not yet EU endorsed)

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. During 2016, the Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Group expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

3. Accounting Policies and Basis of Preparation (continued)

Amendments to and new accounting standards and interpretations (continued)

(a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale with gains and losses recorded in OCI will be measured at fair value through profit or loss instead, which will increase volatility in recorded profit or loss. The AFS reserve currently presented as accumulated OCI will be reclassified to opening retained earnings. Debt securities are expected to be measured at fair value through OCI under IFRS 9 as the Group expects not only to hold the assets to collect contractual cash flows but also to sell a significant amount on a relatively frequent basis.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Group expects to apply the option to present fair value changes in OCI, and, therefore, believes the application of IFRS 9 would not have a significant impact. If the Group were not to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss. The Company is still assessing the impact that these standards may have on the Financial Statements.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortised cost under IFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) Hedge accounting

The Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9. The Group will assess possible changes related to the accounting for the time value of options, forward points or the currency basis spread in more detail in the future.

Intangible fixed assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Goodwill arising from acquisitions of subsidiaries is included in intangible assets and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is not amortised but is allocated to cash-generated units ('CGU') and tested annually for impairment. Should the carrying value of goodwill exceed its recoverable amounts an impairment loss is recognised. The recoverable amounts are calculated based on internal discounted cash flow valuations.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

3. Accounting Policies and Basis of Preparation (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs include the cost of self-constructed assets including the cost of materials, direct labour and an appropriate portion of overheads.

Property, plant and equipment are depreciated on a straight-line basis so as to write off the cost, less estimated residual values, over their estimated useful economic lives as follows:

- Generation assets – up to 20 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. Where the carrying values exceed the estimated recoverable amounts, the assets or cash generating unit are written down to their recoverable amounts.

Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Taxation

Current tax including United Kingdom corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are calculated on an undiscounted basis at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

The tax charge represents the sum of tax currently payable and deferred tax. Tax is charged or credited in the Group Income Statement, except when it relates to items charged or credited directly to the statement of recognised gains and losses, in which case the deferred tax is also dealt with in the statement of total recognised gains and losses.

As the Group has no recognised gains or losses in the current year or prior year other than those dealt with in the Group Income Statement, the Group is not required to present a separate statement of total recognised gains and losses.

Tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Group Comprehensive Income Statement because it excludes both items of income or expense that are taxable or deductible in other years as well as items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax payable or recoverable on differences between the carrying amount of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible timing differences can be utilised. Deferred taxation is not provided in respect of gains arising from the sale or revaluation of fixed assets unless, by the balance sheet date, a binding commitment to sell the asset has been entered into and it is unlikely that any gain will be rolled over.

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 deferred tax asset to be recovered.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

3. Accounting Policies and Basis of Preparation (continued)

Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is recognised on the basis of energy sales during the year and includes an assessment of energy generated. Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of value added tax. All turnovers arise from operations in Northern Ireland.

Decommissioning

Provision is made for estimated decommissioning costs at the end of the estimated useful economic lives of the Group's generation assets on a discounted basis based on price levels and technology at the balance sheet date. Changes in these estimates and changes to the discount rates are dealt with prospectively. Capitalised decommissioning costs are depreciated over the estimated useful economic lives of the related assets. The unwinding of the discount is included within net interest payable.

Operating leases

Operating lease payments are recognised as lease rental expense in the Group Comprehensive Income Statement on a straight-line basis over the term of the lease. The aggregate amount of incentives provided by the lessor, if any, is recognised as a reduction of the lease rental expense over the period of the lease on a straight-line basis. There are no maintenance reserves for operating leases.

Foreign currencies

These financial statements are presented in Pounds Sterling, the currency of the primary economic environment in which the Company and the Group operates. The functional currency of the Company and the Group is also considered to be Pounds Sterling. Assets and liabilities denominated in a foreign currency are translated into Pounds Sterling at the rate of exchange prevailing at the Group Statement of Financial Position date. During the year, transactions in foreign currencies are translated into Pounds Sterling at the rate of exchange prevailing at the date of the transaction. Any resulting exchange gains or losses are reported in the Group Income Statement.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances held by the Group and Company including short-term bank deposits with an original maturity of three months or less. The directors consider that the carrying amount of cash and cash equivalents equates to fair value.

Trade receivables

Trade receivables consist of trade debtors, prepayments and accrued income and are accounted for initially at fair value.

Trade payables

Trade payables consist of trade and other creditors, bank and other borrowings, and derivative contracts. Trade and other creditors are non-interest bearing and are recognised initially at fair value. Bank and other borrowings are recognised initially at fair value, being the proceeds received net of direct issue costs. After initial recognition, interest bearing loans are subsequently measured at amortised cost using the effective interest rate. Except for interest capitalised in relation to significant capital projects, interest payable is reflected in the Group Income Statement as it arises.

4. Group Revenue

	Group 31 March 2017 £'000	Group 31 March 2016 £'000
Electricity sales	7,408	8,503
Other income	30	28
	<u>7,438</u>	<u>8,531</u>

Turnover is generated from wind farm assets located in Northern Ireland. Therefore no segmental analysis has been presented.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

5. Finance Costs

	Group 31 March 2017 £'000	Group 31 March 2016 £'000
Interest payable on bank loans and overdrafts	(1,319)	(1,424)
Interest payable to an entity under common control	(1,851)	(1,938)
Other interest payable	(114)	(133)
Commitment fees	(31)	(31)
Interest rate swap charges	(1,214)	(1,246)
Other financing costs	(44)	(19)
Total interest payable and similar charges	(4,573)	(4,791)

6. Operating Costs

	Group 31 March 2017 £'000	Group 31 March 2016 £'000
Loss on ordinary activities before tax is stated after charging:		
Depreciation of property, plant and equipment	(2,971)	(2,987)
Operating lease payments	(188)	(213)
Auditors remuneration - Parent Company	(10)	(9)

Auditors' remuneration in respect of the subsidiary companies has been borne by a Company within the minority interest shareholders' group.

7. Directors' Remuneration and Employees

The Directors did not receive any remuneration in respect of their services to the Company or the Group during the year ended 31 March 2017 and year ended 31 March 2016. The Company and the Group did not have any employees during the year (year end 31 March 2016: Nil).

8. Tax on Profit / (Loss) on Ordinary Activities

	Group 31 March 2017 £'000	Group 31 March 2016 £'000
Corporation tax charge		
Adjustment in respect of prior year subsidiaries	282	1
Corporation tax charge on ordinary activities	282	1
Deferred tax credit*		
Origin and reversal of timing differences in current year	(295)	(156)
Effect of decreased tax rate on opening (asset)/liability	(23)	(56)
Adjustment in respect of prior periods	(189)	3
Consolidated adjustments prior year	251	
Deferred tax credit on ordinary activities	(256)	(209)
Total tax charge/(credit) on ordinary activities	26	(208)

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

8. Tax on Profit / (Loss) on Ordinary Activities (continued)

	Group 31 March 2017 £'000	Group 31 March 2016 £'000
*Reconciliation of total deferred tax		
Accelerated capital allowances	(190)	(110)
Other short term timing differences	(66)	(99)
Deferred tax credit	(256)	(209)

Deferred tax has been calculated at 17% as at 31 March 2017 (year end 31 March 2016: 20%). HM Treasury have announced their intention for the main rate of corporation tax to decrease to 17% by 2020, although this decrease in rates is not enacted at the Group Balance Sheet date.

Reconciliation of total corporation tax

The tax for the period is higher than the standard effective rate of corporation tax in the UK for the year ended 31 March 2017 of 20% (year end 31 March 2016: 20%). The differences are explained below:

	Group 31 March 2017 £'000	Group 31 March 2016 £'000
Loss on ordinary activities before tax	(2,027)	(1,095)
Loss on activities multiplied by the standard rate of corporation tax of 20% (2016: 20%)	(405)	(219)
Effects of:		
Expenses not deductible for tax purposes	58	45
Deferred tax unrecognised	1	-
Adjustments in respect of previous periods	344	4
Effect of rate change in deferred tax	28	(38)
Current tax charge/(credit) in the year	26	(208)

9. Loss Attributable To The Parent Company

The loss dealt within the financial statements at the Parent Company is £1,118,624 for the year ended 31 March 2017 (year end 31 March 2016 loss: £1,125,394).

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

10. Property, Plant and Equipment

	Group Generation Assets 31 March 2017 £'000	Group Generation Assets 31 March 2016 £'000
At 1 April	60,491	60,736
Disposals	(153)	(288)
Increase in decommissioning provision	(172)	43
At 31 March	<u>60,166</u>	<u>60,491</u>
Accumulated depreciation		
At 1 April	(11,332)	(8,345)
Depreciation charge for the year	(2,971)	(2,987)
Accumulated depreciation at 31 March	<u>(14,303)</u>	<u>(11,332)</u>
Net book value at 31 March	<u>45,863</u>	<u>49,159</u>

11. Goodwill

	Group 31 March 2017 £'000	Group 31 March 2016 £'000
Cost: at 1 April	28,596	28,596
At 31 March	<u>28,596</u>	<u>28,596</u>
Accumulated amortisation		
At 1 April	(2,493)	(2,493)
Accumulated amortisation at 31 March	<u>(2,493)</u>	<u>(2,493)</u>
Net book value at 31 March	<u>26,103</u>	<u>26,103</u>

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

12. Investments

	Company 31 March 2017 £'000	Company 31 March 2016 £'000
Shares in Group undertakings	<u>28,455</u>	<u>28,455</u>

In the opinion of the Directors, the realisable value of the investment above is not less than its net book value.

The below table details the Group undertakings and the percentage of ordinary share capital held directly or indirectly.

Group undertakings	Country of incorporation	% Holding	Nature of business
IIF Cyclone NI Holdco Limited	Northern Ireland	80%	Holding Company
IIF Cyclone NI Funding Limited*	Northern Ireland	80%	Holding Company
Church Hill Energy Limited*	Northern Ireland	80%	Wind farm
Crighshane Energy Limited*	Northern Ireland	80%	Wind farm

The registered office of the above companies is; Greenwood House, 64 Newforge Lane, Belfast, BT9 5NF.

* Held by IIF Cyclone NI Holdco Limited

13. Trade and Other Receivables

	Group 31 March 2017 £'000	Group 31 March 2016 £'000
Current		
Trade receivables	1,412	1,411
Prepayments and accrued income	185	287
Amounts due from Parent Undertaking	84	73
	<u>1,681</u>	<u>1,771</u>

	Company 31 March 2017 £'000	Company 31 March 2016 £'000
Current		
Amounts due from Parent Undertaking	84	73
Group relief receivable	561	576
	<u>645</u>	<u>649</u>

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

14. Cash and Cash Equivalents

	Group 31 March 2017 £'000	Group 31 March 2016 £'000
Cash and cash equivalents	1,818	3,074

	Company 31 March 2017 £'000	Company 31 March 2016 £'000
Cash and cash equivalents		

The Group's cash and cash equivalents balances are denominated in Euro and Pounds Sterling. For the purposes of the Group Statement of Cash Flows, cash and cash equivalents are shown in Pounds Sterling as above. The Directors consider the carrying amount of cash and cash equivalents equates to fair value.

15. Trade and Other Payables

	Group 31 March 2017 £'000	Group 31 March 2016 £'000
Other financial liabilities		
Amounts owed to an entity under common control (note 24)	(3,781)	(2,482)
Bank and other borrowings (note 17)	(2,010)	(2,213)
	(5,791)	(4,695)
Trade and other payables		
Accruals	(262)	(967)
Trade payables	(51)	(39)
Other payables	(6)	(6)
	(319)	(1,012)
	(6,110)	(5,707)
	Company 31 March 2017 £'000	Company 31 March 2016 £'000
Amounts owed to an entity under common control (note 24)	(3,329)	(2,225)
Accruals	(51)	(39)
	(3,380)	(2,264)

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

16. Trade and Other Payables: Non Current

	Group 31 March 2017 £'000	Group 31 March 2016 £'000
Other financial liabilities		
Bank and other borrowings (note 17)	(39,544)	(41,554)
Less unamortised financing costs	1,561	1,620
Amounts owed to an entity under common control (note 24)	(23,123)	(23,858)
Amounts owed to minority interest shareholder in IIF Cyclone NI Holdco Limited	(1,398)	(1,581)
	<u>(62,504)</u>	<u>(65,373)</u>
	Company 31 March 2017 £'000	Company 31 March 2016 £'000
Amounts owed to an entity under common control (note 24)	(17,532)	(17,532)
	<u>(17,532)</u>	<u>(17,532)</u>

17. Bank and Other Borrowings

Bank and other borrowings consist of a bank loan facility agreement. The tables below set out the maturity dates of the loan as at 31 March 2017 and 31 March 2016.

At 31 March 2017	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Bank loan facility agreement	<u>2,010</u>	<u>14,394</u>	<u>25,150</u>	<u>41,554</u>
At 31 March 2016	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Bank loan facility agreement	<u>2,213</u>	<u>13,068</u>	<u>26,866</u>	<u>42,147</u>

The counterparties to the loan are Rabobank International and Norddeutsche Landesbank. Interest is charged at a rate of LIBOR + 2.4%. The loan is secured by the assets of IIF Cyclone NI Funding Limited and the shares of its subsidiaries. Interest is fixed at 6.32% through interest rate swaps (80% hedge).

18. Derivative Financial Instruments

At 31 March 2017 and 31 March 2016, the Group is party to the following derivative financial instrument contracts. These derivative financial instrument contracts are held by IIF Cyclone NI Funding Limited and the counterparties to these contracts are Rabobank International and Norddeutsche Landesbank. The fair value of the cash flow hedges are presented in the Other Comprehensive Income statement. They are also presented in the Group Statement of Financial Position split between current liabilities and non-current liabilities.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

18. Derivative Financial Instruments (continued)

Derivative type	31 March 2017 £'000	31 March 2016 £'000
Forward currency contracts	93	212
Interest rate swaps	5,874	6,228
	<u>5,967</u>	<u>6,440</u>

19. Provisions For Liabilities And Charges

At 31 March 2017	Deferred tax* £'000	Decommissioning £'000	Total £'000
At 1 April 2016	357	1,028	1,385
Increase/(decrease) in provisions	(256)	(133)	(389)
At 31 March 2017	<u>101</u>	<u>895</u>	<u>996</u>
At 31 March 2016	Deferred tax* £'000	Decommissioning £'000	Total £'000
At 1 April 2015	566	971	1,537
Increase/(decrease) in provisions	(209)	57	(152)
At 31 March 2016	<u>357</u>	<u>1,028</u>	<u>1,385</u>

*Reflected in Group Statement of Financial Position

	31 March 2017 £'000	31 March 2016 £'000
Deferred tax asset	398	208
Deferred tax liability	(499)	(565)
At 31 March	<u>(101)</u>	<u>(357)</u>

The decommissioning provision provides for the future costs of decommissioning the wind farm. The provision has been discounted at an annual rate of 2.692% (year end 31 March 2016: 1.688%) and this discount will be unwound and charged to the Group Income Statement until 2032, the estimated date of decommissioning.

An analysis of the deferred tax credit is provided in note 8.

20. Share Capital & Reserves

Share capital

The balances classified as share capital represents the proceeds on issue of the Company's equity share capital, comprising £1 ordinary shares.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

20. Share Capital & Reserves (continued)

There is no minimum or maximum share capital for private limited companies under the UK Companies Act 2006. There is no requirement for private limited companies to have an authorised share capital.

The voting rights of the ordinary shares rank equally. Each member shall have one vote per share held. Each ordinary share ranks equally for any dividend declared. Each ordinary share ranks equally for any distribution made on a winding up. These ordinary shares are not redeemable.

Ordinary shares of £1 each	Number of shares	Group and Company £'000
At 1 April 2016	10,804,631	10,805
At 31 March 2017	<u>10,804,631</u>	<u>10,805</u>

Cash flow hedge reserve

The hedge reserve is used to record the unrealised gains and losses incurred on derivatives designated as cash flow hedges.

21. Financial Commitments

Future minimum rentals payable under non-cancellable operating lease are as follows:

	Group 31 March 2017 £'000	Group 31 March 2016 £'000
Not later than one year	(101)	(101)
After one year but not more than five years	(405)	(405)
After five years	<u>(771)</u>	<u>(873)</u>
At 31 March	<u>(1,277)</u>	<u>(1,379)</u>

The company does not have any outstanding capital commitments.

22. Non-Controlling Interests

	Group 31 March 2017 £'000	Group 31 March 2016 £'000
At beginning of the year	140	92
Share of the (loss)/profit for the year	<u>(187)</u>	<u>48</u>
At 31 March	<u>(47)</u>	<u>140</u>

23. Contingent Liabilities

At 31 March 2017 and 31 March 2016 there were no contingent liabilities requiring disclosure.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

24. Related Party Transactions

Project Cyclone 2 DAC is an entity under common control to IIF Cyclone NI Limited, the Parent Company of the Group. Both companies are 100% owned by the Irish Infrastructure Fund. The tables below show details of the Group's loans from Project Cyclone 2 DAC at 31 March 2017 and 31 March 2016.

At 31 March 2017	Principal	Accrued Interest	Maturity	Liens/Covenants	Interest rate
	£'000	£'000	£'000		(per annum)
IIF Cyclone NI Holdco Limited	5,591	452	None stated	None	8%
IIF Cyclone NI Limited	17,532	3,329	14 June 2032	None	8%
	23,123	3,781			

At 31 March 2016	Principal	Accrued Interest	Maturity	Liens/Covenants	Interest rate
	£'000	£'000	£'000		(per annum)
IIF Cyclone NI Holdco Limited	6,326	257	None stated	None	8%
IIF Cyclone NI Limited	17,532	2,225	14 June 2032	None	8%
	23,858	2,482			

Interest accrued on loans with Project Cyclone 2 DAC during the year amounted to £1.9 million (year end 31 March 2016: £1.9 million) of which £0.5 million was paid during the year. The total amount owed to Project Cyclone 2 DAC at 31 March 2017 was £26.9million (year end 31 March 2016: £26.3million). All related party transactions are on an arm's length basis.

25. Financial Risk Management Objectives and Policies

The Group's investment activities expose it to various types of risks which are associated with the assets in which it invests. The Investment Manager of the Parent Undertaking, Irish Life Investment Managers Limited has been delegated and in turn has delegated to the Infrastructure Investment Manager, AMP Capital Investors (UK) Limited the responsibility for the establishment and oversight of the Group's risk management framework and for developing and monitoring the Group's risk management policies. The Group's risk management policies seek to minimise the potential adverse effects of these risks on the Group's financial performance.

The principal risks to which the Group is exposed are market risk (including currency and interest rate risk), credit risk, liquidity risk and operational risk.

a) Market risk

Market risk is the risk that changes in market conditions, such as foreign exchange rates and interest rates will affect the Group's income and in turn its ability to repay the notes or will affect the value of its holdings of infrastructure assets. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Although the Group operates solely in the United Kingdom, a certain amount of its costs are incurred in Euros. The Group manages the risk through the use of forward currency contracts.

Interest Rate risk

In order to manage its interest rate risk on its floating rate project finance facilities, the Group has entered into interest rate swaps. The Group's other borrowings carry fixed interest rates.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

25. Financial Risk Management Objectives and Policies (continued)

Interest Rate risk as at 31 March 2017

	Less than 1 year	More than 1 year	Non-interest bearing	Total
	GBP	GBP	GBP	GBP
	£'000	£'000	£'000	£'000
Assets				
Cash and cash equivalents	-	-	1,818	1,818
Amounts due from Parent Undertaking	-	-	84	84
Other debtors	-	-	1,597	1,597
Total Assets	-	-	3,499	3,499
Liabilities excluding redeemable shares				
Amounts owed to an entity under common control	-	(23,123)	(3,781)	(26,904)
Bank and other borrowings	(2,010)	(39,544)	-	(41,554)
Other creditors	-	-	(7,778)	(7,778)
Total Liabilities	(2,010)	(62,667)	(11,559)	(76,236)
	<u>(2,010)</u>	<u>(62,667)</u>		
Total interest sensitivity gap		<u>(64,677)</u>		

Interest Rate risk as at 31 March 2016

	Less than 1 year	More than 1 year	Non-interest bearing	Total
	GBP	GBP	GBP	GBP
	£'000	£'000	£'000	£'000
Assets				
Cash and cash equivalents	-	-	3,074	3,074
Amounts due from Parent Undertaking	-	-	73	73
Other debtors	-	-	1,701	1,701
Total Assets	-	-	4,848	4,848
Liabilities excluding redeemable shares				
Amounts owed to an entity under common control	-	(23,858)	(2,482)	(26,340)
Bank and other borrowings	(2,213)	(39,934)	-	(42,147)
Other creditors	-	-	(10,626)	(10,626)
Total Liabilities	(2,213)	(63,792)	(13,108)	(79,113)
	<u>(2,213)</u>	<u>(63,792)</u>		
Total interest sensitivity gap		<u>(66,005)</u>		

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

25. Financial Risk Management Objectives and Policies (continued)

At 31 March 2017, should interest rates have decreased or increased by 150 basis points with all other variables remaining constant, the net assets attributable to holders of ordinary shares for the year would increase by £2,948,063 or decrease by £2,948,063 respectively. The variation in these sensitivities is explained by historically low variable interest rates.

b) Credit risk

The Group has trade debtors due from the Single Electricity Market Operator (SEMO) and companies wholly owned by the minority interest shareholder of the Company's only investment IIF Cyclone NI Holdco Limited. The associated credit risk has been assessed as low and no provisions have been made.

Cash and cash equivalents

The Group's cash and cash equivalents are held at Northern Trust Limited –London Branch which was rated A+ based on rating agency Standard & Poor's at 31 March 2017 (Year ended 31 March 2016: A+). The counterparties to the loan are Rabobank International which was rated A+ and Norddeutsche Landesbank which was rated Baa3, based on rating agency Standard & Poor's and Moody's at 31 March 2017 (Year ended 31 March 2016: A+ and Baa2).

Management of credit risk

The Infrastructure Investment Manager, AMP Capital Investors (UK) Limited ("AMP"), monitors and manages this credit risk through three forums; monthly management meetings, quarterly board meetings and semi-annual asset strategy reviews.

During the meetings with these forums, representatives from AMP discuss the financial and operating performance of each investment.

The primary objective of these meetings is to ensure that each wind farm is being run as efficiently as possible and are adhering to their annual and monthly budgets. Quarterly board meetings act as a further layer of oversight and are also the body that sets the budget for the following year. In addition, AMP holds internal asset strategy review meetings on a semi-annual basis to further monitor and review the assets performance, which aims to refine the asset management strategy where needed, with a view to extracting maximum value from the underlying assets for the benefit of unit holders.

Trade Receivables

Trade receivables include amounts due from subsidiaries of the Parent Undertaking. Based on performance of these investments the credit risk in relation to these balances is not deemed to be significant.

c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled delivering cash or another financial asset.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

25. Financial Risk Management Objectives and Policies (continued)

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The bank loan facility is repayable in semi-annual instalments to 2030. The Group operates this facility within its financial covenants.

The table below analyses the Group's financial liabilities into relevant maturity groups based on the remaining period at the reporting date to the contractual maturity date.

The maximum liquidity risk exposure as at financial year ended 31 March 2017 is:

	Total	-3 Months	12 Months	1-5 Years	>5 Years
	£'000	£'000	£'000	£'000	£'000
Bank loans	41,554	-	2,010	14,394	25,150
Amounts owed to an entity under common control	26,904	-	3,781	-	23,123
Other creditors	57	-	57	-	-
	<u>68,515</u>	<u>-</u>	<u>5,848</u>	<u>14,394</u>	<u>48,273</u>

The maximum liquidity risk exposure as at financial year ended 31 March 2016 is:

	Total	-3 Months	12 Months	1-5 Years	>5 Years
	£'000	£'000	£'000	£'000	£'000
Bank loans	42,147	-	2,213	13,068	26,866
Amounts owed to an entity under common control	26,340	-	2,482	-	23,858
Other creditors	45	-	45	-	-
	<u>68,532</u>	<u>-</u>	<u>4,740</u>	<u>13,068</u>	<u>50,724</u>

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2017

25. Financial Risk Management Objectives and Policies (continued)

d) *Operational risk*

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the companies processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Windfarm Assets are operated and maintained by external parties under contractual relationships. In the case of the windfarms, poor operational and maintenance performance by these third parties may impact negatively on the value of the windfarms. Turbine availability and wind speeds can affect the performance of the underlying portfolio companies. To the extent that assumptions regarding turbine availability and wind speeds prove incorrect, returns to the Company could be adversely affected.

26. Ultimate Parent Undertaking

The Company's immediate Ultimate Parent Undertaking is the Irish Infrastructure Fund, a sub-fund of the Irish Infrastructure Trust. Irish Infrastructure Fund was approved as a Qualifying Investor Alternative Investment Fund ("QIAIF") by the Central Bank of Ireland on 23 July 2014. A Depositary Agreement dated 23 July 2014 between Northern Trust Fiduciary Services (Ireland) Limited and Irish Infrastructure Trust was issued and this provides Depositary services to the Company. Depositary fees on behalf of the Company are charged and settled at the Parent Undertaking level. This Depositary Agreement replaces the previous Custodian agreement, also between Northern Trust Fiduciary Services (Ireland) Limited and the Company.

27. Comparative Information

These financial statements represent the year from 1 April 2016 to 31 March 2017. The comparative information represents the year from 1 April 2015 to 31 March 2016.

28. Events after the Balance Sheet Date

There were no events after the balance date that require disclosure or necessitate revision to the figures.

29. Approval of the Financial Statements

The financial statements were approved by the Board of Directors on **18** December 2017.