TRIG
The Renewables
Infrastructure Group

Annual Report and Audited Financial Statements

For the year ended 31 December 2021

European Wind Investments Group 3 Limited

Registered number: 12260874

European Wind Investments Group 3 Limited

Company information

Directors

C Gill
P R P George
R Crawford
J Entract

Company secretary

E Mendes

Registered office

Level 7, One Bartholomew Close
Barts Square
London
EC1A 7BL

Auditor

Deloitte LLP
London
United Kingdom

Contents

Strategic report

The Directors present their strategic report of European Investments Group 3 Limited (the "Company" and with its subsidiary, the "Group"), a limited company incorporated in England and Wales, which has been prepared in compliance with s414c of the Companies Act 2006, for the year ended 31 December 2021.

The strategic report has been prepared for European Wind Investments Group 3 Limited and its one investment (2020: one investment) and therefore gives a greater emphasis to those matters which are significant to the group when viewed as a whole.

The Company was incorporated on 14 October 2019 to hold a UK wind asset.

Business review

The principal activity of the Company during the year was the undertaking of investment activities on behalf of its ultimate parent, The Renewables Infrastructure Group Limited ("TRIG Ltd"). The Company is an investment holding company, investing in the subordinated loan stock and ordinary equity of renewable energy infrastructure companies. The principal activity of the Company is the development and management of onshore wind farms. The Company, its immediate parent, The Renewables Infrastructure Group (UK) Limited ("TRIG UK"), TRIG Ltd and the portfolio of investments are known collectively as the TRIG group ("the Group").

Results and performance

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

The Company has prepared financial statements for the year to 31 December 2021. The Company's financial statements have been prepared in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council ("FRC").

Profit before tax was £1.3m (2020 long period from 14 October 2019 to 31 December 2020: £2.7m loss) , based on Total Operating Profit of £3.4m (2020 long period: £0.3m loss) for the year ended 31 December 2021.

At 31 December 2021, the Company had 1 project (2020: 1 project) in its investment portfolio, which is measured at fair value in accordance with FRS 102 section 9.9. As at 31 December 2021, the fair value of the Company's investments was £41.8m (2020: £43.7m).

The Company's cash as at 31 December 2021 was £0.3m (31 December 2020: £1.0m).

Share capital of £0.0m and share premium of £11.6m represent The Renewables Infrastructure Investments Group UK Limited ("TRIG UK I") 100% investment in the Company. Further details can be found in note 12 of the financial statements.

Strategy

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

The Directors do not anticipate any changes to the business activities in the forthcoming year.

Key performance indicators ("KPIs")

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

- Directors' portfolio valuation at year end which was measured at £41.8m (2020: £43.7m). a 4.3% decrease from prior period. This is due to a higher level of distribution from the project than the prior period which has been partially offset by an increase in power prices.
- Profit before tax of £1.3m (2020 short period: £2.7m loss), reflecting higher distributions received from the portfolio.

The Directors also consider power generation, power prices and availability against the "P50" central estimate for energy production (see note 4 for further details) to be key indicators of performance and monitor those aspects of the Group's performance via quarterly management information packs and statutory statements.

Principal risks and uncertainties

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

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

Energy productivity
The principal risk to energy production is the available incidence of wind power to generate output. The incidence of wind power is not under the control of the Directors, however, they aim to maximise availability and minimise the effect of downtime by scheduling repairs and maintenance activities at times of low wind.

Future wholesale electricity prices
The Group is exposed to changes in the wholesale price of electricity for a proportion of its overall revenues. This proportion is relatively small, however the Directors review forecasts for wholesale price from time to time. The Directors expect the wholesale price of electricity to increase in the future.

Government support for renewables
The Group derives some of its revenues from various Government support mechanisms for renewable electricity generation. Whilst Government support for renewables is not under the control of the Directors, they expect these mechanisms to remain in place for the full duration anticipated at the outset.

Impact of Covid-19
Since the start of 2020 an outbreak of coronavirus (which causes Covid-19) has spread to become a global pandemic, which in conjunction with the public health responses of various governments, has led to uncertainty in the market. The directors of the Company continue to follow advice given by the national and international agencies (including the World Health Organisation and Public Health England) to ensure best practices are followed.

To date there has not been a material impact on the ability of the Company to carry out its operations. Restrictions imposed by governments on public health grounds have impacted the consumption of electricity, and consequently electricity prices, however these measures are currently expected to be transitory and in place for the shortest period practicable, ultimately with a recovery to previous levels expected at this time. Consequently, the directors do not believe that there is a significant risk to the value of the Company's investments, operations or its overall business as a result of the Covid-19 pandemic but will continue to monitor any future developments.

Section 172(1) statement
The Company, as an intermediate holding company, has no employees, customers or suppliers and as such the directors primarily consider the interests of the ultimate parent company, TRIG Ltd, with regard to performing their duties on matters set out under Section 172 of the Companies Act 2006. The key board decisions approved during the year related to approval of the annual report and were in line with the strategic goals of both the Company and the parent company.

The Company adopted the policies and procedures of its parent company for its operations during the year. These are described in more detail in the TRIG Ltd annual report which is available at www.trig-ltd.com. Details of the policies can be found within the TRIG Ltd's financial statements.

Future developments
The Company seeks to benefit from steady income from the investments in its efficiently managed portfolio, delivering returns to its immediate parent company, The Renewables Infrastructure group (UK) Investments Limited, as well as to capitalise on future investment opportunities for renewables infrastructure.

Approved by the board and signed on behalf of the board by
Authorised signatory

Philip Roger Perkins George

P R P George
Director
29 September 2022

Directors' report

The Directors present their annual report and audited financial statements for the year ended 31 December 2021.

Principal activity
In accordance with CA2006 s414, further information regarding the Company's principal activity is found within the Strategic report on pages 1 to 3.

Dividends

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

Results for the period
The results for the year are set out in the profit and loss account on page 11.

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

C Gill
P R P George
W R Crawford
J Entract

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

Company Secretary
E Mendes

Registered office
Level 7, One Bartholomew Close, Barts Square, London, EC1A 7BL

Donations
The Company made no political donations during the current year or preceding period.

Going concern review
The Company's business activities, together with the factors likely to affect its future development and performance are set out in the Strategic Report and the Directors' Report. The financial position of the Company is disclosed on page 12. Its financial risk management objectives and details of its exposure to credit and liquidity risk are also disclosed in the Strategic Report and more detailed in Note 4 of the TRIG Ltd financial statements.

TRIG Ltd and its subsidiaries ("TRIG Group") is in a net asset position and has access to a revolving credit facility (RCF) of £500m as at December 2021, which was subsequently increased to £600m in February 2022 to support the Company's investments in new acquisitions. The facility is available until 31 December 2023 with the option to extend for a further 24 months, at the date of signing these financial statements, the facility was £230m drawn. Considering all relevant factors, including the review of the Company's cash flow forecasts, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The impact of Brexit on the company to date has been limited with forecast inflation and foreign exchange fluctuations being considered as part of the valuation of investments. Since the start of 2020, an outbreak of coronavirus (which causes Covid-19) has spread to become a global pandemic and has caused widespread economic disruption. The Directors have also considered the impact of Covid-19 on going concern.

While the situation is still evolving and uncertain, the Directors expect the impact on the Company to be low given the long-term Power Purchase Agreements (PPA's) in place and the impact of fluctuations in energy prices to be temporary. To date, there has not been a material impact on the ability of the Company to carry out its operations. The Directors have however, performed stress testing for a worse-case scenario and in this case the TRIG Group would still retain sufficient cash even if power prices were to significantly reduce. Taking all of the above into account and the ability to use the Company's revolving credit facility (RCF) to fund working capital if necessary, the Directors have therefore concluded that the use of the going concern assumption remains appropriate.

Energy and carbon reporting
The Directors have considered the Streamlined Energy and Carbon Reporting (SECR) regulation, which requires large companies to disclose total energy consumption for the reporting year. A SECR disclosure will not be required in the accounts, as the Company's total energy consumption for the year is below the reporting threshold.

Disclosure of information to the Auditor
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and that each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor are aware of that information. The confirmation is given and should be interpreted in accordance with provisions of s418 of the Companies Act 2006.

Subsequent events
Details on events after the balance sheet date are discussed in note 16 to the accounts.

Independent auditor
Deloitte LLP is deemed to be reappointed in accordance with an elective resolution made under section 487 of the Companies Act 2006 in the absence of an Annual General Meeting.

The following information has been disclosed in the Strategic Report:

- Financial risk management;
- Key performance indicators; and
- Future developments

Approved by the board and signed on behalf of the board by
Authorised signatory

Philip Roger Perkins George

P R P George
Director
29 September 2022

Directors' Responsibilities Statement in respect of the Director's report and financial statements

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditor's report to the members of European Wind Investments Group 3

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of European Wind Investments Group 3 (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 18.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

As a result of performing the above, we identified the greatest potential for fraud in the fair value of investments, and our specific procedures performed to address it are described below:

- obtaining an understanding of the relevant controls in respect of the valuation process adopted by the Investment Manager and Board, including the incorporation of new acquisitions and updates to the valuation models used at 31 December 2021;
- involving our valuation specialists in assessing the bifurcation discount rate methodology and benchmarking the discount rates against comparable market participants and transactions and considering the inherent risk profile of the underlying cash flows specific to each investment;
- evaluating the macroeconomic assumptions included in the forecasts with reference to observable market data and external forecasts;
- assessing the independent advice received by the company in respect of power prices, energy yields, asset lives and discount rates and meeting with those advisers where appropriate to understand the methodology used and challenge key assumptions through the use of benchmarking against third party sources;
- involving our tax specialists in assessing the tax treatment of portfolio level reliefs; and
- assessing the impact of Covid-19 and climate change on the assumptions used within the fair value of the investments.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

We have nothing to report in respect of these matters.

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.

Anthony Matthews

Anthony Matthews FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
29 September 2022

Profit and loss account

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 £'000's	Period from 14 October 2019 to 31 December 2020 £'000's
Investment Income	5	506	591
Dividend income	5	4,659	1,713
Loss on investments	5	(1,727)	(2,567)
Total operating income/(loss)		**3,438**	**(263)**
Administrative expenses	6	(8)	(8)
Operating profit/(loss)		3,430	(271)
Finance costs	7	(2,165)	(2,465)
Profit/(loss) before tax		1,265	(2,736)
Income tax credit/(expense)	8	270	-
Profit/(loss) and Total Comprehensive Income/(Loss)		1,535	(2,736)

All results are derived from continuing operations.

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

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

Balance sheet
As at 31 December 2021

	Note	As at 31 December 2021 £'000's	As at 31 December 2020 £'000's
Non-current assets			
Investments at fair value through profit or loss	9	41,821	43,685
Total non-current assets		41,821	43,685
Current assets			
Cash and cash equivalents		330	996
Total current assets		330	996
Creditors: Amounts falling due within one year		(7)	(7)
Net current assets		323	989
Total assets less current liabilities		42,144	44,674
Creditors: Amounts falling due after more than one year	11	(31,719)	(35,784)
Net assets		10,425	8,890
Equity			
Called up share capital	12	1	1
Share premium	12	11,625	11,625
Retained reserves		(1,201)	(2,736)
Total equity attributable to owners of the parent		10,425	8,890

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

The financial statements were approved and authorised for issue by the Board of Directors on 29 September 2022, and signed on its behalf by:

Philip Roger Perkins George

P R P George
Director

Registered number: 12260874

Statement of changes in shareholders' equity

For the year ended 31 December 2021

	Share Capital £'000's	Share Premium £'000's	Retained Reserves £'000's	Total equity £'000's
Shareholders' equity at beginning of year	1	11,625	(2,736)	8,890
Profit and Total Comprehensive Income for the year	-	-	1,535	1,535
Shareholders' equity at end of year	1	11,625	(1,201)	10,425

For the period ended 31 December 2020

	Share Capital £'000's	Share Premium £'000's	Retained Reserves £'000's	Total equity £'000's
Shareholders' equity at beginning of period	-	-	-	-
Loss and Total Comprehensive Loss for the period	-	-	(2,736)	(2,736)
Ordinary shares issued	1	11,625	-	11,626
Shareholders' equity at end of period	1	11,625	(2,736)	8,890

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

Cash flow statement

For the year ended 31 December 2021

	Notes	Year ended 31 December 2021 £'000's	Period ended 31 December 2020 £'000's
Net cash flows from operating activities	13	5,684	2,759
Cash flows from investing activities			
Purchases of investments	9	-	(2,005)
Cash funded in investments	9	(118)	-
Net cash used in investing activities		(118)	(2,005)
Cash flows from financing activities			
Proceeds from issue of share capital during year		-	1
Proceeds from issue of loan notes		118	2,391
Interest and principal paid on loan notes		(6,350)	(2,150)
Net cash flows (used in)/ from financing activities		(6,231)	242
Net (decrease)/increase in cash and cash equivalents		(666)	996
Cash and cash equivalents at beginning of year		996	-
Cash and cash equivalents at end of year		330	996

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

Notes to the Audited Financial Statements

1. General information

European Wind Investments Group 3 Limited (the "Company") is a private company, limited by shares, registered in England Wales and incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given in the Directors' report on page 4. The nature of the Company's operations and its principal activities are set out in the Strategic Report.

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

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

2. Key accounting policies

(a) Basis of preparation

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

The principal accounting policies adopted are set out below.

(b) Going concern

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

The Company and its subsidiaries have a range of long-term contracts with various UK utility companies and well-established suppliers across a range of infrastructure projects. As a consequence, the Directors believe that the company is well placed to manage its business risks successfully. The Directors do not believe that there is a significant risk to the business as a result of the Covid-19 pandemic but will continue to monitor any future developments. The Company can also rely upon its Parent Company, TRIG UK I, for funding should it require it. Details of the TRIG Group's liquidity position and access to borrowing facilities are discussed further in the Directors Report.

The Company continues to perform well post year end and having performed the assessment of going concern and factoring forecasts into the going concern position, the Directors considered it appropriate to prepare the financial statements of the Company on a going concern basis. The Company has sufficient financial resources and liquidity and is well placed to manage business risks in the current economic environment and can continue operations for a period of at least 12 months from the date of signing of these financial statements.

(c) Basis of consolidation

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

(d) Financial instruments

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

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

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

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

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

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

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

Loans and borrowings
Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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

(e) Impairment

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

reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the profit and loss account.

(f) Investment income

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

(g) Income tax

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

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

(h) Foreign exchange gains and losses

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

3. Critical accounting judgements, estimates and assumptions

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

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

FRS 102 section 10.2 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Board base the fair value of the investments on information received from the Investment Manager. Fair value is calculated on a discounted cash flow basis.

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

The weighted average discount rate applied in the December 2021 valuation was 5.5% (December 2020: 6.13%). The discount rate is considered one of the most significant unobservable inputs through which an increase or decrease would have a material impact on the fair value of the investments at fair value through profit or loss which are further discussed in Note 4 under sensitivities of the TRIG Ltd accounts.

The other material impacts on the measurement of fair value are the forward-looking power price curve, energy yields, operating costs and macro-economic assumptions (including rates of inflation) which are also discussed in Note 4 under sensitivities. The company considers climate related risks when assessing these assumptions as detailed in section 2.4 of the TRIG Ltd Annual Report.

The Investment Manager, when considering the assumptions to apply to the valuation of the investments at 31 December 2021 takes into account several key assumptions.

Key Judgements

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

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

4. Financial Instruments

Fair value estimation

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

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

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

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

Classification of financial instruments

	31 December 2021	31 December 2020
	£'000's	£'000's
Financial assets		
Designated at fair value through profit or loss:		
Investments	41,821	43,685
Cash and cash equivalents	330	996
Financial assets at fair value	42,151	44,681
Financial liabilities		
At amortised cost:		
Other payables	7	7
Amount owed to Parent at undertaking	31,719	35,784
Financial liabilities at amortised cost	31,726	35,791

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

Fair value hierarchy

The fair value hierarchy is defined as follows:

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

	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
	£'000's	£'000's	£'000's	£'000's
Investments at fair value through profit or loss	-	-	41,821	41,821
	-	-	41,821	41,821

	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
	£'000's	£'000's	£'000's	£'000's
Investments at fair value through profit or loss	-	-	43,685	43,685
	-	-	43,685	43,685

Level 3

Valuation methodology

The TRIG group's Investment Manager has carried out market valuations of the investments as at 31 December 2020. The Directors have satisfied themselves as to the methodology used, the discount rates applied, and the valuation. All investments are at fair value through profit or loss and are valued using a discounted cash flow methodology.

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

	31 December 2021	31 December 2020
UK inflation rates (other than ROC's)	3.75% (2022), 3.50% (2023), 2.75% thereafter	2.75%
Inflation applied to UK ROC Income	3.75% (2022), 3.50% (2023), 2.75% until 2030, 2.00% thereafter	2.75%
Inflation applied to UK CfD Income	3% (2022), 2.75% (2023), 2.00% thereafter	2.00%
UK deposit interest rates	0.25% to 2025, 1.25% thereafter	0.25% to March 2023, 1.0% thereafter
UK corporation tax rate	19% to April 2023, 25% thereafter`	19.00%
Energy yield assumption	P50 case	P50

The P50 output is the estimated annual amount of electricity generation (in MWh) that has a 50% probability of being exceeded – both in any single year and over the long term – and a 50% probability of being under achieved. Hence the P50 is the expected level of generation over the long term.

5. Total operating income

	Year ended 31 December 2021 Total £'000's	Period ended 31 December 2020 Total £'000's
Investment income	506	591
Dividend income	4,659	1,713
Loss on investments	(1,727)	(2,567)
Total operating income/(loss)	3,438	(263)

6. Administrative expenses

	Year ended 31 December 2021 Total £'000's	Period ended 31 December 2020 Total £'000's
Fees payable to the Company's auditor for the audit of the Company's financial statements	7	7
Other administrative expenses	1	1
Total administrative expenses	8	8

The Company had no employees during the current year or preceding period.
There are no non-audit fees paid to the Company's auditor.
No director received any form of remuneration in lieu of their services to the Company in the current year or preceding period.

7. Finance costs

	Year ended 31 December 2021 Total £'000's	Period ended 31 December 2020 Total £'000's
Interest payable to parent undertakings	2,165	2,465
Total finance costs	2,165	2,465

8. Income tax

	Year ended 31 December 2021 Total £'000's	Period ended 31 December 2020 Total £'000's
Corporation tax	-	-
Group relief payment received from group	270	-
Tax receipt in income statement	270	-

The tax rate applied to the current period is 19%.

The result for the period can be reconciled to the profit/ (loss) before tax in the profit and loss account as follows:

	Year ended 31 December 2021 Total £'000's	Period ended 31 December 2020 Total £'000's
Profit/(loss) before tax on continuing operations	1,265	(2,736)
Tax at the UK corporation tax rate of 19.0%	240	(520)
Tax effect of income not taxable in determining taxable loss	(653)	50
Tax effect of interest not deductible in determining taxable loss	413	470
Tax result for the year	-	-

On 23 September 2022, the Chancellor of the Exchequer announced that the planned UK tax rate change to 25% from 01 April 2023 would no longer be implemented and that the main rate would remain at 19%. Because the enacted rate at the balance sheet date was 25% this announcement does not represent an adjusting event and the company's fair value of investments as at 31 December 2021 are still calculated at that higher rate. If enacted this will impact the forecast cash flows of the underlying investments based in the UK and therefore the fair value of investments. We have yet to determine the impact of these proposed changes. This reduction will be recognised in 2022.

9. Investments at fair value through profit or loss

	31 December 2021 £'000's	31 December 2020 £'000's
Brought forward	43,685	-
Investments in the year	118	46,707
Distributions received	(5,421)	(2,759)
Interest income	506	591
Dividend income	4,659	1,713
Loss on valuation	(1,727)	(2,567)
Other movements	1	-
Carrying amount at year end	41,821	43,685
This is represented by:		
Less than one year	-	-
Greater than one year	41,821	43,685
Carrying amount at year end	41,821	43,685

The gains on revaluation of investments are unrealised.

10. Subsidiaries

Details of the Company's subsidiary at 31 December 2021 and 31 December 2020 are as follows:

Name	Country	31 December 2021 Ownership Interest	31 December 2020 Ownership Interest
Little Raith Wind Farm Limited	United Kingdom	100%	100%

The investments in subsidiaries are all stated at fair value. The principal activity of the company was the operation of wind farms to generate electricity.

The subsidiary above is registered at Beaufort Court, Egg Farm Lane, Kings Langley, England, WD4 8LR, UK.

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

Unsecured borrowings at amortised cost

	31 December 2021 £'000's	31 December 2020 £'000's
Amounts owed to parent undertakings	31,719	35,784
	31,719	35,784

Total borrowings

	31 December 2021 £'000s	31 December 2020 £'000s
Amount due for settlement within 12 months	-	-
Amount due for settlement after 12 months	31,719	35,784
	31,719	35,784
Amount due for settlement after 5 years	31,719	35,784

Interest on long-term borrowings from parent undertakings (immediate parent) accrues at interest rate of 6% per annum. During the period, interest totalling £2.1m (2020: £2.5m) was charged to the profit and loss account, of which £nil remained payable at the balance sheet date.

12. Share capital and share premium

	31 December 2021 £'000's	31 December 2020 £'000's
Authorised:		
1,200 Ordinary shares of £1 each	1	1
Share premium	11,625	11,625
Authorised at 31 December	11,626	11,626
Issued and fully paid:		
1,200 Ordinary shares of £1 each	1	1
Share premium	11,625	11,625
Issued and fully paid at 31 December	11,626	11,626

During the year, the company issued no (2020: 1,200) ordinary shares.
The share premium reserve contains the premium arising on issue of equity shares. As at 31 December 2021, this balance was £11,624,900 (2020: £11,624,900).

13. Cash flow statement

	31 December 2021	31 December 2020
	£'000's	£'000's
Operating profit/(loss)	3,430	(271)
Adjustments for:		
Interest income	(506)	(591)
Dividend income	(4,659)	(1,713)
Loss on investments	1,727	2,567
Operating cash flow before movement in working capital	(8)	(8)
Changes in working capital:		
Increase in creditors	-	8
Cash flow from operations	(8)	-
Cash received from investments	5,692	2,759
Cash generated by operations	5,684	2,759

14. Net debt reconciliation

	31 December 2021	31 December 2020
	£'000's	£'000's
Net (decrease)/increase in cash and cash equivalent	(666)	996
Cash payment of interest and principal on loan notes	6,350	2,150
Issue of loan notes to fund investments	(118)	(35,469)
Interest due for the period	(2,165)	(2,465)
Other movements	-	(7)
Movement in debt in the year	**3,399**	(34,795)
Net debt at the start of the year	(34,795)	-
Net debt at the end of the year	**(31,396)**	**(34,795)**

Net debt is defined as:

	31 December 2021	31 December 2020
	£'000's	£'000's
Cash and cash equivalents at the end of the period	330	996
Creditors: Amounts falling due within one year	(7)	(7)
Creditors: Amounts falling due after more than one year	(31,719)	(35,784)
Total net debt	**(31,396)**	**(34,795)**

15. Contingent consideration

The Company has no performance-related contingent consideration obligations relating to acquisitions or other activity entered into by the company.

16. Events after the balance sheet date

Since year end, and the valuation assumptions at that date, the higher power prices arising in Q4 2021 have continued to be high and volatile provoked by the tragic events in Ukraine and its knock-on effect on oil and gas prices. With global electricity prices still largely driven by gas pricing current high fuel prices are also leading to higher short-term electricity prices. It remains to be seen how significant the impact will be on long-term electricity prices and the impact is mitigated by existing PPA arrangements. The Directors will consider these events, along with other economic and legislative changes that may arise, in future valuations.

There are no other events after the balance sheet date which are required to be disclosed.

17. Related party and key advisor transactions

Loans from related parties:

	31 December 2021	31 December 2020
	£'000's	£'000's
Long-term borrowings from parent undertakings	31,719	35,784
	31,719	35,784

The amount payable is owed to the Company's immediate parent, The Renewables Infrastructure Group UK Investments.

18. Controlling party

The Company's immediate parent is The Renewable Infrastructure Group (UK) Investments Limited ("TRIG UK I"), the 100% owned single, direct subsidiary of The Renewables Infrastructure Group (UK) Ltd ("TRIG UK"), which itself is the 100% owned single, direct subsidiary of The Renewables Infrastructure Group Ltd ("TRIG Ltd"), a company incorporated in Guernsey (Registered address: East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey) and whose shares are listed under a premium listing on the London Stock Exchange. The Company's ultimate parent company and controlling party is therefore TRIG Ltd. Copies of the financial statements of TRIG Ltd are available from their website www.trig-ltd.com.