

IIF CYCLONE NI LIMITED

(Registered number NI 612808)

Annual Report and Financial Statements

For the year ended 31 March 2018

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IIF CYCLONE NI LIMITED

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IIF CYCLONE NI LIMITED

Management and 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
Level 4, Berkeley Square House
Berkeley House
London, W1J 6BX
United Kingdom

Secretary

Sanne Corporate Administration Services Ireland Limited
(formerly Castlewood Corporate Services Limited)
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 2018.

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. This combined with higher prices and marginally higher wind speeds have resulted in the increase in revenue to £9.3 million for the year to 31 March 2018 as compared with £7.4 million for the year to 31 March 2017.

Management key performance indicator is earnings before interest, tax, depreciation and amortisation ("EBITDA"). EBITDA for the year under review was £6.8 million (year end 31 March 2017: £5.5 million). The increase on the EBITDA is principally explained by the increase in revenue as outlined above offset by increases in operations and maintenance, TUOS and land rental costs. The loss for the year was £0.7 million (2017 loss £2.1 million). The increase in EBITDA was the key driver of 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 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.

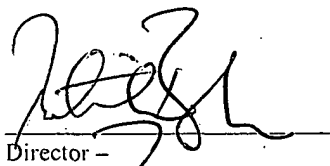
Brexit


The United Kingdom ('UK') Government has invoked Article 50 of the Treaty on European Union ('EU'). The UK is due to leave the EU on 29 March 2019. The mechanism and manner in which the UK will leave is currently under negotiation and a high degree of uncertainty exists with respect to this. Due to this high level of uncertainty the directors are not in a position to assess how this may impact on the business of the group.

Results

The results for the year ended 31 March 2018 and year ended 31 March 2017 are shown on page 9.

This report was approved by the Board on 23 November 2018 and signed on its behalf by:


Director -


Director - COLM O'NEILL

Date: 23 November 2018

IIF CYCLONE NI LIMITED

Directors' Report

The Directors of IIF Cyclone NI Limited (the "Company") present the annual report and financial statements for the year ended 31 March 2018 ("2018").

Results and dividends

The Group reported a loss before taxation for the year in the amount of £668,000 (year end 31 March 2017: loss £2,027,000). The reduction in the loss reported is due to an increase in group revenue partially offset by increased operations and maintenance, TUOS and land rental costs. There was no dividend paid during the year (year end 31 March 2017: £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 2017: £Nil).

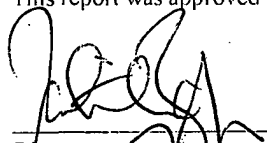
Subsequent events


The shareholders have entered into a process to identify a buyer for the companies within IIF Cyclone NI Hold Co Limited Group. The process is currently ongoing and nothing is committed to as at the date of signing.

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 23 November 2018 and signed on its behalf by:


Director -
PATRICK BURKE


Director -
COLIN O'NEILL

Date: 23 November 2018

IIF CYCLONE NI LIMITED

Directors' Responsibilities Statement

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.

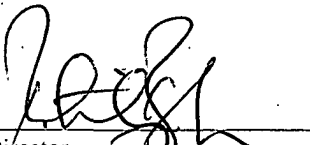
Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

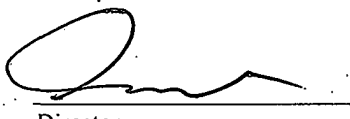
In preparing the financial statements the directors are required to:

- 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 23 November 2018 and signed on its behalf by:


Director –
PATRICK BURKE


Director - COLM O'NEILL

Date: 23 November 2018

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

Opinion

We have audited the financial statements of IIF Cyclone NI Limited ('the company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Group Income Statement, the Group Statement of Other Comprehensive Income, the Group and Company Statements of Financial Position, the Group and Company Statement of Changes in Equity, the Group Statement of Cash Flows, and the related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 March 2018 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 parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Michael Kidd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

Date 12 December 2018

IIF CYCLONE NI LIMITED

Group Income Statement

For the year ended 31 March 2018

	Notes	31 March 2018 £'000	31 March 2017 £'000
Group revenue	4	9,323	7,438
Group operating costs	6	(5,494)	(4,894)
Group operating profit		3,829	2,544
Finance income		-	2
Finance costs	5	(4,497)	(4,573)
Loss on ordinary activities before taxation		(668)	(2,027)
Taxation credit/(charge)	8	41	(26)
Loss on ordinary activities after taxation		(627)	(2,053)
Attributable to:			
Equity holders of the parent		(723)	(1,866)
Non – controlling interest	22	96	(187)
Loss for the financial year		(627)	(2,053)

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 2018

	31 March 2018 £'000	31 March 2017 £'000
Loss for the financial year	(627)	(2,053)
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):		
Gain/(loss) on cash flow hedges	619	(739)
Transfers to income statement	1,197	1,214
Net other comprehensive income for the year	1,816	475
Total comprehensive profit/(loss) for the year	1,189	(1,578)
Attributable to:		
Equity holders of the parent	1,093	(1,391)
Non – controlling interest	96	(187)

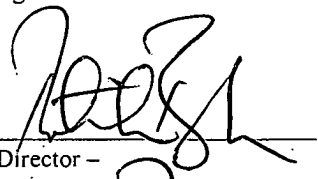
The notes on pages 15 to 38 form an integral part of these financial statements.


IIF CYCLONE NI LIMITED
(Registered number NI 612808)
Group Statement of Financial Position

As at 31 March 2018

	Notes	31 March 2018 £'000	31 March 2017 £'000
Assets			
Non-current assets			
Property, plant and equipment	10	42,895	45,863
Goodwill	11	26,103	26,103
Total non-current assets		68,998	71,966
Current assets			
Trade and other receivables	13	2,188	1,681
Cash and cash equivalents	14	3,475	1,818
Total current assets		5,663	3,499
Total assets		74,661	75,465
Current liabilities			
Other financial liabilities	15	(7,302)	(5,791)
Income tax liability		-	(261)
Trade and other payables	15	(476)	(319)
Derivative financial instruments	18	(999)	(1,297)
Total current liabilities		(8,777)	(7,668)
Non-current liabilities			
Other financial liabilities	16	(60,600)	(62,504)
Deferred tax liability	19	(343)	(101)
Provisions for liabilities and charges	19	(974)	(895)
Derivative financial instruments	18	(3,151)	(4,670)
Total non-current liabilities		(65,068)	(68,170)
Total liabilities		(73,845)	(75,838)
Net assets/(liabilities)		816	(373)
Equity			
Share Capital	20	10,805	10,805
Cash flow hedging reserve	20	(4,150)	(5,966)
Retained earnings		(5,888)	(5,165)
Equity attributable to equity holders		767	(326)
Non – controlling interest	22	49	(47)
Shareholders surplus/(deficit)		816	(373)

The financial statements were approved by the Board of Directors and authorised for issue on 23 November 2018. They were signed on behalf of the Board of Directors by:


Director –
PATRICK BURKE


Director –
COLM O'NEILL

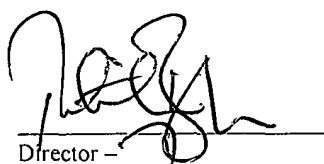
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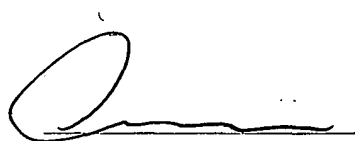
IIF CYCLONE NI LIMITED
(Registered number NI 612808)
Company Statement of Financial Position

As at 31 March 2018

	<i>Notes</i>	31 March 2018 £'000	31 March 2017 £'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	-	84
Group Relief	13	286	561
Cash and cash equivalents	14	-	-
Total current assets		286	645
Total assets		28,741	29,100
Current liabilities			
Creditors: amounts falling due within one year			
Trade and other payables	15	(1)	(51)
Financial liabilities	15	(4,450)	(3,329)
Total current liabilities		(4,451)	(3,380)
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		(21,983)	(20,912)
Net assets		6,758	8,188
Capital and Reserves			
Share capital	20	10,805	10,805
Profit and loss reserve		(4,047)	(2,617)
Total shareholders' funds		6,758	8,188

The financial statements were approved by the Board of Directors and authorised for issue on 23 November 2018. They were signed on its behalf by:


Director - **PATRICK BURKE**


Director - **COLM O'NEILL**

The notes on pages 15 to 38 form an integral part of these financial statements.

IIF CYCLONE NI LIMITED
Group Statement of Changes in Equity
As at 31 March 2018

	Issued Capital £'000	Retained earnings £'000	Cash flow hedge £'000	Non- controlling interest £'000	Total 31 March 2018 £'000
Opening balance as at 1 April 2017	10,805	(5,165)	(5,966)	(47)	(373)
(Loss)/profit for the year	-	(723)	-	96	(627)
Other comprehensive income	-	-	1,816	-	1,816
Balance at 31 March 2018	10,805	(5,888)	(4,150)	49	816

	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)

The notes on pages 15 to 38 form an integral part of these financial statements.

IIF CYCLONE NI LIMITED

Company Statement of Changes in Equity

As at 31 March 2018

	Issued Capital £'000	Retained earnings £'000	Total 31 March 2018 £'000
Opening balance as at 1 April 2017	10,805	(2,617)	8,188
Loss for the year	-	(1,430)	(1,430)
Balance at 31 March 2018	10,805	(4,047)	6,758

	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

The notes on pages 15 to 38 form an integral part of these financial statements.

IIF CYCLONE NI LIMITED

Group Statement of Cash Flows

As at 31 March 2018

	Notes	31 March 2018 £'000	31 March 2017 £'000
Cash Flows from Operating Activities			
Group operating profit		3,829	2,544
Adjustments for:			
Depreciation charge	10	3,013	2,971
Interest expense paid		(2,731)	(3,128)
Interest received		-	2
Changes in:			
(Increase)/decrease in trade and other receivables		(489)	74
Increase in trade and other payables		45	3
Net Cash Inflow from Operating Activities		<u>3,667</u>	<u>2,466</u>
Cash Flows from Investing Activities			
Disposal of tangible fixed assets	10	-	153
Decrease in capital accruals		-	(744)
Net Cash Outflow from Investing Activities		<u>-</u>	<u>(591)</u>
Cash Flows from Financing Activities			
Repayment of borrowings		(2,010)	(3,131)
Net Cash Outflow from Financing Activities		<u>(2,010)</u>	<u>(3,131)</u>
Net increase/(decrease) in cash and cash equivalents (per above)		1,657	(1,256)
Cash and cash equivalents at the beginning of the year	14	1,818	3,074
Cash and cash equivalents at the end of the year	14	<u>3,475</u>	<u>1,818</u>

The notes on pages 15 to 38 form an integral part of these financial statements.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements

For the year ended 31 March 2018

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 2018.

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

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

3. Accounting policies (continued)

Basis of consolidation (continued)

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

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 2018

3. Accounting policies (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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

3. Accounting policies (continued)

i) Financial assets (continued)

Subsequent measurement

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. Trade and other receivables consist of trade debtors, prepayments, and accrued income and are accounted for initially at fair value.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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.

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.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

3. Accounting policies (continued)

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

3. Accounting policies (continued)

Derivative financial instruments and hedge accounting

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.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving 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 financial reporting periods for which they were designated.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. 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 Discounted Cash Flow ("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.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

3. Accounting policies (continued)

Impairment of non-financial assets (continued)

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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.

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.

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 substantively 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.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

3. Accounting policies (continued)

Taxation (continued)

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 substantially 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.

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 turnover arises 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.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

3. Accounting policies (continued)

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.

New and amended standards and interpretations

The Group applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2017. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the impact of each amendment is described below:

Amendments to IAS 7 statement of cash flows: disclosure initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the information for current period in Note 25.

Amendments to IAS 12 income taxes: recognition of deferred tax assets for unrealised losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The Group applied amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. To the extent necessary to satisfy this requirement, an entity discloses the following changes in liabilities arising from financing activities:

- Changes from financing cash flows
- Changes arising from obtaining or losing control of subsidiaries or other businesses
- The effect of changes in foreign exchange rates
- Changes in fair values
- Other changes

Paragraph 44C of IAS 7 states that liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities. In addition, the disclosure requirement in paragraph 44A also applies to changes in financial assets (for example, assets that hedge liabilities arising from financing activities), if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

The amendments suggest that the disclosure requirement may be met by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Where an entity discloses such a reconciliation, it shall provide sufficient information to enable users of the financial statements to link items included in the reconciliation to the statement of financial position and the statement of cash flows.

On initial application of the amendment, entities are not required to provide comparative information from preceding period.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

3. Accounting policies (continued)

Standard issued but not yet effective

At the date of authorisation of the Group's consolidated financial statements, the following new standards and interpretations which have not been applied in preparing these financial statements were in issue, but not yet effective, and in some cases have not yet been adopted by the EU. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments (effective 1 January 2018)

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group adopted IFRS 9 on 1 April 2018 in accordance with the transition provisions of the standard.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. The Group has performed an assessment of the impact of IFRS 9 in relation to hedge accounting and has concluded that the Group's current hedge relationships will continue to qualify as hedges under the new hedge accounting rules. Accordingly there will be no impact on the accounting for the Group's existing hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. Following an assessment the Group has determined that the main impact of this standard is in relation to the impairment of trade receivables. The Group has adopted the simplified approach as allowed under the standard which involves the use of a provisioning matrix and has determined that there will be no significant change to the level of bad debt provisioning across the Group.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosure about its financial instruments particularly in the first year of adoption of the new standard.

IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)

IFRS 15 Revenue from Contracts with Customers ('IFRS 15') will replace IAS 18 Revenue, and IAS 11 Construction Contracts and related interpretations. The new standard is applicable for the Group from 1 April 2018 and the Group has chosen to adopt IFRS 15 using the full retrospective approach. IFRS 15 outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The standard establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The five steps relate to identifying the contract with a customer, identifying the separate performance obligations in the contract, determining the transaction price, allocating the transaction price to the separate performance obligations and recognising revenue when (or as) the entity satisfies the performance obligation under the contract.

The Group has performed a detailed assessment of the impact of IFRS 15 on the revenues of each business unit within the Group and has determined that, for the vast majority of the Group's revenue, the application of IFRS 15 will have no impact on the current revenue recognition practices and revenue will continue to be measured over time.

IFRS 16 - Leases (effective 1 January 2019)

IFRS 16 specifies the recognition, measurement, presentation and disclosure of leases and will be applied for the first time in the Group's Consolidated Financial Statements for the year ended 31 March 2020. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value.

The Group has entered into operating leases for land relating to the renewable asset portfolio which do fall under the scope of IFRS 16. Whilst the Group continues to assess the exact financial impact of adopting IFRS 16, the adoption of this standard is expected to have a material impact on the Consolidated Financial Statements as follows:

- The present value of the Group's operating lease commitments (£1,176,000) on an undiscounted basis at 31 March 2018 as disclosed in note 21) will be recognised on the balance sheet as a right-of-use asset together with a corresponding lease liability;

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

3. Accounting policies (continued)

Standard issued but not yet effective (continued)

IFRS 16 – Leases (continued)

- Operating lease rentals currently recognised within other operating costs (see note 6) will decrease to a negligible amount. However, depreciation included within operating costs and finance costs will increase in respect of the depreciation of the right-of-use asset over the term of the lease with an associated finance cost applied annually to the lease liability.

IFRIC 23 Uncertainty over Income Tax Treatments (effective 1 January 2019)

IFRIC 23 was issued in June 2017; with an effective date of 1 January 2019. It clarified the accounting for uncertainties in income taxes. The Group is currently evaluating the impact of this interpretation on future periods.

4. Group revenue

	Group 31 March 2018 £'000	Group 31 March 2017 £'000
Electricity sales	9,282	7,408
Other income	41	30
	<u>9,323</u>	<u>7,438</u>

Turnover is generated from wind farm assets located in Northern Ireland.

5. Finance costs

	Group 31 March 2018 £'000	Group 31 March 2017 £'000
Interest payable on bank loans and overdrafts	(1,193)	(1,319)
Interest payable to an entity under common control	(1,850)	(1,851)
Other interest payable	(112)	(114)
Commitment fees	(31)	(31)
Interest rate swap charges	(1,203)	(1,214)
Other financing costs	(108)	(44)
Total interest payable and similar charges	<u>(4,497)</u>	<u>(4,573)</u>

6. Group Operating costs

	Group 31 March 2018 £'000	Group 31 March 2017 £'000
Loss on ordinary activities before tax is stated after charging:		
Depreciation of property, plant and equipment	(3,013)	(2,971)
Operating lease payments	(125)	(188)
Auditors remuneration - parent company	(42)	(10)

Auditors' remuneration in respect of the subsidiary companies has been borne by the 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 2018 and year ended 31 March 2017. The Company and the Group did not have any employees during the year (year end 31 March 2017: Nil).

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

8. Tax on loss on ordinary activities

	31 March 2018 £'000	31 March 2017 £'000
Corporation tax charge		
Adjustment in respect of prior year subsidiaries	(283)	282
Corporation tax charge on ordinary activities	(283)	282
Deferred tax*		
Origin and reversal of timing differences in current year	267	(295)
Effect of decreased tax rate on opening asset	-	(23)
Adjustment in respect of prior periods	3	(189)
Consolidated adjustments prior year	-	251
Impact of change in tax rates	(28)	-
Deferred tax on ordinary activities	242	(256)
Total tax (credit)/charge on ordinary activities	(41)	26

	Group 31 March 2018 £'000	Group 31 March 2017 £'000
--	------------------------------------	------------------------------------

*Reconciliation of total deferred tax

Accelerated capital allowances	274	(190)
Other short term timing differences	(32)	(66)
Deferred tax	242	(256)

Deferred tax has been calculated at 17% as at 31 March 2018 (year end 31 March 2017: 20%) reflecting HMRC enactment, in September 2016, of a reduction in the corporation tax rate effective from 1 April 2020.

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 2018 of 19% (year end 31 March 2017: 20%). The differences are explained below:

	Group 31 March 2018 £'000	Group 31 March 2017 £'000
Loss before tax	(668)	(2,027)
Loss multiplied by the standard rate of corporation tax of 19% (2017: 20%)	(127)	(405)
Effects of:		
Expenses not deductible for tax purposes	394	58
Deferred tax unrecognised	-	1
Adjustments in respect of previous periods	(280)	344
Impact of change in tax rates	(28)	28
Current tax (credit)/charge in the year	(41)	26

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

9. Loss attributable to the parent company

The loss dealt within the financial statements at the Parent Company is £1,429,958 for the year ended 31 March 2018 (year end 31 March 2017 loss: £1,118,624).

10. Property, plant and equipment

	Group Generation Assets 31 March 2018 £'000	Group Generation Assets 31 March 2017 £'000
At 1 April	60,166	60,491
Disposals	-	(153)
Increase/(decrease) in decommissioning provision	45	(172)
At 31 March	<u>60,211</u>	<u>60,166</u>
Accumulated depreciation		
At 1 April	(14,303)	(11,332)
Depreciation charge for the year	(3,013)	(2,971)
Accumulated depreciation at 31 March	<u>(17,316)</u>	<u>(14,303)</u>
Net book value at 31 March	<u>42,895</u>	<u>45,863</u>

11. Goodwill

	Group 31 March 2018 £'000	Group 31 March 2017 £'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 2018

12. Investments

	Company 31 March 2018 £'000	Company 31 March 2017 £'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 2018 £'000	Group 31 March 2017 £'000
Current		
Trade receivables	1,817	1,412
Prepayments and accrued income	363	185
Tax debtor	8	-
Amounts due from parent undertaking	-	84
	<u>2,188</u>	<u>1,681</u>

	Company 31 March 2018 £'000	Company 31 March 2017 £'000
Current		
Amounts due from parent undertaking	-	84
Group relief receivable	286	561
	<u>286</u>	<u>645</u>

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

14. Cash and cash equivalents

	Group 31 March 2018 £'000	Group 31 March 2017 £'000
Cash and cash equivalents	3,475	1,818
	Company 31 March 2018 £'000	Company 31 March 2017 £'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 2018 £'000	Group 31 March 2017 £'000
Other financial liabilities		
Amounts owed to an entity under common control (note 24)	(5,335)	(3,781)
Bank and other borrowings (note 17)	(1,967)	(2,010)
	(7,302)	(5,791)
Trade and other payables		
Accruals	(453)	(262)
Trade payables	(17)	(51)
Other payables	(6)	(6)
	(476)	(319)
	(7,778)	(6,110)
	Company 31 March 2018 £'000	Company 31 March 2017 £'000
Amounts owed to an entity under common control (note 24)	(4,450)	(3,329)
Accruals	(1)	(51)
	(4,451)	(3,380)

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

16. Trade and other payables: non current

	Group 31 March 2018 £'000	Group 31 March 2017 £'000
Other financial liabilities		
Bank and other borrowings (note 17)	(37,576)	(39,544)
Less unamortised financing costs	1,497	1,561
Amounts owed to an entity under common control (note 24)	(23,123)	(23,123)
Amounts owed to minority interest shareholder in IIF Cyclone NI Holdco Limited	(1,398)	(1,398)
	<u>(60,600)</u>	<u>(62,504)</u>
	Company 31 March 2018 £'000	Company 31 March 2017 £'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 2018 and 31 March 2017.

At 31 March 2018	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Bank loan facility agreement	<u>1,967</u>	<u>17,473</u>	<u>20,103</u>	<u>39,543</u>
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>

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 2018 and 31 March 2017, 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 2018

18. Derivative financial instruments (continued)

Derivative type	31 March 2018 £'000	31 March 2017 £'000
Forward currency contracts	9	93
Interest rate swaps	4,141	5,874
	<u>4,150</u>	<u>5,967</u>
Current financial instruments	31 March 2018 £'000	31 March 2017 £'000
Forward currency contracts	9	93
Interest rate swaps	990	1,204
	<u>999</u>	<u>1,297</u>
Non-current financial instruments	31 March 2018 £'000	31 March 2017 £'000
Forward currency contracts	-	-
Interest rate swaps	3,151	4,670
	<u>3,151</u>	<u>4,670</u>

19. Provisions for liabilities and charges

At 31 March 2018	Deferred tax*	Decommissioning	Total
	£'000	£'000	£'000
At 1 April 2017	101	895	996
Increase in provisions	242	79	321
At 31 March 2018	<u>343</u>	<u>974</u>	<u>1,317</u>
At 31 March 2017	Deferred tax*	Decommissioning	Total
	£'000	£'000	£'000
At 1 April 2016	357	1,028	1,385
Decrease in provisions	(256)	(133)	(389)
At 31 March 2017	<u>101</u>	<u>895</u>	<u>996</u>

*Reflected in group statement
of financial position

	31 March 2018 £'000	31 March 2017 £'000
Deferred tax asset	125	398
Deferred tax liability	(468)	(499)
At 31 March	<u>(343)</u>	<u>(101)</u>

The decommissioning provision provides for the future costs of decommissioning the wind farm. The provision has been discounted at an annual rate of 2.800% (year end 31 March 2017: 2.692%) 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.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

20. Share capital & reserves

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

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 2017	10,804,631	10,805
At 31 March 2018	<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 2018 £'000	Group 31 March 2017 £'000
Not later than one year	(101)	(101)
After one year but not more than five years	(405)	(405)
After five years	(670)	(771)
At 31 March	<u>(1,176)</u>	<u>(1,277)</u>

The company does not have any outstanding capital commitments.

22. Non-controlling interests

	Group 31 March 2018 £'000	Group 31 March 2017 £'000
At beginning of the year	(47)	140
Share of the profit/(loss) for the year	96	(187)
At 31 March	<u>49</u>	<u>(47)</u>

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

23. Contingent liabilities

At 31 March 2018 and 31 March 2017 there were no contingent liabilities requiring disclosure.

24. Related party transactions

Project Cyclone 2 DAC is an entity under common control of 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 2018 and 31 March 2017.

At 31 March 2018	Principal	Accrued Interest	Maturity	Liens/Covenants	Interest rate
	£'000	£'000	£'000		(per annum)
IIF Cyclone NI Holdco Limited	5,591	885	None stated	None	8%
IIF Cyclone NI Limited	17,532	4,450	14 June 2032	None	8%
	23,123	5,335			

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			

Interest accrued on loans with Project Cyclone 2 DAC during the year amounted to £1.9 million (year end 31 March 2017: £1.9 million) of which £0.3 million (year end 31 March 2017: £0.5 million) was paid during the year. The total amount owed to Project Cyclone 2 DAC at 31 March 2018 was £28.5 million (year end 31 March 2017: £26.9 million). 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.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

25. Financial risk management objectives and policies (continued)

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.

Interest rate risk as at 31 March 2018

	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	-	-	3,475	3,475
Amounts due from parent undertaking	-	-	-	-
Other debtors	-	-	2,188	2,188
Total Assets	-	-	5,663	5,663
Liabilities excluding redeemable shares				
Amounts owed to an entity under common control	-	(23,123)	(5,335)	(28,458)
Bank and other borrowings	(1,967)	(37,576)	-	(39,543)
Other creditors	-	-	(6,472)	(6,472)
Total Liabilities	(1,967)	(60,699)	(11,807)	(74,473)
	<u>(1,967)</u>	<u>(60,699)</u>		
Total interest sensitivity gap		<u>(62,666)</u>		

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

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>		

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 2018 (Year ended 31 March 2017: A+). The counterparties to the loan are Rabobank International which was rated A+ and Norddeutsche Landesbank which was rated Baa2, based on rating agency Standard & Poor's and Moody's at 31 March 2018 (Year ended 31 March 2017: A+ and Baa3).

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.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

25. Financial risk management objectives and policies (continued)

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.

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.

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 2018 is:

	Total £'000	1-3 Months £'000	3-12 Months £'000	1-5 Years £'000	>5 Years £'000
Bank loans	39,543	-	1,967	17,473	20,103
Amounts owed to an entity under common control	28,458	-	5,335	-	23,123
Other creditors	23	-	23	-	-
	68,024	-	7,325	17,473	43,226

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

	Total £'000	1-3 Months £'000	3-12 Months £'000	1-5 Years £'000	>5 Years £'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	-	-
	68,515	-	5,848	14,394	48,273

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

25. Financial risk management objectives and policies (continued)

Changes in liabilities arising from financing activities

	At 31 March 2017	Cash flows	Other	At 31 March 2018
	£'000	£'000	£'000	£'000
Project finance	(39,993)	2,010	(63)	(38,046)
Amounts owed to fellow subsidiary undertakings	(26,904)	296	(1,850)	(28,458)
Amounts owed to minority interest shareholder in IIF Cyclone NI Holdco Limited	(1,397)	-	-	(1,397)
Total	(68,294)	2,306	(1,913)	(67,901)

	At 31 March 2016	Cash flows	Other	At 31 March 2017
	£'000	£'000	£'000	£'000
Project finance	(42,147)	2,213	(59)	(39,993)
Amounts owed to fellow subsidiary undertakings	(26,339)	1,286	(1,851)	(26,904)
Amounts owed to minority interest shareholder in IIF Cyclone NI Holdco Limited	(1,581)	184	-	(1,397)
Total	(70,067)	3,683	(1,910)	(68,294)

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 2017 to 31 March 2018. The comparative information represents the year from 1 April 2016 to 31 March 2017.

IIF CYCLONE NI LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 March 2018

28. Events after the balance sheet date

The shareholders have entered into a process to identify a buyer for the companies within IIF Cyclone NI Hold Co Limited Group. The process is currently ongoing and nothing is committed to as at the date of signing.

29. Approval of the financial statements

The financial statements were approved by the Board of Directors on 23 November 2018.