JOHN LAING ENVIRONMENTAL ASSETS GROUP (UK) LIMITED

ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2016

Registered Number 8856505

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

CONTENTS

DIRECTORS AND ADVISERS

Directors
David Michael Hardy
Christopher James Tanner

Company secretary and registered office

Philip Naylor (appointed 5 January 2016)
1 Kingsway
London
WC2B 6AN

SISEC Limited (resigned 5 January 2016)
21 Holborn Viaduct
London
EC1A 2DY

Auditor
Deloitte LLP
Chartered Accountants and Statutory Auditor
London

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

John Laing Environmental Assets Group (UK) Limited (the "Company") was incorporated on 22 January 2014 in England and Wales. The Company's principal activity is as an investor in environmental infrastructure assets. The Company completed several acquisitions during the year which are detailed in note 8. The Company currently has direct and indirect interests in wind farms, solar farms, waste and wastewater projects.

BUSINESS REVIEW

The Company acquired three assets directly, increased interest in one asset and acquired 10 assets through the Company's immediate subsidiary JLEAG Solar 1 Limited.

During the year the Company refinanced its wind portfolio under a new subgroup with a single holding company JLEAG Wind Holding Limited.

During the year the Company received revenue from its investments in the form of interest on loans and dividends. The Company reports a loss after tax for the year of £894,000 (period ended 31 March 2015 profit: £3,873,000) and a net loss on investments at fair value of £836,000 (period ended 31 March 2015: gain of £5,785,000). Please refer to note 8 for further details.

This financial report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and IFRS as issued by the International Accounting Standard Board ("IASB"). The Company continues to report under the Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27) and the narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28.

The Company recognises its subsidiaries that provide investment services, who themselves are investment entities, and its investments in environmental infrastructure assets at fair value through profit or loss.

The Company's subsidiaries and joint ventures are held at fair value in the Statement of financial position with movements recorded through the Income Statement as explained in note 2(a). In order to determine the fair value of these investments, the Company takes into consideration the fair value of the underlying portfolio of companies and intermediate holding companies.

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

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk faced by the Company is market risk in relation to its investments. Credit risk is mitigated by the Company holding investments in environmental infrastructure projects, which receive regular, long term, partly or wholly index linked revenue from government department, public sector, local authority or clients under the Renewable Obligation and Feed-in Tariff regimes. Please refer to note 17 for further details on the Company's financial instruments and risks.

KEY PERFORMANCE INDICATORS ("KPIs")

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

Profit/loss before tax:
Loss before tax for the year to 31 March 16 was £894,000 (period ended 31 March 2015: profit of £3,873,000).

Investments at fair value through profit or loss:
At 31 March 2016, the Company's investment at fair value through profit or loss were £264,605,000 (period ended 31 March 2015: £197,713,000).

Further information on the performance of the Company's ultimate shareholder John Laing Environmental Assets Group Limited is available in the 31 March 2016 Annual Report and Accounts which are publicly available from www.jlen.com.

FUTURE DEVELOPMENTS

The Company seeks to benefit from income from the investments in its portfolio as well as to capitalise on the investment opportunities for PPP (Public Private Partnership) and environmental infrastructure assets. The Company is pursuing a number of specific acquisition opportunities which are expected to be finalised in the forthcoming year.

Subsequent to the Company's investment in Pylle Southern solar park in March 2016, £1.3 million of the consideration was paid on 24 May 2016 under the terms of the sale and purchase agreement.

On 4 July 2016, the Company completed the acquisition of Le Placis Vert wind farm located in France, for a total consideration, including working capital, of €2.5 million.

On 30 June 2016, the Company acquired the Dungavel wind farm project from John Laing Group plc for a cash consideration, including working capital, of £38.2 million.

On 22 July 2016, the Company acquired New Albion wind farm from John Laing Group plc for a cash consideration, including working capital, of £11.8 million.

On 29 November 2016, the Company acquired the Plouguernevel wind farm located in France, for a total consideration of €2.1 million.

On behalf of the Board

DHardy

David Michael Hardy
Director
15 December 2016

DIRECTORS' REPORT

The Directors submit the Annual Report and the audited financial statements for the year ended 31 March 2016.

The Company is a limited company incorporated in England. The Company is wholly owned by John Laing Environmental Assets Group Limited, a company registered in Guernsey, Channel Islands. The Company invests in environmental infrastructure projects.

DIVIDENDS

The Directors have declared and paid total dividends of £7,500,000 in the year (period to 31 March 2015: £1,700,000). A final dividend for the period ended 31 March 2016 of 1.537 pence per share, amounting £1,500,000, was approved by the Board on 26 May 2016 and paid on 7 June 2016 (for the period ended 31 March 2015 : final dividend 2.991 pence per share, amounting £2,000,000 million paid on 12 May 2016).

DIRECTORS

The Directors who served throughout the year and up to the date of this report are shown on page 1.

EMPLOYEES

The Company had no employees during the year (2015: none).

AUDITOR

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

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

Deloitte LLP were appointed auditor at a meeting of the Board of Directors during the year. Deloitte LLP have indicated their willingness to be reappointed as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

On behalf of the Board

DHardy

David Michael Hardy
Director
15 December 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). 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, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and

- make an assessment of the Company's ability to continue as a going concern.

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 JOHN LAING ENVIRONMENTAL ASSETS GROUP (UK) LIMITED

We have audited the financial statements of John Laing Environmental Assets Group (UK) Limited for the year ended 31 March 2016 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 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.

John Clacy, FCA
for and on behalf of Deloitte LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
15 December 2016

INCOME STATEMENT
year ended 31 March 2016

	Notes	Year ended 31 March 2016 £'000s	Period from 22 January 2014 to 31 March 2015 £'000s
Operating income	8	11,666	13,200
Operating expenses		(981)	(899)
Operating profit	4	**10,685**	12,301
Net finance costs	7	(11,579)	(8,428)
(Loss)/profit before tax		**(894)**	3,873
Tax	5	-	-
(Loss)/profit for the period		**(894)**	3,873

All results are derived from continuing operations.

There is no Other Comprehensive Income in the current year or preceding period other than (loss)/profit for the year/period and therefore no separate Statement of Comprehensive Income has been presented.

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
as at 31 March

	Notes	31 March 2016 £'000s	31 March 2015 £'000s
Non-current assets			
Investments at fair value through profit or loss	8	264,605	197,713
Total non-current assets		**264,605**	197,713
Current assets			
Trade and other receivables	9	2,348	480
Cash and cash equivalents		2,909	4,941
Total current assets		**5,257**	5,421
Total assets		**269,862**	203,134
Current liabilities			
Trade and other payables	10	(643)	(411)
Loans and borrowings	11	(54,820)	(43,680)
Total current liabilities		**(55,463)**	(44,091)
Non-current liabilities			
Loans and borrowings	12	(123,000)	(90,000)
Total non-current liabilities		**(123,000)**	(90,000)
Total liabilities		**(178,463)**	(134,091)
Net assets		**91,399**	69,043
Equity			
Share capital	13	976	669
Share premium account	14	56,644	26,201
Retained earnings	15	33,779	42,173
Equity attributable to owners of the Company		**91,399**	69,043
Total equity		**91,399**	69,043

The accompanying notes form an integral part of these financial statements.

The financial statements of John Laing Environmental Assets Group (UK) Limited, registered number 8856505, were approved by the Board of Directors and authorised for issue on 15 December 2016. They were signed on its behalf by:

DHardy

David Michael Hardy
Director
15 December 2016

STATEMENT OF CHANGES IN EQUITY
year ended 31 March 2016

	Notes	Year ended 31 March 2016			
		Share capital £'000s	**Share premium account £'000s**	**Retained reserves £'000s**	**Total equity £'000s**
Balance at 1 April 2015	13,14 &15	669	26,201	42,173	**69,043**
Loss for the year		-	-	(894)	**(894)**
Total comprehensive loss for the year		-	-	(894)	**(894)**
Ordinary shares issued	13	307	-	-	**307**
Premium arising on issue of ordinary shares	14	-	30,443	-	**30,443**
Dividend paid	6	-	-	(7,500)	**(7,500)**
Balance at 31 March 2016		976	56,644	33,779	**91,399**

	Notes	Period from incorporation on 22 January 2014 to 31 March 2015			
		Share capital £'000s	Share premium account £'000s	Retained reserves £'000s	Total equity £'000s
Balance at incorporation		-	-	-	-
Profit for the period		-	-	3,873	3,873
Total comprehensive income for the period		-	-	3,873	3,873
Ordinary shares issued	13	669	-	-	669
Premium arising on issue of ordinary shares	14	-	66,201	-	66,201
Capital reduction	14	-	(40,000)	40,000	-
Dividend paid	6	-	-	(1,700)	(1,700)
Balance at 31 March 2015		669	26,201	42,173	69,043

CASH FLOW STATEMENT
year ended 31 March 2016

	Year ended 31 March 2016 £'000s	Period from 22 January 2014 to 31 March 2015 £'000s
Operating profit	10,685	12,301
Adjustments for:		
Increase in accrued interest income	(2,136)	(127)
Net loss/(gain) on investments at fair value through profit or loss	836	(5,758)
Operating cash flows before movements in working capital	**9,385**	6,416
Decrease/(increase) in debtors	4	(30)
Increase in creditors	175	289
Cash inflow from operations	**9,564**	6,675
Net cash inflow from operating activities	**9,564**	**6,675**
Investing activities		
Loan stock and equity repayments received	8,215	6,466
Interest received	6	7
Acquisition of investments held at fair value	(75,791)	(198,294)
Net cash used in investing activities	**(67,570)**	(191,821)
Financing activities		
External borrowing (bank loan)	11,140	43,680
Arrangement fees paid	(88)	(500)
Interest paid on bank loan	(1,118)	(163)
Interest paid	(10,210)	(8,100)
Dividend paid	(7,500)	(1,700)
Proceeds on issue of loan notes	33,000	90,000
Proceeds on issue of share capital (net of costs)	30,750	66,870
Net cash from financing activities	**55,974**	190,087
Net (decrease) / increase in cash and cash equivalents	(2,032)	4,941
Cash and cash equivalents at beginning of the period	4,941	-
Cash and cash equivalents at end of the period	**2,909**	4,941

NOTES TO THE FINANCIAL STATEMENTS
year ended 31 March 2016

1 GENERAL INFORMATION

John Laing Enviornmental Assets Group (UK) limited is a limited company incorporated in England on 22 January 2014. The Company is wholly owned by John Laing Environmental Assets Group Limited, registered in Guernsey, Channel Islands. The Company invests in environmental infrastructure projects in the UK.

The financial statements of John Laing Environmental Assets Group (UK) limited for the year ended 31 March 2016 have been prepared on the basis of the accounting policies set out below.

The financial statements comprise only the result of the Company as its investments are measured at fair value as detailed in the accounting policies below. The Company and its subsidiaries invest in environmental infrastructure projects that utilise natural or waste resources or support more environmentally friendly approaches to economic activities.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRS as issued by the International Accounting Standard Board (IASB) using the historical cost basis, except for the financial instruments classified at fair value through profit or loss that are stated at their fair value.

As a result of adopting the amendments to IFRS 10, IFRS 12 and IAS 27 first adopted in the Company's Annual Report to 31 March 2015, the Company is required to hold its subsidiaries that provide investment services at fair value, in accordance with IAS 39 Financial Instruments: Recognition and Measurement, and IFRS 13: Fair Value Measurement. The Company accounts for its investment in its wholly-owned direct subsidiaries at fair value.

Consequently, the Company does not consolidate its subsidiaries or apply IFRS 3 Business Combinations when it obtains control of another entity as it is considered to be an Investment Entity under IFRS. Instead, the Company measures its investment in its subsidiary at fair value through profit or loss.

The financial statements incorporate the financial statements of the Company only.

The following Standards which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 9 Financial Instruments
- FRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- Amendments to IAS 7: Disclosure Initiative
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 1: Disclosure Initiative
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Annual Improvements to IFRSs: 2012-2014 Cycle

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
year ended 31 March 2016

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of accounting (Continued)

Applicability of the guidance concerning Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27)

To determine that the Company meets the definition of an investment entity, further consideration is given to the following characteristics of an investment entity that are demonstrated by the Company:
a) it has more than one investment;
b) it has more than one investor;
c) it has investors that are not related parties;
d) it has ownership interests in the form of equity or similar interests; and
e) it holds its investments for a limited period only, ie. it has an exit strategy for its investments.

The Directors determined that the Company continues to meet the definition of an investment entity and adopted the amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Consolidated and Separate Financial Statements. In order to reach this conclusion, the Directors gave consideration and agreed that the Company meets the following key characteristics of an investment entity:

a) The Company invests only for the purpose of capital appreciation, investment income, or both;
b) The Company does not plan to hold its investments indefinitely; it holds them for a limited period, i.e. there is an exit strategy; and
c) The Company measures and evaluates the performance of substantially all its investments on a fair value basis.
Consequently, the Company does not consolidate its subsidiaries or apply IFRS 3 Business Combinations when it obtains control of another entity as it is considered to be an Investment Entity under IFRS. Instead, the Company measures its investment in its subsidiary at fair value through profit or loss.

Each investment directly or indirectly held (subordinated debt together with equity) has a finite life. For the PPP assets in the Portfolio, the subordinated debt will mature towards the end of the concession and at the end of the concession the investment will be dissolved. In the case of renewable energy assets, the life of the project is based on the expected asset life and/or the land lease term, after which the investment will also be liquidated. The exit strategy is that investments will normally be held to the liquidation of the project company unless the Company sees an opportunity in the market to dispose of investments. The Company's Board regularly consider whether any disposals should be made.

Following the adoption of the amendments and determination that the Company is an investment entity, the Company recognises its investment as investments at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
year ended 31 March 2016

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of accounting (Continued)

Loans and Subordinated loans

Subordinated loan amounts owed by investments have been included within the fair value of the investment to which it relates. Under IFRS 10 Investment Entities, the debtor has been included in investments. Consequently, the interest revenue associated with the subordinated debt is reported within Operating Income in the Income Statement.

b) Going concern

Having reviewed the Company's investment portfolio including the associated future cash requirements, forecast receipts and the Company's committed banking facility, the Directors are satisfied that they have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

As at 31 March 2016 the Company has investments in 15 operational projects (31 March 2015: 10) which yield interest, dividends and loan repayments. The cash flow from the project yields cover the Company's expected cash flow requirements for overheads and targeted dividend distribution.

As at 31 March 2016, the Company had £54.8 million (31 March 2015: £43.7 million) outstanding borrowings under its £65 million revolving credit facility. The Company also has issued £123 million loan notes (31 March 2015: £90 million) owed to its parent company.

c) **Revenue recognition**

(i) Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time-apportioned basis, using the effective interest rate of the instrument concerned as calculated at the acquisition or origination date. Interest income is recognised gross of withholding tax, if any.

(ii) Dividend income

Dividend income is recognised when the Company's right to receive the payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Dividend income is recognised gross of withholding tax, if any, and only when paid by the investment project companies.

(iii) Gains on investments at fair value through profit or loss

Gains or losses that arise from the movement in the fair value of investments are presented separately from interest income and dividend income above.

(iv) Other turnover

Other turnover, which includes fees receivable in respect of management services agreements with project companies, is recognised evenly over the period of the agreement.

Revenue excludes the value of intra-group transactions and VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
year ended 31 March 2016

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, deposits held on call with banks and other short-term highly liquid deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the cash flow statement. Deposits held with original maturities of greater than three months are included in other financial assets.

e) **Taxation**

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

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

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the Income Statement because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax 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. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities (other than in a business combination) in a transaction that affects neither the tax profit nor the accounting profit.

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. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

f) **Financial instruments**

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS13 'Fair Value Measurement'.

i) Financial assets
The Company classifies its financial assets in the following categories: fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Investments at fair value through profit or loss
Investments at fair value through profit or loss are designated upon initial recognition as financial assets at fair value through profit or loss in accordance with IFRS. The Company's policy is to fair value both the equity and subordinated debt investments in PPP and environmental infrastructure assets together. Subsequent to initial recognition, the investments are measured on a combined basis at fair value with changes recognised within operating income in the Income Statement.

The Company's investments comprises both equity and debt. Both elements are exposed to the same primary risk, being performance risk. This performance risk is taken into consideration when determining the discount rate applied to the forecast cash flows. In determining fair value we have considered observable market transactions and have measured fair value using assumptions that market participants would use when pricing the asset including assumptions regarding risk. The debt and equity are considered to have the same risk characteristics. As such the debt and equity form a single class of financial instrument for the purposes of disclosure. The Company measures its investment as a single class of financial asset at fair value in accordance with IFRS 13 'Fair Value Measurement'.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
year ended 31 March 2016

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Loans and receivables

Trade receivables, loans and other receivables that are non-derivative financial assets and that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and other receivables'. Loans and other receivables are measured at amortised cost using the effective interest method, less any impairment. They are included in current assets, except where maturities are greater than 12 months after the Balance Sheet date which are classified as non-current assets.

ii) Financial liabilities and equity

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

a) Equity instruments - share capital and share premium

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or associated with the establishment of the Company that would otherwise have been avoided are written off against the balance of the share premium account.

b) Financial liabilities

Financial liabilities are classified as other financial liabilities, comprising of:

- Loans and borrowings which are recognised initially at fair value of the consideration received, less transaction costs. Subsequent to initial recognition, loan and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis; and

- Other non-derivative financial instruments, including trade and other payables, which are measured at amortised cost using the effective interest method less any impairment losses.

iii) Fair value estimation

The fair value of financial instruments that are not traded in active markets is derived in one of two ways:

a) Investments at fair value through profit or loss

Fair value is calculated by discounting future cash flows, from investments in both equity (dividends and equity redemptions) and loans (interest and repayments), to the Company at an appropriate discount rate. The discount rates used represent the Company's assessment of the market discount rate for assets with similar characteristics and risk profile adjusted to reflect PPP and environmental infrastructure assets specific risk.

b) Loans and receivables, borrowings and payables

Loans and borrowings are held at amortised cost. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
year ended 31 March 2016

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the fair value of assets and liabilities that affect reported amounts. Actual results may differ from these estimates.

Key sources of estimation and uncertainties

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

Investments at fair value through profit or loss

Fair values for those investments for which a market quote is not available 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 risk free rates, specific risks and the evidence of recent transactions underlying assumptions and discount rates are disclosed in note 8. The Directors have satisfied themselves that the PPP and environmental infrastructure investments share the same investment characteristics and as such constitute a single asset class for IFRS 7 disclosure purposes.

Critical accounting judgement
Investment entities
The Directors consider that the Company demonstrates the characteristics and meets the requirements to be considered as an investment entity. Please refer to the accounting policies in note 2 for further detail.

4. OPERATING PROFIT

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

The audit fees payable to the Company's auditor for the audit of the Company's annual accounts are £6,000 (31 March 2015: £5,000).

The Company had no employees other than the directors for the current year. There was no directors' remuneration for the current year or proceeding period.

5. TAX

Factors affecting tax charge for the period

	Year ended 31 March 2016 £'000s	Period from 22 January 2014 to 31 March 2015 £'000s
Current Tax		
UK Corporation tax	-	-
Total current tax	-	-
Total charge on profit on ordinary activities	-	-
Factors affecting tax charge for the period		
(Loss)/profit on ordinary activities before taxation	**(894)**	3,873
(Loss)/profit on ordinary activities multiplied by the blended standard rate of corporation tax in the UK of 20% (period ended 31 March 2015: 21.32%)	(179)	826
Tax effect of		
Non-taxable UK dividends received	(236)	(147)
Net loss/(gain) on investments at FV through P&L	167	(1,228)
Expenses and other similar items that are not deductible	175	58
Losses not recognised as a deferred tax asset	73	491
Total tax charge for the period	-	-

The Company has taken the initial recognition exemption which negates the need to recognise deferred tax liability on the interest element of the fair value of the initial investments.

No deferred tax asset has been recognised as the Company is not forecasting to have taxable profits in the forthcoming years.

It was announced that the main rate of corporation tax for UK companies would be reduced to 19% from 1 April 2017, and then reduced further to 17% as per the Finance Act 2016 enacted on 15 September 2016.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
year ended 31 March 2016

6. DIVIDENDS

	Year ended 31 March 2016 £'000s	Period from 22 January 2014 to 31 March 2015 £'000s
Amounts recognised as distributions to equity holders during the period:		
Interim dividend for the period ended 30 September 2014 (2.54 pence per share)	-	1,700
Final dividend for the period 1 Oct 2014 to 31 March 2015 (2.991 pence per share)	2,000	-
Interim dividend for the period 1 April 2015 to 30 Sept 2015 (4.097 pence per share)	4,000	-
Interim dividend for the period 1 Oct 2015 to 31 December 2015 (1.537 pence per share)	1,500	-
	7,500	1,700

A final dividend for the period ended 31 March 2016 of 1.537 pence per share, amounting £1.5 million, was approved by the Board on 26 May 2016. The dividend has not been included as a liability at 31 March 2016.

An interim dividend for the period ended 31 March 2017 of 2.049 pence per share, amounting £2.0 million, was paid on 12 September 2016.

7. NET FINANCE COST

	Year ended 31 March 2016 £'000s	Period from 22 January 2014 to 31 March 2015 £'000s
Interest expense on loans from immediate parent company	10,210	8,100
Other net finance costs	1,369	328
Net finance cost	11,579	8,428

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 March 2016 £'000s	Period from 22 January 2014 to 31 March 2015 £'000s
Opening balance	197,713	-
Acquisitions	75,506	198,905
Reduction of acquisition price	(1,835)	(611)
Dividends received from investments*	(1,182)	(688)
Interest received from investments*	(11,203)	(6,744)
Loan stock and equity repayments	(8,215)	(6,466)
Movement in accrued interest	2,136	127
Other fees *	(117)	-
Unwind of discount rates and other movements*	11,692	13,195
	264,495	197,718
Cash and other working capital movement in intermediate holding companies		
Other Admin Expenses*	(26)	(5)
Other movement in intermediate holding companies	136	-
Carrying amount	264,605	197,713

*Net loss on investments at fair value through profit or loss for the period ended 31 March 2016 is £836,000 (31 March 2015: £5,758,000 gain).

The Ultimate Parent Company's Investment Adviser has carried out fair market valuations of the investments as at 31 March 2016. The Directors have satisfied themselves as to the methodology used and the discount rates applied for the valuation. The investments are in environmental infrastructure projects and are valued using a discounted cash flow methodology. The valuation techniques and methodologies have been applied consistently with the methodology used to value the Investments since the launch of the ultimate parent company John Laing Environmental Assets Group Limited in 2014.

At 31 March 2016, discount rates are applied in the range of 6.5% to 9.6% (31 March 2015: 7.00% to 11.00%).

The following economic assumptions were used in the discounted cashflow valuations:

	31 March 2016	31 March 2015
Inflation rates - UK	**2.2% for 2016 and 2.75% from 2017**	2% for 2015 and 2.75% from 2016
Deposit interest rates (UK)	**1% for 2016, gradually rising to 3.25% from 2019**	1% for 2015, gradually rising to 3.5% from 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
year ended 31 March 2016

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The long-term UK corporation tax rate assumed is 20%, stepping down to 19% in April 2017 and 17% from April 2020 onwards, reflecting the rates enacted by legislation.

The UK government has published the draft legislation for the Finance Bill 2017 which introduced clarification on the proposals to implement some of the OECD's Base Erosion and Profit Shifting measures, including potential interest restrictions and limits on the use of tax losses, which have been subject to consultation during 2016. Based on the draft legislation published, it is not expected that the Company's portfolio of investments will be subject to interest restrictions under the new rules.
The fair value of the investments would be an estimated £10.9 million higher or £10.3 million lower (31 March 2015: £8.1 million higher or £7.6 million lower) if the discount rate used in the discounted cash flow analysis were to differ by 0.5% from that used in the fair value calculation. The weighted average discount rate for the ultimate parent's portfolio which include the Company's investments as at 31 March 2016 was 8.2% (31 March 2015: 9.1%).

The fair value of the investments would be an estimated £11.5 million higher (31 March 2015: £8.6 million higher) if the inflation rate used in the discounted cash flow analysis was an absolute 0.5% higher than that used in the fair value calculation, and £10.9 million lower (31 March 2015: £8.4 million lower) if the inflation rate was an absolute 0.5% lower. The inflation rate assumed for all future periods from 31 March 2016 is 2.75% (unchanged from 31 March 2015).

The fair value of the investments is based on a "P50" level of electricity output for the renewable energy assets, being the expected level of generation over the long term. The sensitivity of the Portfolio to movements in energy yields based on an assumed "P90" level of electricity output (i.e. a level of generation that is below the "P50", with a 90% probability of being exceeded) and an assumed "P10" level of electricity output (i.e. a level of generation that is above the "P50", with a 10% probability of being achieved) is as follows:

- The fair value of the investments would be an estimated £21.7 million higher (31 March 2015: £18.8 million higher) if the energy yield was an assumed "P10" level and £21.6 million lower (31 March 2015: £19.4 million lower) if the energy yield was an assumed "P90" level; and

- The fair value of the investments would be an estimated £9.5 million higher (31 March 2015: £7.7 million higher) if the electricity price used in the discounted cash flow analysis was an absolute 10% higher than that used in the fair value calculation, and £9.6 million lower (31 March 2015: £7.8 million lower) if the inflation rate was an absolute 10% lower.

Waste and wastewater assets do not have significant volume and price risks.

Details of the investments aquired in the year are as follows:

On 30 July 2015 the Company acquired the remaining 36% interest in the Branden solar park project from John Laing plc and the entirety of 'B' shares plus other economic interests in the Monksham solar park project for a total cash consideration of £20.37 million.

Under two separate transactions on 30 October 2015 and 13 November 2015, the Company acquired a solar photovoltaic portfolio owned under Venture Capital Trusts and Enterprise Investment Schemes for a cash consideration of £28.5 million, including working capital.

On 2 December 2015, the Company acquired Burton Wold Extension wind farm located in Northamptonshire from John Laing for a cash consideration, including working capital, of £21.8 million.

On 17 March 2016, the Company acquired Pylle Southern solar park for a total consideration, including working capital, of £6.1 million. £1.3 million of the consideration was paid after the year end under the terms of the sale and purchase agreement.

There are no future loan stock or capital commitments on investments held at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
year ended 31 March 2016

9. TRADE AND OTHER RECEIVABLES

	At 31 March 2016 £'000s	At 31 March 2015 £'000s
Other debtors	2,325	454
Prepayments and accrued income	23	26
	2,348	480

10. TRADE AND OTHER PAYABLES

	At 31 March 2016 £'000s	At 31 March 2015 £'000s
Other payables	540	206
Accruals and deferred income	103	205
	643	411

11. LOANS AND BORROWINGS (Current liabilities)

	At 31 March 2016 £'000s	At 31 March 2015 £'000s
Current liabilities		
Revolving credit facility borrowing	54,820	43,680
	54,820	43,680

The Company benefits from a revolving credit facility of £75 million with HSBC and NIBC which expires on 9 October 2018. The facility of £50 million, originally signed on 9 October 2014, was successively amended on 1 March 2016 to increase to £65 million and on 22 June 2016 to increase to £75 million. The facility can be used to make acquisitions of environmental infrastructure projects and to cover working capital requirements. The loan bears interest in the range of LIBOR + 2.5% to LIBOR + 2.75%, and will be repaid by the proceeds from future capital raises.

12. LOANS AND BORROWINGS (Non-current liabilities)

	At 31 March 2016 £'000s	At 31 March 2015 £'000s
Non-current liabilities		
Loans from parent company	123,000	90,000
	123,000	90,000

On 16 July 2015, the Company issued to its parent company John Laing Environmental Assets Group Limited a further £33 million of fixed rate unsecured loan notes redeemable in full by 31 March 2063. The annual rate of interest payable on the notes is 9%. Post the year end the Company issued a further £34.5 million and £14.4 million of fixed rate unsecured loan notes redeemable in full by 31 March 2063. The annual rate of interest payable on the notes is 9%. The Company has no other outstanding loans or borrowings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
year ended 31 March 2016

13. SHARE CAPITAL

	At 31 March 2016 £'000s	At 31 March 2015 £'000s
Issued and fully paid		
Opening balance	669	-
307,500,000 ordinary shares issued on 16 July 2015 of £0.01 each (2015: 668,700,000 ordinary shares issued on 1 April 2014 of £0.01 each)	307	669
	976	669

In July 2015, the Company issued £30.75 million of shares which were wholly subscribed by John Laing Environmental Assets Group Limited.

The Company is authorised to issue an unlimited number of shares.

At present, the Company has one class of ordinary shares which carries no right to fixed income.

14. SHARE PREMIUM ACCOUNT

	At 31 March 2016 £'000s	At 31 March 2015 £'000s
Opening balance	26,201	-
Premium arising on issue of equity shares	30,443	66,201
Capital reduction	-	(40,000)
Balance at 31 March 2016	**56,644**	26,201

15. RETAINED EARNINGS

	At 31 March 2016 £'000s	At 31 March 2015 £'000s
Opening balance	42,173	-
Capital reduction (note 14)	-	40,000
Net (loss)/profit for the year/period	(894)	3,873
Dividends paid (note 6)	(7,500)	(1,700)
	33,779	42,173

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
year ended 31 March 2016

16. TRANSACTIONS WITH RELATED PARTIES

As a wholly owned subsidiary of John Laing Enviornmental Assets Group Limited, the Company has taken advantage of the exemption under IAS 24 (revised), 'Related party disclosures' not to provide information on related party transactions with other undertakings within the John Laing Environmental Assets Group. Note 21 gives details of how to obtain a copy of the published financial statements of John Laing Environmental Assets Group Limited.

The following transactions took place between the Company and its subsidiaries during the year:

	Opening balance / acquired		Cash received		Capitalised interest / restructure		Income Statement	Balance due	
	Subordinated/ Senior loan interest	Subordinated/ Senior loan	Subordinated/ Senior loan interest/ dividend	Subordinated/ Senior loan	Subordinated/ Senior loan interest	Subordinated/ Senior loan	Subordinated / Senior loan interest / divlend	Subordinated/ Senior loan interest	Subordinated/ Senior loan
	Year ended 31 March 2016		Year ended 31 March 2016		Year ended 31 March 2016		Year ended 31 March 2016	Year ended 31 March 2016	
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Amber Solar Parks (Holdings) Limited	(90)	22,381	1,276	1,570	-	-	1,275	(91)	20,811
Monksham Power Limited	-	947	-	-	-	-	28	28	947
Frome Solar Limited	-	9,348	379	717	-	-	379	-	8,631
ELWA Holdings Limited	965	18,599	1,925	-	-	-	1,930	970	18,599
JLEAG 1 Solar Limited	-	21,555	458	-	-	-	745	288	21,555
Monksham Power Limited	-	947	-	-	-	-	28	28	947
Pylle Solar Limited	-	4,365	-	-	-	-	13	13	4,365
Branden Solar Parks (Holdings) Limited	781	19,104	1,568	586	377	-	1,100	314	18,518
Shanks Dumfries and Galloway Holdings Li mited	204	3,413	410	-	-	-	411	205	3,413
JLEAG Wind Holdings Limited	-	-	-	2,668		(2,668)	241	241	55,869
Bilsthorpe Wind Farm Holdings Limited	177	12,187	565	446	(1,568)	(12,633)	827	-	-
Ferndale Wind Limited	41	758		96	(96)	(854)	55	-	-
Castle Pill Wind Limited	93	1,733	-	141	(220)	(1,874)	127	-	-
JL Hall Farm Holdings Limited	887	13,487	647	(1,480)	(2,774)	(12,007)	1,240		
Carscreugh (Holdings) Limited	589	11,819	-	708	(1,785)	(12,527)	1,196	-	-
Wear Point Wind Holdco Limited	72	3,434	-	370	(339)	(3,804)	267	-	-
Wear Point Wind Limited	92	3,738	438	74	(879)	(3,812)	350	-	-
HWT Limited	46	1,855	1,335	465	-	-	1,321	31	1,391
ELWA Holdings Limited	965	18,599	1,925	-	-	-	1,930	970	18,599
Wind Assets LLP	9	8,328	396	854	(891)	(9,182)	486	-	-
BL Wind	555	13,150	318	(626)	(1,262)	(12,525)	389	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
year ended 31 March 2016

17. FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

Capital management

The Company manages its capital to ensure that it is able to continue as a going concern while maximising the return to the shareholder through the optimisation of the debt and equity balance.

The capital structure of the Company consists of cash and cash equivalents, debt as detailed in note 11 and 12, and equity attributable to equity holders, comprising issued capital, share premium and retained earnings as disclosed in notes 13, 14 and 15.

Gearing ratio

The Company intends to make prudent use of leverage for financing acquisitions of investments and working capital purposes. Under the Company's revolving credit facility agreement, the Company's outstanding borrowings, excluding the debts of underlying assets and loan notes issued to the parent company, will be limited to 25% of the portfolio value of investments. At 31 March 2016, the outstanding borrowings as noted above represented 21% of the portfolio value (31 March 2015: 22%).

As at 31 March 2016, the Company had £123 million outstanding shareholder loan (31 March 2015: £90 million) and £54.8 million outstanding borrowing under its revolving credit facility (31 March 2015: 43.7 million), which represent a gearing ratio of 83% (31 March 2015: 84%).

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and inflation risk), credit risk, liquidity risk, and capital risk. The Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

For the environmental infrastructure investments, due to the nature of the investments, certain financial risks (typically interest rate and inflation risks) are hedged at the inception of a project. The various types of financial risk are managed as follows:

Market risk - interest rate risk

Interest rate risk arises in the Company's credit facility borrowings and floating rate deposits. Borrowings issued at variable rates expose those entities to variability of interest payment cash flows. Interest rate hedging may be carried out to seek to provide protection against increasing costs of servicing debt drawn down by the Company, as part of its credit facility. This may involve the use of interest rate derivatives and similar derivative instruments. During the period, the Company has not entered into an interest rate hedging instrument due to the low materiality of the interest rate risk.

Each asset investment hedges their interest rate risk at the inception of a project. This will either be done by issuing fixed rate debt or variable rate debt which will be swapped into fixed rate by the use of interest rate swaps.

A sensitivity analysis on the interest rate risk has not been reported due to the low materiality of the risk.

Market risk - inflation risk

The investments will typically have part of their revenues and some of their costs linked to a specific inflation index at inception of the project. In most cases this creates a natural hedge, meaning a derivative does not need to be entered into in order to mitigate inflation risk.

For a sensitivity analysis of investments at fair value through profit or loss, refer to Note 8.

Market risk - Electricity price risk

The wholesale market price of electricity is volatile and is affected by a variety of factors, including market demand for electricity, the generation mix of power plants, government support for various forms of power generation, as well as fluctuations in the market prices of commodities and foreign exchange. Whilst some of the Company's renewable energy projects benefit from fixed prices, others have revenue which is in part based on wholesale electricity prices.

A decrease and/or prolonged deterioration in economic activity in the UK, for any reason, could result in a decrease in demand for electricity in the market. Short term and seasonal fluctuations in electricity demand will also impact the price at which the investments can sell electricity. The supply of electricity also impacts the wholesale electricity price. Supply of electricity can be affected by new entrants to the wholesale power market, the generation mix of power plants in the UK, government support for various generation technologies, as well as the market price for fuel commodities.

For a sensitivity analysis of investments at fair value through profit or loss, refer to Note 8.

Volume risk

Meteorological conditions poorer than forecast can result in generation of lower electricity volumes and lower revenues than anticipated.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
year ended 31 March 2016

17. FINANCIAL INSTRUMENTS (CONTINUED)

CAPITAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk that a counterparty of the Company or its subsidiaries will default on its contractual obligations it entered into with the Company or its subsidiaries. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers. The Company and its subsidiaries mitigate their risk on cash investments and derivative transactions by only transacting with major international financial institutions with high credit ratings assigned by international credit rating agencies.

The Company's investments receive regular, long-term, partly or wholly index-linked revenue from government departments, public sector, local authority or clients under the Renewables Obligation and Feed-in Tariff regimes. The Directors believe that the Company is not significantly exposed to the risk that the customers of its investments do not fulfil their regular payment obligations because of the Company's policy to invest in jurisdictions with satisfactory credit ratings.

Given the above factors, the Board does not consider it appropriate to present a detailed analysis of credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company adopts a prudent approach to liquidity management by ensuring it maintains adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Directors monitor the Company's liquidity requirements to ensure there is sufficient cash to meet the Company's operating needs.

The Company's liquidity management policy involves projecting cash flows and forecasting the level of liquid assets necessary to meet these. Due to the nature of its investments, the timing of cash outflows is reasonably predictable and, therefore, is not a major risk to the Company.

As at 31 March 2016 the Company had £54.8 million outstanding debt under its revolving credit facility and £123.0 million debt under its shareholder loan.

Capital risk

The Company has implemented an efficient financing structure that enables it to manage its capital effectively. The Company's capital structure comprises equity and near equity (loan notes). As at 31 March 2016 the Company had £54.8 million outstanding debt under its revolving credit facility and £123.0 million debt under its shareholder loan. The Company's parent company's ability to raise equity in the stock market will allow to mitigate the capital risk of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
year ended 31 March 2016

17. FINANCIAL INSTRUMENTS (CONTINUED)

a) Financial instruments by category:

	Year ended 31 March 2016				
	Cash and bank balances £'000s	**Financial assets at FVTPL* £'000s**	**Loans and receivables £'000s**	**Financial liabilities at amortised cost £'000s**	**Total £'000s**
Non-current assets					
Investments at fair value through profit or loss (Level 3)	-	264,605	-	-	**264,605**
Current assets					
Trade and other receivables	-	-	2,348	-	**2,348**
Cash and cash equivalents	2,909	-	-	-	**2,909**
Total financial assets	**2,909**	**264,605**	**2,348**	-	**269,862**
Current liabilities					
Trade and other payables	-	-	-	(643)	**(643)**
Variable rate loans and borrowings	-	-	-	(54,820)	**(54,820)**
Non-current liabilities					
Interest bearing loans and borrowings	-	-	-	(123,000)	**(123,000)**
Total financial liabilities	-	-	-	**(178,463)**	**(178,463)**
Net financial instruments	**2,909**	**264,605**	**2,348**	**(178,463)**	**91,399**

	Period ended 31 March 2015				
	Cash and bank balances £'000s	Financial assets at FVTPL* £'000s	Loans and receivables £'000s	Financial liabilities at amortised cost £'000s	Total £'000s
Non-current assets					
Investments at fair value through profit or loss (Level 3)	-	197,713	-	-	197,713
Current assets					
Trade and other receivables	-	-	480	-	480
Cash and cash equivalents	4,941	-	-	-	4,941
Total financial assets	4,941	197,713	480	-	203,134
Current liabilities					
Trade and other payables	-	-	-	(411)	(411)
Variable rate loans and borrowings	-	-	-	(43,680)	(43,680)
Non-current liabilities					
Interest bearing loans and borrowings	-	-	-	(90,000)	(90,000)
Total financial liabilities	-	-	-	(134,091)	(134,091)
Net financial instruments	4,941	197,713	480	(134,091)	69,043

** FVTPL = Fair value through profit or loss*

The above table provides an analysis of financial instruments that are measured subsequent to their initial recognition at fair value as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs to the asset or liability that are not based on observable market data (unobservable inputs).

There were no Level 1 assets or liabilities during the period. There were no transfers between Level 1 and 2, Level 1 and 3 or Level 2 and 3 during the period.

In the table above, financial instruments are held at carrying value as an approximation to fair value unless stated otherwise.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
year ended 31 March 2016

17. FINANCIAL INSTRUMENTS (CONTINUED)

Reconciliation of Level 3 fair value measurement of financial assets and liabilities

An analysis of the movement between opening to closing balances of the investments at fair value through profit or loss is given in note 8. For financial assets at fair value through profit or loss, changing the discount rate used to value the underlying instruments would alter the fair value.

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 loans and subordinated loans (interest and repayments) to the Company at an appropriate discount rate. The discount rate is considered the most significant unobservable input 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. The basis of each discount rate, which is a weighted average cost of capital, is a long run average government bond rates adjusted by an appropriate premium to reflect the investments specific risk, phase of the projects and counterparty credit risk. At 31 March 2016, the weighted average discount rate applied was in the range of 6.5% to 9.6% (31 March 2015: 7.00% to 11.00%). The discount rate is considered the most significant unobservable input 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.

For a sensitivity analysis of Financial Assets at fair value through profit or loss, refer to note 8.

b) Interest rate profile of financial liabilities

The Company's financial liabilities at 31 March 2016 were £178.5 million (31 March 2015: £134.1 million).

		Year ended 31 March 2016			
		Financial liabilities			
	Currency	**Floating rate £'000s**	**Fixed rate £'000s**	**Variable rate £'000s**	**Total £'000s**
Trade and other payables	- Sterling	-	643	-	**643**
Loans and borrowings < 1 year	- Sterling	-	-	54,820	**54,820**
Total <1 year		-	**643**	**54,820**	**55,463**
Loans and borrowings > 1 year	- Sterling	-	123,000	-	**123,000**
Total >1 year		-	**123,000**	-	**123,000**
Total		-	**123,643**	**54,820**	**178,463**

		Period ended 31 March 2015			
		Financial liabilities			
	Currency	Floating rate £'000s	Fixed rate £'000s	Variable rate £'000s	Total £'000s
Trade and other payables	- Sterling	-	411	-	411
Loans and borrowings < 1 year	- Sterling	-	-	43,680	43,680
Total <1 year		-	411	43,680	44,091
Loans and borrowings > 1 year	- Sterling	-	90,000	-	90,000
Total >1 year		-	90,000	-	90,000
Total		-	90,411	43,680	134,091

18. GUARANTEES AND OTHER COMMITMENTS

As at 31 March 2016 the Company had no commitments (31 March 2015: none).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
year ended 31 March 2016

19. EVENTS AFTER BALANCE SHEET DATE

Subsequent to the Company's investment in Pylle Southern solar park in March 2016, £1.3 million of the consideration was paid on 24 May 2016 under the terms of the sale and purchase agreement.

On 30 June 2016, the Company acquired the Dungavel wind farm project from John Laing Group plc for a cash consideration, including working capital, of £38.2 million.

On 4 July 2016, the Company completed the acquisition of Le Placis Vert wind farm located in France, for a total consideration, including working capital, of €2.5 million.

On 22 July 2016, the Company acquired New Albion wind farm from John Laing Group plc for a cash consideration, including working capital, of £11.8 million.

On 8 June 2016 the Company issued £34.5 million of loan notes and subsequently used the proceeds to partially repay the revolving credit facility borrowing.

An interim dividend for the period ended 31 March 2017 of 2.049 pence per share, amounting £2.0 million, was paid on 12 September 2016.

On 29 November 2016, the Company acquired the Plouguernevel wind farm located in France, for a total consideration of€2.1 million.

20. DISCLOSURE - SERVICE CONCESSION ARRANGEMENTS

The Company holds an investment in service concession arrangements. The concessions requires the construction and operation of an asset during the concession period. The operation of the asset includes the provision of facilities management services. At the end of the concession period on the majority of the concessions the assets are returned to the concession provider. As at 31 March 2016 all the service concessions were fully operational (31 March 2015: all).

The rights of both the concession provider and concession operator are stated within the specific project agreement. The standard rights of the provider to terminate the project include poor performance and in the event of force majeure. The operator's rights to terminate include the failure o the provider to make payment under the agreement, a material breach of contract and relevant changes of law which would render it impossible for the service company to fulfil its requirements

Sector	Company name	Project name	% owned	Short description of concession arrangement	Start date	End date	No. years
Waste management	ELWA Limited	ELWA	80%	Processing of household waste	31-Dec-2002	22-Dec-2027	25
Waste management	Shanks Dumfries & Galloway Limited	D&G	80%	Processing of household waste	01-Nov-2004	01-Nov-2029	25
Waste water treatment	Catchment Tay Limited	Tay	33.3%	Waste water treatment	16-Dec-1999	16-Dec-2029	30

The Company's immediate parent and ultimate controlling entity is John Laing Environmental Assets Group Limited, a limited corporate entity incorporated in Guernsey, Channel Islands.

Copies of the accounts of John Laing Environmental Assets Group Limited are available from the website www.jlen.com.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
year ended 31 March 2016

21. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

Name of Subsidiaries and Joint Venture	Category	Place of business	Ownership interest	Voting rights
HWT Limited	Intermediate holding	UK	100%	100%
JLEAG Solar 1 Limited	Project holding company	UK	100%	100%
Croft Solar PV Limited	Operating subsidiary	UK	100%	100%
Cross Solar PV Limited	Operating subsidiary	UK	100%	100%
Domestic Solar Limited	Operating subsidiary	UK	100%	100%
Ecossol Limited	Operating subsidiary	UK	100%	100%
Hill Solar PV Limited	Operating subsidiary	UK	100%	100%
Share Solar PV Limited	Operating subsidiary	UK	100%	100%
Tor Solar PV limited	Operating subsidiary	UK	100%	100%
Residential PV trading Limited	Operating subsidiary	UK	100%	100%
South-Western Farms Solar Limited	Operating subsidiary	UK	100%	100%
Angel Solar Limited	Operating subsidiary	UK	100%	100%
Easton PV Limited	Project holding company	UK	100%	100%
Pylle Solar Limited	Project holding company	UK	100%	100%
Second Energy Limited	Operating subsidiary	UK	100%	100%
ELWA Holdings Limited	Project holding company	UK	80%	80%
ELWA Limited [1]	Operating subsidiary	UK	80%	81%
JLEAG Wind Holdings Limited	Project holding company	UK	100%	100%
JLEAG Wind Limited	Project holding company	UK	100%	100%
Amber Solar Parks (Holdings) Limited	Project holding company	UK	100%	100%
Amber Solar Park Limited	Operating subsidiary	UK	100%	100%
Fryingdown Solar Park Limited	Non-trading entity	UK	100%	100%
Five Oaks Solar Parks Limited	Non-trading entity	UK	100%	100%
Bilsthorpe Wind Farm Holdings Limited	Project holding company	UK	100%	100%
Bilsthorpe Wind Farm Limited	Operating subsidiary	UK	100%	100%
Ferndale Wind Limited	Project holding company	UK	100%	100%
Castle Pill Wind Limited	Project holding company	UK	100%	100%
Wind Assets LLP	Operating subsidiary	UK	100%	100%
Shanks Dumfries and Galloway Holdings Limited	Project holding company	UK	80%	80%
Shanks Dumfries and Galloway Limited	Operating subsidiary	UK	80%	80%
JL Hall Farm Holdings Limited	Project holding company	UK	100%	100%
Hall Farm Wind Farm Limited	Operating subsidiary	UK	100%	100%
Branden Solar Parks (Holdings) Limited	Project holding company	UK	100%	100%
Branden Solar Parks Limited	Operating subsidiary	UK	100%	100%
KS SPV 3 Limited	Operating subsidiary	UK	100%	100%
KS SPV 4 Limited	Operating subsidiary	UK	100%	100%
BL Wind (Holdings) Limited	Project holding company	UK	100%	100%
BL Wind Limited	Operating subsidiary	UK	100%	100%
Burton Wold Extension Limited	Operating subsidiary	UK	100%	100%
Carscreugh (Holdings) Limited	Project holding company	UK	100%	100%
Carscreugh Renewable Energy Park Limited	Operating subsidiary	UK	100%	100%
Wear Point Wind HoldCo Limited	Project holding company	UK	100%	100%
Wear Point Wind Limited	Operating subsidiary	UK	100%	100%
New Albion Wind (Holdings) Limited	Project holding company	UK	100%	100%
New Albion Wind Limited	Operating subsidiary	UK	100%	100%
Dreachmhor Wind Farm (Holdings) Limited	Project holding company	UK	100%	100%
Dreachmhor Wind Farm Limited	Operating subsidiary	UK	100%	100%
Monksham Power Ltd	Project holding company	UK	[2]	[2]
Frome Solar Limited	Operating subsidiary	UK	[2]	[2]

[1] ELWA Holdings Limited holds 81% of the voting rights and 100% share of the economic benefits in ELWA Limited.

[2] 100% of "B" shares plus 100% of loans to the project. The "A" shareholders, investors under the Enterprise Investment Scheme, remain invested in the project. Including the loans JLEN held an effective economic interest over 87% of the value of the project's cash flow (as calculated at acquisition).