Registered No. NI 633816

Viridian Renewables Company 3 Limited

Annual Report and Accounts

31 March 2017

Viridian Renewables Company 3 Limited

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Viridian Renewables Company 3 Limited

GENERAL INFORMATION

Directors
Peter Baillie (UK)
Desmond George (UK)
Anthony Hegarty (UK) (resigned 13 April 2017)
David Macartney (UK)

Company secretary
Alwyn Whitford

Registered office
Greenwood House
64 Newforge Lane
Belfast
BT9 5NF

Auditors
Ernst & Young LLP
Chartered Accountants
Bedford House
16 Bedford Street
Belfast
BT2 7DT

Bankers
Bank of Ireland
4-8 High Street
Belfast
BT1 2BA

Solicitors
Arthur Cox
3 Upper Queen Street
Belfast
BT1 6PU

Registered number of incorporation
NI 633816

STRATEGIC REPORT

The directors of Viridian Renewables Company 3 Limited (the Company), present their Strategic Report for the year ended 31 March 2017.

Principal activity
The principal activity of the Company is that of a holding company, together with providing financing services to subsidiary companies which are engaged in the operation of windfarms.

Change of control
On 29 April 2016 I Squared Capital an independent global infrastructure investment manager completed its acquisition of 100% of the share capital of Viridian Group Holdings Limited (VGHL) from Arcapita. On 28 June 2016 VGHL merged with Viridian Group Investments Limited (VGIL) with VGIL becoming the surviving company.

Business review
The results for the year ended 31 March 2017 show a loss after tax of £896k (2016 - £150k loss). The directors do not recommend the payment of a dividend (2016 - £nil).

Risk management and principal risks and uncertainties
The Company operates a structured and disciplined approach to the management of risk. Its approach is to conduct business in a manner which balances costs and risks while taking account of all its stakeholders and protecting the Company's performance and reputation by prudently managing the risks inherent in the business. Management regularly identifies and considers the risks to which the business is exposed. Management's assessment of the key risks and the associated controls and actions required to mitigate these risks are recorded in its business risk register. Each risk is regularly assessed for the severity of its impact on the business and for the effectiveness of the controls in place. The risk environment is reviewed continually in order to identify new or emerging potential risks.

The emphasis on sound management structures and policies and procedures is backed up by operational and financial review mechanisms and an externally resourced internal audit function.

The principal risks and uncertainties that affect the Company are described below but this is not intended to be an exhaustive analysis of all the risks that may arise in the ordinary course of business or otherwise.

Regulation
On 23 June 2016 the UK electorate voted to leave the EU, and on 29 March 2017, the UK Government formally notified the EU of its intention to leave thereby commencing negotiations on the terms of its exit. Exit from the EU will have wide consequences for the UK and therefore Northern Ireland, however as the Single Electricity Market (SEM) operates on an all-island basis it is expected that the market would continue to operate and that there would not be a significant impact on the implementation of the Integrated Single Electricity Market (I-SEM).

Financial control
Strong financial and business controls are necessary to ensure the integrity and reliability of financial and other information on which the Company relies for day-to-day operations, external reporting and for longer term planning. The Company exercises financial and business control through a combination of: appropriately professionally qualified and experienced personnel; rigorous business planning processes; detailed performance analysis; an integrated accounting system; and clearly defined approval limits. The internal auditors test the effectiveness of financial and business controls. The external auditors provide advice on specific accounting and tax issues. Investment decisions are accompanied by detailed analysis, both short and long term, of the markets in which the Company operates.

STRATEGIC REPORT (continued)

Risk management and principal risks and uncertainties (continued)

Wholesale electricity price
All electricity bought and sold across the island of Ireland is traded through the SEM. The Company is subject to wholesale electricity price risk through its wholly owned subsidiaries, Long Mountain Windfarm Limited, Gortfinbar Windfarm Limited, Mosslee Limited, Altamuskin Windfarm Limited and Eshmore Ltd, whose principal activity is the production of electricity through wind farm operation. Through these subsidiaries, the Company has hedged the risk to electricity prices by way of a Power Purchase Agreement (PPA) with Viridian Energy Supply Limited, a company within the Viridian Group Investment group of companies ("the Viridian Group" / "the Group").

ROC Accreditation
Under the RO scheme, eligible renewable generators receive Renewable Obligation Certificates (ROCs) for each MWh of electricity generated.

The Renewable Obligation Closure Order (Northern Ireland) 2016 came into effect on 17 March 2016. This legislation closed the Northern Ireland Renewable Obligation (NIRO) to new large (above 5MW) onshore wind generating stations from 1 April 2016. The NIRO Closure Order 2016 introduced various grace periods for stations to enable them to qualify for ROCs notwithstanding that they would otherwise be affected by the early closure. The grace periods relate to investment freeze, brought about by delays in the legislation to implement the early closure process and uncertainty as to its final form and/or grid and/or radar connection delays. If grace period conditions are met generating capacity can gain accreditation under the NIRO between 1 April 2016 and 31 December 2018.

The Company is exposed to regulatory risks surrounding the accreditation under the NIRO within the permitted grace periods through its wholly owned subsidiaries Gortfinbar Windfarm Limited, Mosslee Limited and Altamuskin Windfarm Limited. Experienced senior staff operates appropriate project management controls to manage the project risks with appropriate management reporting up to the Board.

Availability
The Company runs the risk of interruptions to the site availability of its wholly owned subsidiaries Long Mountain Windfarm Limited, Gortfinbar Windfarm Limited, Mosslee Limited, Altamuskin Windfarm Limited and Eshmore Ltd. The risk around availability is mitigated, through its wholly owned subsidiaries, via contractual arrangements with the turbine suppliers and O&M providers (Enercon and Siemens) whereby minimum levels of availability are guaranteed or compensation would be payable.

Social, environmental and ethical factors
The Company has in place measures to protect against financial and reputational risk from any failure to manage social, environmental and ethical (SEE) factors. In general, SEE factors are managed through embedding Corporate Social Responsibility (CSR) into the Company's management processes and core business activities.

Treasury risks
The Company's liquidity, funding, investment and financial risk, including risk from volatility in currency, interest rates, commodity prices and counterparty credit risk is managed by the Viridian Group treasury function. The objective of Viridian Group treasury is to manage risk at optimum cost. A continuous forecasting and monitoring process is in place to manage risk.

STRATEGIC REPORT (continued)

Treasury risks (continued)

Capital management and liquidity risk
The Company is financed through a combination of equity and debt finance. The Company's equity is detailed in the Statement of Changes in Equity. Debt finance at 31 March 2017 comprised external project finance debt together with loans from group undertakings of £36,409k (2016 - £28,981k) which are subordinated to the external project finance loan.

The main source of liquidity for the Company, including short-term working capital requirements, is cash generated from operations and intercompany loans. The intercompany loans are adjusted on a daily basis to meet the Company's operating cash requirements.

Interest rate risk
The borrowings of the Company are denominated in sterling and carry a fixed rate of interest. There are no derivative financial instruments in respect of interest rates held at the Company level. Interest rate exposure is managed at the Viridian group level largely through fixed rate borrowings.

Credit risk
The Company's principal financial assets are outlined in the table below:

	Note	**2017** **£'000**	2016 £'000
Cash at bank and in hand	12	**467**	115
Other debtors	10	**4**	14
Other financial assets	11	**99,276**	25,077
Derivative financial assets	15	**-**	983
		99,747	26,189

The Company's credit risk in respect of other financial assets is primarily attributable to loans made to group and associate undertakings. The directors do not consider that the Company is exposed to significant credit risk in respect of other financial assets. Provisions are made based on previous experience and identifiable events which indicate a reduction in the recoverability of cash flows. The maximum credit risk exposure relating to financial assets is represented by the carrying values as at the balance sheet date.

The Company is also exposed to credit risk on a project finance facility held in its own name. The purpose of the facility is to fund the construction of five windfarms across Northern Ireland. The five windfarm project companies for whom Viridian Renewables Company 3 Limited is an immediate parent are Long Mountain Windfarm Limited (12 turbines), Gortfinbar Windfarm Limited (5 turbines), Mosslee Limited (4 turbines), Altamuskin Windfarm Limited (5 turbines) and Eshmore Ltd (3 turbines). Each of the five projects became operational in March and April 2017. At 31 March 2017 Viridian Renewables Company 3 Limited has a project finance loan balance in the amount of £79.6m. There are no events of default under this facility.

STRATEGIC REPORT (continued)

Credit risk (continued)
The Company may be exposed to credit-related loss in the event of non-performance by bank counterparties. The Company manages this credit risk through Viridian treasury function by establishing and monitoring counterparty exposure limits which are adjusted when necessary. The Company actively manages its banking exposures on a daily basis and cash deposits are placed for periods not exceeding six months to provide maximum flexibility. During the year the Company did not suffer any bank counterparty exposure.

By order of the Board

Desmond George
Director

Registered office:
Greenwood House
64 Newforge Lane
Belfast
BT9 5NF

Registered number: NI 633816

Date: 16 August 2017

DIRECTORS' REPORT

The directors of Viridian Renewables Company 3 Limited (the Company), present their Annual Report and Accounts for the year ended 31 March 2017.

The parent undertaking of the smallest and largest group of which the Company is a member and for which group accounts are prepared is VGIL. A copy of the group accounts of VGIL is available from the Viridian Group website www.viridiangroup.co.uk under the 'Investor Relations' tab.

Going concern
The Company's business activities, together with the principal risks and uncertainties likely to affect its future performance, are described in the Strategic Report.

The Company is financed by a combination of intercompany loans funded from financing facilities within the Viridian Group and external project financed debt. The purpose of this external project financed debt is to fund the windfarm construction costs of its subsidiary companies. Repayment of the intercompany loans is subordinated to the project financing facilities.

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

On this basis the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Future developments
The directors do not expect there to be any significant changes to the Company's activities in the foreseeable future.

Directors
The directors of the Company are as listed on page 1.

Charitable and political donations
There were no charitable donations in the year (2016 - £nil). There were no political donations during the year (2016 - £nil).

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 the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors
In accordance with Section 487 of the Companies Act 2006 Ernst & Young LLP is deemed reappointed as external auditor of the Company.

DIRECTORS' REPORT (continued)

By order of the Board

Desmond George
Director

Registered office:
Greenwood House
64 Newforge Lane
Belfast
BT9 5NF

Registered number: NI 633816

Date: 16 August 2017

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 Reduced Disclosure Framework.

Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the financial position of the Company as at the year end and of the profit and loss of the Company for the year and otherwise comply with the Companies Act 2006.

In preparing these accounts, 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 United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper 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 accounts 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 AUDITORS' REPORT TO THE MEMBERS OF VIRIDIAN RENEWABLES COMPANY 3 LIMITED

We have audited the accounts of Viridian Renewables Company 3 Limited for the year ended 31 March 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework".

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

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Opinion on accounts
In our opinion the accounts:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.
- the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIRIDIAN RENEWABLES COMPANY 3 LIMITED (continued)

Matters on which we are required to report by exception
In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report and the Directors' Report.

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

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

Ernst & Young LLP

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

18th of August 2017

INCOME STATEMENT
for the year ended 31 March 2017

	Note	2017 £'000	From incorporation 23 September 2015 to 31 March 2016 £'000
Operating costs		**(1)**	-
Operating loss	3	**(1)**	-
Interest receivable and similar income	6	**3,070**	292
Interest payable and similar cost	7	**(3,965)**	(442)
Net finance cost		**(895)**	(150)
Loss before taxation		**(896)**	(150)
Tax credit	8	**-**	-
Loss for the year		**(896)**	(150)

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2017

	Note	2017 £'000	From incorporation 23 September 2015 to 31 March 2016 £'000
Loss for the year		**(896)**	(150)
Other comprehensive expense			
Items that can be reclassified to profit or loss:			
Loss on cash flow hedges		**(3,560)**	(1,183)
Transferred losses/(gains) from equity to the income statement on cash flow hedges		**218**	(89)
Other comprehensive expense for the year		**(3,342)**	(1,272)
Total comprehensive expense for the year		**(4,238)**	(1,422)

BALANCE SHEET
as at 31 March 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Investment in subsidiary undertakings	9	**12,210**	10,160
Derivative financial instruments	15	**-**	268
		12,210	10,428
Current assets			
Trade and other debtors	10	**4**	14
Financial assets	11	**99,276**	25,077
Derivative financial instruments	15	**-**	983
Cash at bank and in hand	12	**467**	115
		99,747	26,189
Creditors: amounts falling due within one year			
Trade and other creditors	13	**(18)**	(47)
Financial liabilities	14	**(2,508)**	-
Derivative financial instruments	15	**(987)**	(125)
		(3,513)	(172)
Net current assets		**96,234**	26,017
Creditors: amounts falling due after more than one year			
Financial liabilities	14	**(110,477)**	(35,470)
Derivative financial instruments	15	**(3,627)**	(2,397)
		(114,104)	(37,867)
Net liabilities		**(5,660)**	(1,422)
Capital and reserves			
Equity share capital	16	**-**	-
Cash flow hedge reserve		**(4,614)**	(1,272)
Retained earnings		**(1,046)**	(150)
Shareholders' deficit		**(5,660)**	(1,422)

The accounts were approved by the Board of directors and authorised for issue on 16 August 2017. They were signed on its behalf by:

Desmond George
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2017

	Equity share capital £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total £'000
At 23 September 2015	-	-	-	-
Loss for the period	-	-	(150)	(150)
Other comprehensive expense	-	(1,272)	-	(1,272)
Total comprehensive expense for the period	-	**(1,272)**	**(150)**	**(1,422)**
At 31 March 2016	-	**(1,272)**	**(150)**	**(1,422)**
Loss for the year	-	-	(896)	(896)
Other comprehensive expense	-	(3,342)	-	(3,342)
Total comprehensive expense for the year	-	**(3,342)**	**(896)**	**(4,238)**
At 31 March 2017	-	**(4,614)**	**(1,046)**	**(5,660)**

1. General information

Viridian Renewables Company 3 Limited is a private company limited by shares incorporated and domiciled in Northern Ireland.

The accounts have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosures Framework' (FRS 101) and applied in accordance with the provisions of the Companies Act 2006.

The accounts are presented in Sterling (£) with all values rounded to the nearest 1 except where otherwise indicated.

2. Accounting policies

Basis of preparation
The Company prepares its accounts in accordance with FRS 101 for all years presented. The results of Viridian Renewables Company 3 Limited are included in the consolidated financial statements of VGIL which are available on the Viridian Group website www.viridiangroup.co.uk under the 'Investor Relations' tab.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: disclosures, because equivalent disclosures have been provided in the consolidated financial statements of the group in which the entity is consolidated.
- the requirements of paragraphs 91 - 99 of IFRS 13 Fair Value Measurement, because equivalent disclosures have been provided in the consolidated financial statements of the group in which the entity is consolidated.
- the requirements of IAS 7 Statement of Cash Flows.
- the requirements of paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment.
  - paragraph 79 (a)(iv) of IAS 1.
- the requirements of paragraphs 10(d), 16, 111, 134, 135 and 136 of IAS 1 Presentation of Financial Statements.
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- the requirements of paragraphs 134(d) to 134(f) of IAS 36 Impairment of Assets because equivalent disclosures have been provided in the consolidated financial statements of the group in which the entity is consolidated.
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures.
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- the requirements of paragraphs 10(d), 10(f), 16, 38(a), 38(b), 38(c), 38(d), 40(a), 40(b), 40(c), 40(d), 111, 134, 135 and 136 of IAS 1 Presentation of Financial Statements.

2. Accounting policies (continued)

The principal accounting policies are set out below:

Applicability of going concern basis
The Company is financed by a combination of intercompany loans funded from financing facilities within the Viridian Group and external project financed debt. The purpose of this external project financed debt is to fund the windfarm construction costs of its subsidiary companies. Repayment of the intercompany loans is subordinated to the project financing facilities.

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

On this basis the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Company's investments in subsidiaries and associate undertakings
The Company recognises its investments in subsidiaries at cost less any recognised impairment loss. Income is recognised in the income statement from these investments only in relation to distributions received. The carrying values of investments in subsidiaries are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, including whether the carrying value is impaired as a result of the receipt of dividends.

The Company has not prepared consolidated financial statements as it is part of a larger group that prepares consolidated financial statements that include the Company and its subsidiaries. Refer to note 17. Therefore, these accounts reflect the results of the Company and not of its Group.

Foreign currency translation
The functional and presentation currency of the Company is Sterling (£).

Foreign currency transactions are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the balance sheet date are recognised in the income statement.

Financial instruments

Cash at bank and in hand
Cash at bank and in hand comprises cash at bank and in hand and short-term deposits with maturities of three months or less.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using effective interest (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 income statement. The losses arising from impairment are recognised in the income statement in finance costs for loans and in other operating charges for receivables.

2. Accounting policies (continued)

Financial instruments (continued)

Interest bearing loans and overdrafts
Interest bearing loans and overdrafts are initially recorded at fair value, being the fair value of the proceeds received net of directly attributable transaction costs. After initial recognition, interest bearing loans are subsequently measured at amortised cost using the effective interest method. Except for interest capitalised in relation to significant capital projects interest payable is reflected in the income statement as it arises. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Trade and other debtors
Trade debtors do not carry any interest and are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the asset is impaired. Balances are written off when the probability of recovery is assessed as being remote.

Trade and other creditors
Trade and other creditors are not interest bearing and are stated at their nominal value.

Derivative financial instruments and hedge accounting
The Company uses interest rate contracts to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial 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 other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

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 year they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. Accounting policies (continued)

Tax
The tax charge represents the sum of tax currently payable and deferred tax. Tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the 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 Company'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 is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax is not recognised on temporary differences where they arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Dividends paid
Final dividends are recorded in the year in which shareholder approval is obtained. Interim dividends are recorded in the year in which they are paid.

Dividends received
Final dividends are recorded in the year in which shareholder approval is obtained. Interim dividends are recorded in the year in which they are paid.

3. Operating loss

The Company's principal activity is that of a holding company.

4. Auditors' remuneration

Auditors' remuneration in the current and previous years has been borne by a fellow group undertaking.

5. Staff costs and directors' remuneration

The Company did not employ any persons during the current and previous year, except for the directors.

Directors
No remuneration was paid to the directors of the Company during the year in respect of qualifying services (2016 - £697k).

Remuneration of £824k (2016 - £673k) was paid to the Company's directors by other Viridian Group undertakings. The directors do not believe that it is practical to apportion this remuneration between their services as directors of the Company and their services as directors of other Viridian Group undertakings.

6. Interest receivable and similar income

	2017 **£'000**	From incorporation 23 September 2015 to 31 March 2016 £'000
Amounts owed by group undertakings	**3,070**	292

7. Interest payable and similar expenses

	2017 £'000	From incorporation 23 September 2015 to 31 March 2016 £'000
Interest on external bank loans and borrowings	**(1,007)**	(30)
Amounts owed to group undertakings	**(2,255)**	(297)
Other interest payable	**(693)**	(115)
Amortisation of financing costs	**(10)**	-
	(3,965)	(442)

8. Tax credit

(i) Analysis of credit in the year

	2017 £'000	From incorporation 23 September 2015 to 31 March 2016 £'000
Income Statement		
Current tax		
UK corporation tax at 20% (2016 - 20%)	**-**	-
Tax credit reported in the Income Statement	**-**	-

8. Tax credit (continued)

(ii) Reconciliation of total tax credit
The tax credit in the Income Statement for the year varies from the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are reconciled below:

	2017 £'000	From incorporation 23 September 2015 to 31 March 2016 £'000
Accounting loss before tax	**(896)**	(150)
Accounting loss multiplied by the UK standard rate of corporation tax of 20% (2016 - 20%)	**179**	30
Expenses not deductible for tax purposes	**(209)**	-
Movement in unrecognised deferred tax asset	**30**	(30)
Tax credit for the year	**-**	-

9. Investments

	Subsidiary undertakings £'000
Cost:	
At 1 April 2016	10,160
Acquisitions in the year	2,050
At 31 March 2017	**12,210**

In June 2016 the Company acquired its 100% shareholding in Eshmore Ltd from fellow group company Viridian Renewables Company 1 Limited. The acquisition was completed at the original cost of the investment, £150k.

In February 2017 the Company acquired its 100% shareholding in Altamuskin Windfarm Limited from fellow group company Viridian Renewables Company 2 Limited. The acquisition was completed at the original cost of the investment, £1,900k.

9. Investments (continued)

Details of the principal investments in which the Company or its subsidiaries held 100% of the ordinary shares at 31 March 2017 were as follows:

Subsidiary undertakings	Place of incorporation	Holding of ordinary shares	Principal activities
Eshmore Ltd	Northern Ireland	100%	Renewable electricity generation
Long Mountain Wind Farm Limited	Northern Ireland	100%	Wind farm development
Altamuskin Windfarm Limited	Northern Ireland	100%	Wind farm development
Gortfinbar Windfarm Limited	Northern Ireland	100%	Renewable electricity generation
Mosslee Limited	Northern Ireland	100%	Wind farm development

10. Trade and other debtors

	2017	2016
	£'000	£'000
Amounts falling due within one year		
Other debtors	**4**	14
	4	14

11. Financial assets

	2017	2016
	£'000	£'000
Current		
Amounts owed by group undertakings	**99,276**	25,077

12. Cash at bank and in hand

	2017	2016
	£'000	£'000
Cash at bank and in hand	**467**	115

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term bank deposits are invested for periods of between one day and three months depending on the cash requirements of the Company, and earn interest at the short-term deposit rates. The Company's cash at bank and in hand balances are denominated in Sterling.

13. Trade and other creditors

	2017 £'000	2016 £'000
Amounts falling due within one year		
Other creditors	**18**	47

The directors consider that the carrying amount of other creditors equates to fair value.

14. Financial liabilities

	2017 £'000	2016 £'000
Current		
Project finance bank loan	**2,508**	-
Total current financial liabilities	**2,508**	-
Project finance bank loan	**77,137**	7,783
Less unamortised financing costs	**(3,069)**	(1,294)
Amounts owed to group undertakings	**36,409**	28,981
Total non-current financial liabilities	**110,477**	35,470
Total current and non-current financial liabilities	**112,985**	35,470

The Company has secured a bank loan of £77.1m to fund the construction of the 5 windfarm sites at Long Mountain (12 turbines), Mosslee (4 turbines), Gortfinbar (5 turbines), Eshmore (3 turbines) and Altamuskin (6 turbines). The bank loan is repayable in semi-annual instalments from September 2017 to February 2034. The loan is secured over the assets of each of the 5 projects and carries interest fixed at 4.2% through interest rate swaps.

Amounts owed to group undertakings carry an 8% annual coupon. The repayment of these loans are subordinated to the project financing facility. A fixed repayment plan has not been agreed

15. Derivative financial instruments

The Company has entered into interest rate contracts and exchange rate contracts with the lending banks to hedge the risks of changes in interest rates and foreign exchange risks on foreign denominated turbine supply agreements.

16. Authorised and issued share capital

Equity share capital presented as equity

	2017 Number	2016 Number	**2017 £'000**	2016 £'000
Authorised				
1 Ordinary shares of £1 each	**1**	1	**-**	-
Allotted, called up and fully paid				
1 Ordinary shares of £1 each	**1**	1	**-**	-

The balance classified as share capital presented as equity in the Balance Sheet and the Statement of Changes in Equity comprises the nominal value of the Company's share capital, consisting of £1 ordinary shares (2016 - £1 ordinary shares).

17. Related party disclosures

The immediate parent undertaking of the Company is Viridian Renewables Company 1 Limited, a company incorporated in Northern Ireland. The parent of the smallest and largest groups of which the Company is a member and for which group accounts are prepared is VGIL, a company incorporated in the Cayman Islands. A copy of the group accounts of VGIL is available on the Viridian Group website www.viridiangroup.co.uk under the 'Investor Relations' tab.

On 29 April 2016 I Squared Capital an independent global infrastructure investment manager completed its acquisition of 100% of the share capital of VGHL from Arcapita. On 28 June 2016 VGHL merged with VGIL with VGIL becoming the surviving company.

Up to 29 April 2016 the ultimate parent undertaking and controlling party of the Company, was ElectricInvest Investments Limited, a company incorporated in the Cayman Islands. On completion of the change of control noted above, after 29 April 2016 the ultimate parent undertaking and controlling party of the Company was ISQ Viridian Holdings L.P., a limited partnership incorporated in the Cayman Islands.

On 27 April 2017, I Squared Capital completed the divestment of a minority interest in the Viridian Group. The divestment involved the insertion of a new entity, Viridian Topco Limited. Following the divestment of a minority interest, after 27 April 2017 the ultimate parent undertaking and controlling party of the Company became Viridian Topco Limited, a company incorporated in the Cayman Islands.