ELEMENT POWER GROUP

COMBINED AND CONSOLIDATED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2017

GENERAL PARTNER'S REPORT

The General Partner, Hudson Element Power GP LLC ("HEPGP") presents its annual report on the affairs of Element Power Holdings LP, Element Power Scotland LP, Element Power UK LP, Element Power US LP (the "Element Partnerships") and their investments (the "Element Power Group" or the "Group") together with their combined and consolidated audited financial statements thereon for the year ended 31 December 2017.

Element Power Holdings LP and Element Power Scotland LP are incorporated in Scotland, Element Power UK LP is incorporated in UK and Element Power US LP is incorporated in Delaware, USA.

Composition and principal activity

Pursuant to limited partnership agreements, the partners in the Element Partnerships have delegated the day-to-day running of those partnerships to the General Partner. HEPGP is a limited company incorporated in Delaware, USA owned by Hudson Capital Management (NY) LP, part of Hudson Clean Energy Partners ("HCEP"), a US private equity firm established in 2008 to manage investments in renewable power, alternative fuels, energy efficiency and storage and other affiliated investment funds.

The principal activities of the Group are the development, construction and operation of industrial scale renewable wind energy facilities along with a small solar portfolio.

The principal subsidiaries and associated undertakings affecting the results and net assets of the Group are listed in note 33 to the financial statements.

Business review

The Element Power Group ("EP", "the Group" or "the Company") was active during 2017 in the areas of development, construction and the asset management of projects which support a clean energy future across the Northern European geographies of Ireland, Finland, Sweden and the UK. Our overarching goal is to enable governments to deliver the Lowest Cost of Energy (LCOE) in decarbonising energy infrastructure in compliance with binding EU targets, as well as supporting corporates in achieving green energy procurement ambitions. The Group's activities can be segmented into Energy Projects Development & Construction, Asset Management, Grid Services, Interconnectors and EP Investment Management.

Energy Projects Development & Construction

During 2017 in Northern Europe, the Group was developing a ~2.2GW pipeline of onshore wind, solar and battery storage projects with 80%+ of the portfolio based in Ireland. Since the end of 2017, the Group has embarked upon a series of transactions to sell the entirety of its interest in the Northern European portfolio with the exception of the Greenlink interconnector where the Group continues to hold a majority interest. The transactions were as follows:

1. Sale of the UK and Ireland development portfolio to Statkraft in October 2018;

2. Sale of a Swedish windfarm called Grimsas to Marguerite Wind Celsius Gmbh in June 2017

3. Sale of the Finnish portfolio of windfarms to Suomen Hyotytuuli Oy and Energiequelle Gmbh via two transactions in July and August 2019

4. Sale of a 49% shareholding in the Greenlink interconnector to Partners Group in March 2019

EP continues to develop the 500MW interconnector between Ireland and the UK known as Greenlink. The project has already achieved a number of significant milestones:

- An agreed grid connection with the UK's National Grid;
- Project of Common Interest (PCI) status - a PCI project is one that the European Commission has selected that will have a significant impact on energy markets and market integration in EU

countries, boost competition in energy markets and help the EU's energy security by diversifying sources, and contribute to the EU's climate and energy goals by integrating renewables;
- Agreed Cap & Floor support mechanism from the UK's OFGEM; and
- The Commission for Regulation of Utilities in Ireland has directed Eirgrid to move forward with the project's grid application as well as evaluation of a supporting cap and floor structure.

Our expectation is for Greenlink to go into construction during 2020 and become operational by 2023, providing significant benefit to electricity consumers in Ireland and the UK. It is not expected that Brexit will have an impact on Greenlink, in the event of hard Brexit, UK and Ireland (EU) are both WTO members and as such WTO members must offer each other "Most Favoured Nation" (MFN) deals, i.e. no tariffs on the trading with non-member states (e.g. Norway and Switzerland). Additionally, Department for Business, Energy and Industrial Strategy (BEIS) confirmed there are no tariffs for trading electricity between WTO members. UK will continue to support Greenlink because of its Project Common Interest Status (PCI status). Post Brexit, UK will continue to be the third largest energy generator in Europe (338.6 TWh cf. Ireland 30.4 TWh) and is expected to have 10GW of interconnector capacity with continental Europe (including Scandinavia).

EP continues to hold a series of potential deferred contingent interests in projects which were sold between 2016 and 2018 which could deliver value up to €7.50m to the Group.

EP Investment Management

The Investment Management division manages the Group Accounting and Reporting functions, as well as the Group's legacy investments which are no longer receiving active investment but hold value for the Group and its shareholders. The assets under management include:

- USA – Following the sale of the EPs North American portfolio in 2013/14, the Group retains a series of contingent deferred earn-out interests in the portfolio of onshore wind projects sold to Capital Power. Under this arrangement the Group received proceeds of ~$2m in September 2017. During 2018, the Group received $3.0m in May 2018 and $468k in December 2018 and there remains potential for further proceeds to be received in due course subject to Capital Power achieving development milestones with the projects;
- Chile – 118 MWs of onshore wind development.
- Panama – 371 MWs of onshore wind development projects which are currently under option to Enel Fortuna, S.A;
- Spain – EP has now sold the entirety of its interests in the Spanish PV solar portfolio in two transactions in January 2017 and February 2018 and has received deferred contingent proceeds for €850k on April 2019.
- Spain – Although EP disposed it's interest in Spanish PV solar portfolio, it retained the right to claim against the Kingdom of Spain in the Energy Charter Treaty ("ECT") Arbitration case, where it is one of a group of 14 claimants which has been running since the investor group submitted its Notice of Arbitration in November 2011. The claimants contend that in 2007, in order to attract investments in the Spanish PV sector, the Kingdom of Spain implemented a series of incentives to qualifying investors – in particular providing for fixed, lifetime "feed-in-tariffs". According to the claimants, once the investments in Spain were made, Spain withdrew the incentives and, between late 2008 and early 2011, took a series of actions which fundamentally altered the legal framework of the claimant's investment which breached a number of provisions of the ECT. Along with the other members of the investor group, EP is challenging these changes and is seeking compensation to restore expected rates of return on the original investments made;
- Italy – the Company retains a financial interest via a contingent deferred earn-out and VAT rebates in the San Vito project which was sold to Baltic Energy Group ApS in July 2015.

GENERAL PARTNER'S REPORT (continued)

At 31 December 2017 the Group held a portfolio of assets in various stages of development with a combined peak generating capacity of 3.3 Giga Watts (GW): overall no change to 31 December 2016. The geographical split of this is detailed below.

Renewable Energy Portfolio as at 31 December (own share)

Megawatts (MW)	Grid/Interconnect		Storage		Wind In development		Photo Voltaic Solar Operational/ in development	
	2017	2016	2017	2016	2017	2016	2017	2016
United Kingdom	600	600	-	25	96	85	-	-
Ireland	500	500	-	-	1,390	1,272	30	-
Sweden	-	-	-	-	-	94	-	-
Finland	-	-	-	-	198	198	-	-
Spain	-	-	-	-	-	-	1	13
Chile	-	-	-	-	118	118	-	-
Panama	-	-	-	-	371	371	-	-
	1,100	1,100	0	25	2,173	2,138	31	13

Going concern

The significant growth of the Group since its inception in September 2008 has been made possible through a combination of equity support from the ultimate owners plus debt financing. Although the Group has made a loss for the year, the development portfolio has now reached a stage where projects have become construction ready or have already been sold, which has produced revenue for the Group. Based on this and the Group's forecasts and projections, the General Partner has a reasonable expectation, given the levels of commitments and forecast requirements, that the Group has adequate resources to continue in operational existence for the foreseeable future. The General Partner has therefore adopted the going concern basis in preparing the financial statements.

Results

The results for the twelve months ended 31 December 2017 are shown in the combined and consolidated statement of comprehensive income on pages 10 and 11.

Revenue in 2017 was lower than 2016, due to the disposal of the majority of the Spanish Solar PV portfolio in 2016. The 2017 Revenue reflected the remaining Spain Photonsolar PV portfolio only, which was sold in February 2019. In addition, Revenue for 2016 included development fee income related to the Cordal development project, based in Ireland, which the Group developed for a fee.

The loss for the year amounted to $6,979k (2016: $34,400k). The 2016 loss was impacted by fully impairing the Poland Wind portfolio due to the passing of Poland law requiring all new wind farm developments to be distanced a minimum 10x tip height from the nearest dwelling. The Element Power Poland portfolio was designed around the previous setback regulation of 500 meters and unfortunately the new regulations completely eradicated the viability of our developments.

Key risks and uncertainties

The Group's development strategy is based on the continued policy support for renewable energy from governments and industry regulators in the countries in which the Group has chosen to operate. In addition, realisation of this strategy will require substantial project debt financing and so is reliant on this being available on commercially reasonable terms. In recent years, many countries have seen increased political focus on the cost of renewable energy, including the costs of meeting the EU 2020 renewable obligations and the longer-term carbon reduction targets.

The Group is active in various countries outside of the USA, along with a subsidiary office in the USA and so is exposed to non-US Dollar currencies, the principal one being the Euro. Borrowings are drawn, as far as possible, in the same currencies as the underlying investment to reduce exposure to exchange rate movements on translation into US Dollars. However, movements in exchange rates could have a negative impact on translation of net investments and results of the Group's non-US Dollar denominated subsidiaries into US Dollars.

In addition to the above-mentioned risks the Group is exposed to regulatory and political risks largely arising from the potential for changes in a country's policy on renewable subsidisation. Key areas within this risk include Geo-Political Risk and Development Risk. Geo-Political Risk requires the Company to be mindful of the politics when developing projects. Unstable governments may expropriate projects and/or change laws. Development Risk is largely impacted by planning and Grid connection risk. The Company performs extensive pre planning and manages throughout the development cycle to financial close by experienced industry leading management teams to mitigate development risks.

Directors of the General Partner

Daniel Graf von der Schulenburg (resigned 3 July 2016)
John Cavalier (resigned 30 May 2017)
Joseph Edward Slamm III
Michael G Reynolds (deceased 13 March 2017)
Michael Kasper (appointed 1 July 2017)
Michael O'Neill (resigned 2 October 2018)
Neil Auerbach
Nick Hexter (resigned 2 October 2018)

Auditor

The General Partner confirms that at the date of this report: there is no relevant information of which the Group's auditor is unaware; and

- all steps have been taken to ensure the General Partner is aware of any relevant audit information and establish that the Group's auditor is aware of that information.

On behalf of the General Partner

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Director

18 December 2019

GENERAL PARTNER'S RESPONSIBILITIES STATEMENT

The General Partner is responsible for preparing the Annual Report and the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

International Accounting Standard 1 requires that financial statements present fairly, for each financial year, the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's Framework for the preparation and presentation of financial statements. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS.

The General Partner is also required to:

- 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 specific requirements in IFRS is 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 Group's ability to continue as a going concern.

The General Partner is 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 Group. The General Partner is also responsible for safeguarding the assets of the Group and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

General Partner's responsibility statement

We confirm to the best of our knowledge that the financial statements, prepared in accordance with IFRS, as issued by the IASB and as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the undertakings included in the consolidation taken as a whole; and the management report, which is incorporated into the General Partner's Report, includes a fair review of the development and performance of the business and the position of the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

On behalf of the General Partner

Joseph Edward Slamm III

Director

18 December 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELEMENT POWER GROUP

We have audited the non-statutory combined and consolidated financial statements of Element Power Holdings LP, Element Power UK LP, Element Power US LP, Element Power Scotland LP (the "Element Partnerships") and their investments (the "Element Power Group" or the "Group") for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 34. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Element Partnerships' members as a body in accordance with our engagement letter dated 7 August 2018 and solely for the purpose set out therein. Our audit work has been undertaken so that we might state to the Element Partnerships' 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 Element Partnerships and their members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the General Partner and auditor

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

Scope of the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELEMENT POWER GROUP (continued)

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2017 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

Opinion on other matter prescribed by the engagement letter

In our opinion the information given in General Partner's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Statutory Auditor
London, United Kingdom
20 December 2019

COMBINED AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	31 December 2017 $'000	31 December 2016 $'000
Revenue	5	5,084	23,353
Cost of sales - depreciation / amortisation		(773)	(3,553)
Cost of sales - other		(715)	(2,419)
Gross profit		**3,596**	**17,381**
Impairment of development assets	12	(943)	(43,260)
Administration expenses		(6,477)	(13,084)
Operating loss		**(3,824)**	**(38,963)**
Profit on sale of assets	25	847	9,691
Finance costs	6	(3,596)	(7,349)
Finance income	7	3,133	3,870
Share of loss of joint ventures	26	-	-
Loss before tax		**(3,440)**	**(32,751)**
Tax charge	8	(3,539)	(1,649)
Loss for the year	9	**(6,979)**	**(34,400)**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	24	6,537	(159)
Cash flow hedges – profit taken to equity	24	1,793	278
Tax relating to components of other comprehensive income	24	(448)	(76)
Other movements		(246)	-
Other comprehensive income for the year		7,636	43
Total comprehensive expense for the year		**657**	**(34,357)**

COMBINED AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

	Notes	31 December 2017 $'000	31 December 2016 $'000
Loss attributable to:			
Members		(7,313)	(34,644)
Non-controlling interest		334	244
		(6,979)	(34,400)
Total comprehensive expense attributable to:			
Members		570	(34,616)
Non-controlling interest		87	259
		657	(34,357)

COMBINED AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	At 31 December 2017 $'000	At 31 December 2016 (restated) $'000
Assets			
Non-current assets			
Intangible assets	11	763	634
Property, plant and equipment	12	45,071	35,129
Investments in joint ventures	26	-	-
Deferred tax assets	13	-	1,473
Other non-current assets	14	42,423	39,512
		88,257	76,748
Current assets			
Trade and other receivables	15	3,536	2,632
Current tax assets		-	8
Restricted cash	16	1,763	1,017
Cash and cash equivalents		17,266	24,183
		22,565	27,840
Assets held for sale and disposal group	17	-	74,564
Total assets		110,822	179,152
Current liabilities			
Trade and other payables	18	(9,013)	(7,688)
Current tax liabilities		(749)	-
Borrowings	19	(29,116)	(19,447)
		(38,878)	(27,135)
Non-current liabilities			
Borrowings	19	(2,993)	(12,003)
Derivative liabilities	20	-	(1,669)
Other non-current liabilities	21	(2,297)	(2,223)
Provisions for other liabilities and charges	22	(2,882)	(2,532)
Deferred tax liabilities	13	(4,153)	(2,582)
		(12,325)	(21,009)
Liabilities directly associated with non-current assets classified as held for sale	17	-	(72,046)
Total liabilities		**(51,203)**	**(120,190)**
Net assets		**59,619**	**58,962**

COMBINED AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017 (continued)

	Notes	At 31 December 2017 $'000	At 31 December 2016 $'000
Equity			
Members contributions	23	400,396	400,396
Hedging Reserve	24	-	(1,250)
Translation reserve	24	(22,956)	(29,587)
Retained Deficit		(317,808)	(310,497)
Equity attributable to equity holders of the parent		59,632	59,062
Minority interest		(13)	(100)
Total equity		**59,619**	**58,962**

The financial statements for the Element Power Group were approved by the General Partner and authorised for issue on 17 December 2019. They were signed on its behalf by:

Joseph Edward Slamm III
Director

18 December 2019

COMBINED AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Members' Contributions	Hedging and translation reserve (note 24)	Retained deficit	Equity attributable to members	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 January 2016	400,396	(30,865)	(275,853)	93,678	(359)	93,319
Loss for the year	-	-	(34,644)	(34,644)	244	(34,400)
Exchange differences arising on translation of foreign operations and opening hedge reserve	-	(174)	-	(174)	15	(159)
Changes in fair value of hedging derivatives	-	278	-	278	-	278
Deferred tax related to changes in fair values of hedging derivatives	-	(76)	-	(76)	-	(76)
Total comprehensive expense	-	28	(34,644)	(34,616)	259	(34,357)
At 31 December 2016	**400,396**	**(30,837)**	**(310,497)**	**59,062**	**(100)**	**58,962**
Loss for the year	-	-	(7,313)	(7,313)	334	(6,979)
Exchange differences arising on translation of foreign operations and opening hedge reserve (note 24)	-	6,536	-	6,536	1	6,537
Changes in fair value of hedging derivatives (note 24)	-	1,793	-	1,793	-	1,793
Deferred tax related to changes in fair values of hedging derivatives (note 24)	-	(448)	-	(448)	-	(448)
Other movements	-	-	2	2	(248)	(246)
Total comprehensive expense	-	7,881	(7,311)	570	87	657
As at 31 December 2017	**400,396**	**(22,956)**	**(317,808)**	**59,632**	**(13)**	**59,619**

COMBINED AND CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	31 December 2017 $'000	31 December 2016 (restated) $'000
Cash flows from operating activities			
Operating loss		(3,824)	(38,963)
Adjustments for:			
Depreciation and amortisation	11, 12	773	3,794
Impairment of property, plant and equipment and investments	12	943	43,260
Movement in working capital:			
Decrease in trade and other receivables		2,895	10,528
Decrease in trade and other payables		(4,351)	(2,927)
Taxation received / (paid)		883	(64)
Decrease / (increase) in restricted cash	16	4,579	(283)
(Increase) /decrease in recoverable deposits	14	(287)	4,130
Net cash generated from operating activities		**1,611**	**19,475**
Cash flows from investing activities			
Payments for property, plant and equipment		(18,458)	(14,545)
Loans to associates		(3,309)	(5,522)
Repayments from associates		282	983
Proceeds from sale of investments		18,990	22,469
Net cash (used in) / generated from investing activities		**(2,495)**	**3,385**
Cash flows from financing activities			
Interest paid		(461)	(936)
Repayment of borrowings	19	(6,752)	(26,516)
Net cash used in financing activities		**(7,213)**	**(27,452)**
Net decrease in cash and cash equivalents		**(8,097)**	**(4,592)**
Cash and cash equivalents at the beginning of the financial period		24,183	29,137
Effects of exchange rate changes on the balance of cash held in foreign currencies	24	1,180	(362)
Cash and cash equivalents at end of year		**17,266**	**24,183**

1 General information

Details of the composition and principal activities of the Element Power Group (the “Group”) are given in the General Partner’s Report.

The financial statements reflect the results for the year ended 31 December 2017 and comparatives for the prior year to 31 December 2016.

2 Adoption of new and revised standards

2.1 New and amended standards adopted in the financial year

The under noted standards have become effective during 2017. The adoption of these standards did not have a material impact on the financial statements.

IAS/IFRS Standard	Subject	Effective Date
Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses	1 January 2017
Amendments to IAS 7	Disclosure initiative	1 January 2017
Annual Improvements 2014-2016 Cycle	Annual Improvements to IFRSs: 2014-16	1 January 2017

2.2 New and amended standards in issue but not yet effective

IAS/IFRS Standard	Subject	Effective Date
IFRS 9 Financial Instruments (2014)	Accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement	1 January 2018
IFRS 15 Revenue from Contracts with Customers	Single, principles based five-step model to be applied to all contracts with customers.	1 January 2018
IFRS 16 Leases	Recognition, measurement, presentation and disclosure of leases	1 January 2019
IFRS 17 Insurance Contracts	Requirements for measurement and presentation of insurance contracts	1 January 2021
Amendments to IFRS 15	Clarification of identification of performance obligations, whether a company is a principal or agent and licensing	1 January 2018

2. Adoption of new and revised standards (continued)

IAS/IFRS Standard	Subject	Effective Date
Amendments to IFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
Amendments to IFRS 4	Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'	1 January 2018
Annual Improvements 2015 – 2017 Cycle	Annual Improvements to IFRSs: 2015-17	1 January 2019
Amendments to IAS 40	Transfers of Investment Property	1 January 2018
Amendments to IAS 28	Long Term Interests in Associates	1 January 2019
Amendments to IFRS 9	Prepayment Features with Negative Compensation	1 January 2019

In the opinion of the partners, the adoption of the above standards will not materially impact the amounts reported in these financial statements.

3 Significant accounting policies

3.1 Statement of compliance

The combined and consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have also been prepared in accordance with IFRS as adopted by the European Union therefore they comply with Article 4 of the EU IAS Regulation.

3.2 Basis of preparation

These financial statements have been prepared by combining the financial information of Element Power Holdings LP, Element Power US LP, Element Power UK LP and Element Power Scotland LP (the "Element Partnerships") and their investments, all of which are managed as a group and are under the common control of Hudson Clean Energy Partners.

The combined and consolidated financial information contained in these financial statements comprises the combined and consolidated statements of comprehensive income, statements of financial position, statements of changes in equity, cash flows and accompanying notes of the Element Partnerships and their investments.

The financial statements are prepared under the historical cost convention except for financial instruments which are recognised at fair value.

A summary of the principal Group accounting policies is set out in the following notes.

3.3 Going concern

Note 28 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Group had a loss for the year of $11,466k (2016: $34,400k). Historically the funding for the Group, which has grown both organically and through acquisitions, had been provided by both debt finance and equity capital provided by the Group's ultimate owners. the development portfolio has now reached a stage where projects have become construction ready or have already been sold, which has produced revenue for the Group. The Group's forecasts and projections indicate that the Group will have sufficient resources to continue in operational existence for a period not less than 12 months from the date of signing of these financial statements. Based on this, the Group continues to adopt the going concern basis of accounting in preparing these financial statements.

3.4 Basis of consolidation

The combined and consolidated financial statements incorporate the financial statements of the Element Partnerships and their investments as described in note 3.2. Control is achieved when the Group:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3 Significant accounting policies (continued)

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

3 Significant accounting policies (continued)

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement, when applicable, the costs on initial recognition of an investment in an associate or joint venture.

3.5 Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Where a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accruals basis. Liabilities and expenses incurred from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venture has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held-for-sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held-for-Sale and Discontinued Operations*. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the combined and consolidated financial statements on a line-by-line basis.

Where the Group transacts with its jointly controlled entities, unrealised profit and losses are eliminated to the extent of the Group's interest in the joint venture. If the Group's share of losses of a joint venture equals or exceeds the carrying value of the interest in the joint venture, the Group discontinues recognising its share of further losses.

If the associate or joint venture subsequently reports profits, the Group resumes including its share of those profits only after its share of the profits equals the share of net losses not recognised.

3 Significant accounting policies (continued)

3.6 Assets classified as held-for-sale or as a disposal group

Projects are classified as “held-for-sale” or in a disposal group if:

- the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;
- there has been formal commitment and an active programme initiated to locate a buyer and complete the plan; and
- sale is expected to be completed within one year.

In this case all the capitalised costs (see note 3.13) and liabilities would be aggregated and included under “Assets classified as held-for-sale and disposal group” and “Liabilities directly associated with assets classified as held-for-sale and the disposal group” respectively.

Assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.7 Revenue recognition

Revenue of the Group relates to the sale of electricity from operating facilities owned by the Group. The Group also earns revenue from development and management fees, which are derived from management services on project assets that have been sold by the Group and the Group continues to manage these projects through the construction and operational periods of the project assets.

Revenue is measured at the fair value of the consideration received or receivable and is recognised when all the following conditions are satisfied:

- electricity is transferred to the main distribution network;
- the assessed stage of completion of contract activity at the reporting date for development and management fees;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the cost incurred or to be incurred in respect of the transaction can be measured reliably.

3.8 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group’s general policy on borrowing costs (see below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3 Significant accounting policies (continued)

3.9 Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the combined and consolidated financial statements, the results and financial position of each Group entity are expressed in US Dollars, the currency in which the investments of the ultimate owners are denominated and hence the presentation currency adopted for the combined and consolidated financial statements.

In preparing financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. The exchange differences arising are recognised in profit or loss in the period in which they arise.

For the purpose of presenting combined and consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in US Dollars using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation to US Dollars for consolidation purposes are classified as member's capital and recognised in the Group's foreign currency translation reserve.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such a time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is also deferred in equity and released to adjust the cost base of the qualifying asset when the forecast transaction that is hedged results in the recognition of a qualifying asset.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised through the statement of comprehensive income in the period in which they are incurred.

3.11 Government grants

Government grants are not recognised until there is a reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants relating to property, plant and equipment are treated as deferred income and released to the profit or loss, on the "Cost of sales – depreciation / amortisation" line, over the expected useful lives of the assets concerned.

3 Significant accounting policies (continued)

3.12 Taxation

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

Current and deferred tax are recognised as an expense or income in statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

3.12.1 Current tax

The current tax payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the combined and consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it also excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

3.12.2 Deferred tax

Deferred tax is recognised 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 generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those 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 (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group 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 assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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 Group intends to settle its current tax assets and liabilities on a net basis.

3 Significant accounting policies (continued)

3.13 Development expenditure

Development expenditure is project related expenditure incurred during the period between project initiation and commencement of construction of the wind or solar generation facility. Typically, this will include expenditure on the following:

- acquisition of rights and options over existing projects partially developed by third parties;
- land purchase, land purchase options, land leases, title insurance;
- land improvements, structures and monitoring equipment;
- surveys, assessments and feasibility studies;
- project related legal and professional fees; and
- internal salary costs and attributable overheads of staff directly involved with project development.

The Group's policy on initial capitalisation of development expenditure and the subsequent, presentation and disclosure of the resulting assets is as follows:

3.13.1 Initial capitalisation

Costs are capitalised to the extent that they can be directly attributed to clearly defined projects from which economic benefit is expected (i.e. more likely than not) to flow.

The Group has established procedures to:

- ensure opportunities are assessed and, where there is a good indication of their ultimate operational and economic viability, a project is initiated which will then be included in the formal development tracking and monitoring process; and
- track progress of projects through the development process including regularly reassessing their operational and economic viability.

3.13.2 Nature and presentation of assets recognised

Unless they have met the classification rules of "held-for-sale" or "inventory" (notes 3.6 and 3.17), all assets associated with projects in the development phase are classified as "held for use" and treated as property, plant and equipment (note 3.14), intangible assets (note 3.15) or financing fees (note 3.10) depending on the aspect of the project (creation of the generation facility, attaining project finance or securing electricity off-take agreements) to which the expenditure giving rise to the asset related.

3.14 Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Costs are either acquisition costs or capitalised development costs.

The amortisation of arrangement fees and interest on loans taken out to finance the construction of tangible fixed assets is capitalised during the period up until they became operational, then from this point the capitalised amounts are amortised at the same rate as the assets to which they relate.

Capitalised development expenditure (as referred to in note 3.13) comprises costs relating to evaluating and securing land on which the generation equipment will be installed and obtaining planning and other permissions required to construct and operate generation equipment on the land.

3 Significant accounting policies (continued)

Expenditure on maintenance and repairs is charged to profit or loss in the period the expenditure is incurred. Expenditure incurred in order to increase the capacity or efficiency of an asset is shown as an increase in cost. Financial expenses related to funding the acquisition, development and construction of an asset is capitalised until that asset becomes operational.

Depreciation is charged so as to write off the cost or valuation of assets, other than freehold land and assets in development and construction, over their estimated useful lives, using the straight-line method on the following bases:

Plant and machinery	15 - 20 years
Furniture	5 - 10 years
Computer hardware	3 – 5 years
Energy Installations (In Operation)	30 years

The estimated useful lives, residual values and depreciation method are reviewed at each period end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales' proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.15 Intangible assets

Intangible assets are recognised if all of the following conditions are met:

- an asset is created that can be separately identified;
- it is probable that the asset created will generate future economic benefits; and
- the costs incurred to create the asset can be measured reliably.

"Contract rights" relate to long-term off-take contracts for the sale of renewable electricity. Legal and other costs, including acquisition of third-party rights, incurred to secure these contracts are capitalised when they fulfil the above conditions.

"Contract rights" may also arise as part of business combinations where they are recognised separately from goodwill provided they can be identified, and their fair value measured reliably at the acquisition date.

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised on a straight-line basis over their estimated useful lives, which are as follows:

Contract rights	Life of contract
Computer software	3 years

3 Significant accounting policies (continued)

3.16 Impairment of tangible and intangible assets

At regular review meetings and at financial reporting dates, management assesses projects in development, construction and operation. This includes considering whether there have been any developments which might indicate that the economic viability of a project or installation has been impacted.

The types of developments considered include the speed of development of a project and its ongoing ability to meet both non-financial and financial milestones. If there are any such developments, an impairment review is performed. Irrespective of whether there is any indication of impairment an annual impairment review is performed on all development phase projects where there are intangible assets.

If the impairment review of an asset reveals that its recoverable amount (the higher of the fair value less costs to sell and the value in use) is less than its carrying value, the asset is impaired and provision made for the shortfall.

For all assets impaired, an updated assessment of recoverable value is performed if there are any new developments, and regardless of new developments, at each year-end. For projects where the recoverable amount has increased, the impairment provisions will be reversed to the extent the recoverable amount supports the new carrying value. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

3.17 Inventories

If an agreement with a third-party purchaser of a development project includes continuing involvement through the construction phase, the project is classified as inventory and accounted for as a construction contract with profit being recognised on a stage of completion basis.

3.18 Financial assets

Financial assets are classified into the following specified categories: ‘held-to-maturity’ investments; and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3.18.1 Effective interest method

The effective interest method is a way of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

The effective interest method is used to recognise income and expense for debt instruments.

3.18.2 Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when recognition of interest would be immaterial.

3 Significant accounting policies (continued)

3.18.3 Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.18.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily converted to a known amount of cash and are subject to insignificant risk of change in value.

Cash and cash equivalents reported on the cash flow statement include cash on hand and in banks, net of outstanding bank overdrafts and restricted cash.

3.18.5 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3 Significant accounting policies (continued)

3.19 Financial liabilities and equity instruments issued by the Group

3.19.1 Classification as debt or equity

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

3.19.2 Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on the same basis.

3.19.3 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

3.20 Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3.21 Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line of the income statement.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

3 Significant accounting policies (continued)

3.22 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the General Partner is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

4.1 Critical accounting judgements

There were no critical accounting judgements in the reporting period.

4.2 Key sources of estimation uncertainty

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.

Key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to:

The calculation of deferred tax assets involves a degree of estimation. The final outcome may give rise to material profit and loss and/or cash flow variances. A deferred tax asset is recognised when it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Recognition, therefore, involves judgement regarding the prudent forecasting of future taxable profits of the Group and in applying an appropriate risk adjustment factor. At the balance sheet date, management has forecast that the Group would generate future taxable profits against which existing tax losses could be relieved – notes 3.12 and 13.

5 Revenue

	2017	2016
	$'000	$'000
Revenue from electricity generation	2,315	11,739
Asset and construction management income	2,769	2,136
Development fee income	-	9,478
	5,084	23,353

Revenue in 2017 was lower than 2016, due to the disposal of the majority of the Spanish Solar PV portfolio in 2016. 2017 Revenue reflects the remaining Spain Photonsolar PV portfolio only, which was sold in February 2019.

In 2016, development fee income related to the Cordal development project, based in Ireland, which the Group developed for a fee. The Group will continue to receive further development fee income on completion of future milestones.

6 Finance costs

	2017	2016
	$'000	$'000
Interest on member / bank loans (note 28.5)	2,850	6,223
Interest on obligations under finance leases (note 19)	130	1,794
Other finance costs	616	762
Finance cost capitalised	-	(1,430)
Total finance costs	3,596	7,349

7 Finance income

	2017	2016
	$'000	$'000
Interest from member loans	3,041	3,834
Other finance income	92	36
Total finance income	3,133	3,870

Interest from members' loans are attributable to interest being charged on loan funding provided to joint venture companies within the Element Power Group.

8 Tax Charge

	2017 $'000	2016 $'000
Current tax		
Current tax charge	(721)	(93)
Total current tax	(721)	(93)
Deferred tax		
Current year charge (note 13)	(2,818)	(1,556)
Total tax charge	(3,539)	(1,649)

	2017 $'000	2016 $'000
Loss before tax	(3,440)	(32,751)
Tax income calculated at the Group's average tax rate of 17.62% (2016: 33.80%)	606	11,065
Non-taxable income	2,933	7,175
Capital allowances	4	63
Tax effect of non-deductible expenses	(974)	(10,246)
Tax effect of unrecognised tax losses in the year	(3,725)	(8,601)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2,383)	(1,105)
Tax charge for the year from continuing operations	(3,539)	(1,649)

Factors that may affect future tax charges

The Finance (No. 2) Act 2015, which provides for reductions in the main rate of UK corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016.

9 Loss for the year

The loss for the year from continuing operations has been arrived at after charging:

	2017 $'000	2016 $'000
Depreciation and amortisation		
- depreciation of property, plant and equipment (note 12)	761	3,772
- amortisation of intangible assets (note 11)	12	22
Impairment of property, plant and equipment (note 12)	943	43,260
	1,716	47,054

Depreciation of property, plant and equipment attributable to the disposal group during 2016 was $2,787k, and amortisation of intangible assets attributable to the disposal group were $6k. Refer to Note 17 for details on the disposal group.

10 Employees

The average monthly numbers of employees (including directors) were:

	2017 Number	2016 Number
Directors	2	2
Management	7	8
Technical staff	30	30
Administration	17	15
	56	55

Aggregate remuneration of employees (including directors) comprised:

	2017 $'000	2016 $'000
Short-term benefits	8,351	8,985
Post-employment benefits	471	492
	8,822	9,477

Remuneration of Key Management Personnel:

The remuneration of the directors, who are the key management personnel of the group, is set out below in aggregate:

	2017 $'000	2016 $'000
Short-term benefits	1,898	1,905
Post employment benefits	25	30
	1,923	1,935

11 Intangible Assets

	Contract Rights	Software	Total
	$'000	$'000	$'000
Cost			
As at 31 December 2016	544	1,416	1,960
Additions	-	78	78
Disposals	(514)	-	(514)
Translation difference	22	146	168
As at 31 December 2017	**52**	**1,640**	**1,692**
Accumulated amortisation and impairment			
As at 31 December 2016	(519)	(807)	(1,326)
Amortisation charge for the year	(1)	(11)	(12)
Disposals	504	-	504
Translation difference	(8)	(87)	(95)
As at 31 December 2017	**(24)**	**(905)**	**(929)**
Net Book Value			
As at 31 December 2017	**28**	**735**	**763**
As at 31 December 2016	25	609	634

12 Property, Plant and Equipment

	In development	In operation	Other fixtures, fittings and equipment	Total
	$'000	$'000	$'000	$'000
Cost				
As at 31 December 2016	**111,304**	**25,006**	**1,858**	**138,168**
Additions	16,942	-	95	**17,037**
Disposals	(10,803)	(1,807)	-	**(12,610)**
Translation difference	2,928	3,158	122	**6,208**
As at 31 December 2017	**120,371**	**26,357**	**2,075**	**148,803**
Accumulated depreciation and impairment				
As at 31 December 2016	**(87,381)**	**(14,030)**	**(1,628)**	**(103,039)**
Depreciation charge for the year	-	(631)	(130)	**(761)**
Disposals	3,165	469	-	**3,634**
Impairment	(27)	(916)	-	**(943)**
Translation difference	(548)	(1,980)	(95)	**(2,623)**
As at 31 December 2017	**(84,791)**	**(17,088)**	**(1,853)**	**(103,732)**
Net book value				
As at 31 December 2017	**35,580**	**9,269**	**222**	**45,071**
As at 31 December 2016	23,923	10,976	230	35,129

The Group's assets held under finance leases (see note 19) have a carrying amount of $3.7m (2016: $3.8m).

In 2017, the Group capitalised $nil financial expenses (2016: $nil).

Fixed assets in Photonsolar SA and Convivent S.L were also impaired down to a value of $8,134k, as at year-end as this was deemed to be the amount recoverable via sale proceeds of the remaining Solar PV assets sold in February 2019. This resulted in an impairment of $901k.

Fixed assets in Tullymurdoch Limited were impaired down to a value of $865k as at 31 December 2016 as this was deemed to be the amount recoverable via sale proceeds. Fixed assets in Binn Wind Farm Limited were also fully impaired as the project was no longer deemed economically viable due to it being unsuccessful under Renewables Obligation Certificates subsidy (ROCS) scheme requirements.

All fair value measurements associated with these assets were classified in Level 2 of the fair value hierarchy

13 Deferred Tax

	Tax losses	Financial instruments	Other temporary differences	Total
	$'000	$'000	$'000	$'000
As at 31 December 2016	**1,473**	**-**	**(2,582)**	**(1,109)**
Charge to income	(1,682)	-	(1,136)	**(2,818)**
Charged to other comprehensive income	-	(448)	-	**(448)**
Reclassification	8	-	(8)	**-**
Disposals	(66)	(35)	42	**(59)**
Exchange difference	267	483	(469)	**281**
As at 31 December 2017	**-**	**-**	**(4,153)**	**(4,153)**
Deferred tax assets	**-**	**-**	**-**	**-**
Deferred tax liabilities	**-**	**-**	(4,153)	**(4,153)**
As at 31 December 2017	**-**	**-**	**(4,153)**	**(4,153)**
Deferred tax assets	1,473	-	-	1,473
Deferred tax liabilities	-	-	(2,582)	(2,582)
As at 31 December 2016	1,473	-	(2,582)	(1,109)

The deferred tax assets of $nil (2016: $1.5m) are recognised on the basis that the Group's taxable future profits, based on best estimates, will allow these assets will be recovered in the foreseeable future.

There are total unrecognised deferred tax assets of $64.3m (2016: $82.6m) in relation to net tax losses and net tax attributes as there is insufficient evidence of future tax profits against which the tax attributes can be utilised.

14 Other Non-Current Assets

	2017 $'000	2016 $'000
Recoverable deposits	1,355	1,431
Related party receivables	41,040	38,056
Other	28	25
	42,423	39,512

Recoverable deposits reflect deposits required under project financing or security guarantees required during project development that will be recovered upon completion of certain future events.

Related party receivables relate to loan balances with associate undertakings. Main balances are related to Greenwire Limited and North Meath Wind Farm Limited. Maturity date for both facilities is 1 January 2025. The interest rate for Greenwire Ltd is 12.0% for non-core development expenditure and 14.0% for development costs. Regular interest rate for North Meath Wind Farm is 14%. Following the sale of the shares held in above companies which were sold to Statkraft AS on 2 October 2018, these loan balances were repaid (note 30).

15 Trade and Other Receivable

	2017 $'000	2016 $'000
Trade receivables	415	103
Accrued income	276	360
Prepayments	482	308
VAT and other taxes	762	613
Other receivables	1,031	678
Share capital receivable	570	570
	3,536	2,632

Management believes that the carrying value of trade receivables is approximately equal to their fair value. There are no significant amounts which are past due but not impaired. The average credit period is between 30-60 days (2017: 30-60 days). Accrued income include Grant Funding received from the European Commission in respect to Greenlink. The other receivables balance is expected to be settled in 2018.

16 Restricted Cash

	2017 $'000	2016 $'000
Cash deposits required as security against loans	1,763	5,812

This relates to cash balances in special purpose vehicles where cash cannot be distributed to the Group because of restrictions within the financing or ownership agreements.

17 Assets Held for Sale and Disposal Group

The disposal group in 2016 related to the sale of eight operating solar plants in Spain, Almendros, El Rocio, Lebrija, Pascuales, Los Pinares, Zal I & II and Zaratan, which were held for sale as at 2016-year end.

On January 20, 2017 the Group formalised the contract for the sale of the shares held in the companies which make up the Almendros, Rocío, Zaratán and Lebrija projects. The group of companies were acquired by Kobus Renewable Energy.

The assets and liabilities in the disposal group were comprised of the following:

	2017 $'000	2016 $'000
Intangible assets	-	125
Property, plant and equipment	-	63,407
Other non-current assets	-	2,293
Deferred tax assets	-	747
Trade and other receivables	-	3,197
Restricted cash	-	4,795
Total assets held in disposal group	-	74,564
Trade and other payables	-	(975)
Current tax liabilities	-	(39)
Provisions	-	(136)
Borrowings	-	(70,896)
Total liabilities held in disposal group	-	(72,046)

18 Trade and Other Payables

	2017 $'000	2016 $'000
Trade creditors and accruals	8,461	7,239
Other tax and social security	552	449
	9,013	7,688

Management believes that the carrying value of trade payables is approximately equal to their fair value. The average credit period taken for trade purchases is 30 days (2016: 30 days).

19 Borrowings

	2017 $'000	2016 $'000
Current borrowings:		
Corporate bank loans	13,030	2,110
Members corporate loans	14,831	16,182
Project finance loans	62	-
Accrued interest payable - members loans	477	564
Finance lease obligations	716	591
Current borrowings:	29,116	19,447
Non-current borrowings:		
Corporate bank loans	-	8,907
Members capitalised debt fees	-	(575)
Project finance loans	31	453
Finance lease obligations	2,962	3,218
Non-current borrowings:	2,993	12,003
Total borrowings	32,109	31,450

The Corporate bank loans are all non-recourse debt financing, related to funding of the Spain business of the Group. These loans have an expiry date of July 2023 at an interest of 4% compounded yearly.

The Member corporate loans are all non-recourse debt financing, related to funding of the Northern Europe business of the Group. These loans have an expiry date of 8th November 2018 at an interest of 17% compounded yearly. These loans were fully repaid the value of $16.97m (note 31) on 11 October 2018.

The project finance loans are all non-recourse debt financing, related to Caixa bank funding in Spain, interest Euribor + 1.25% and quarterly repayments. Following the sale on February 8, 2019 by the Group of its share in Spain operating companies Photonsolar, S.A and PV Alameda Solar, S.L.U to Kobus Renewable Energy II FCR, these project finance loans were repaid (note 30).

Changes in liabilities from financing activities	**2017 $'000**	**2016 $'000**
Opening balance	31,450	123,838
Interest paid	(461)	(936)
Repayment of borrowings	(4,000)	(26,516)
Interest on bank loans	2,850	6,223
Interest on finance leases	130	1,794
Other Finance Costs	616	762
Classified as assets held for sale	-	(70,896)
Exchange differences	1,524	(2,819)
Closing balance	**32,109**	**31,450**

Amounts Payable Under Finance Leases	**2017 $'000**	**2016 $'000**
Minimum lease payment		
Less than 1 year	716	591
1-5 years	2,870	3,137
More than 5 years	92	81
	3,678	3,809
Less: future finance charges	(142)	(140)
	3,536	3,669
Present value of lease payments		
Less than 1 year	689	576
1-5 years	2,758	3,015
More than 5 years	89	78
	3,536	3,669

It is the Group's policy to lease certain components of its plant and equipment under finance leases. The average lease term is 15 years (2016: 15 years). The interest rate inherent in the leases is fixed at the contract date for the entire lease term, varying between one-year Euribor + 1.5% and three-month Euribor + 2.5%. There are bargain purchases options associated with these contracts, which are exercisable at the end of the respective lease term.

20 Derivative Financial Instruments

	2017 $'000	**2016 $'000**
Interest rate swaps that are designated and effective as hedging instruments carried at fair value	-	1,669

Further details of derivative financial instruments are provided in note 28.

21 Other Non-Current Liabilities

	2017 $'000	2016 $'000
Other payables	2,297	2,223
Other non-current liabilities	2,297	2,223

Other payables primarily comprise amounts due to minority shareholders which hold a minority interest in some companies within the Group. These loans were provided as participative loans, in order to resolve a capital equity default situation in the companies. The characteristics of the participative loans under Spanish legislation is that these participative loans are considered part of the capital equity when considering the obligation of the Spanish companies to ensure the capital equity gearing is greater than 50% of capital. The loans are accounted for as financial liabilities (within non – current liabilities), however when calculating the equity gearing ratio for regulatory purposes, these balances are added to capital equity.

22 Provisions for Other Liabilities and Charges

	Land owner commitments $'000
As at 31 December 2016	**2,532**
Exchange difference	350
As at 31 December 2017	**2,882**

	2017 $'000	2016 $'000
Non-current	2,882	2,532
Total	**2,882**	**2,532**

The provision is for land owner commitments relating to development projects in Finland which will be payable once specific project milestones are met throughout the course of the development. Following completion of negotiations during the course of 2019, this provision was settled in August 2019 for €1.9m.

23 Members' Contributions

	Members' contributions received $'000	Fees paid $'000	Members' contributions $'000
As at 31 December 2016	405,738	(5,342)	400,396
As at 31 December 2017	**405,738**	**(5,342)**	**400,396**

24 Hedging and Translation reserve

	Hedging reserve $'000	Translation reserve $'000	Total $'000
As at 31 December 2016	1,250	29,587	30,837
Valuation of interest rate swaps	(1,793)	-	(1,793)
Deferred tax asset relating to the valuation of interest rate swaps and collars	448	-	448
Disposal of a subsidiaries	-	-	-
FX arising on translation of hedging reserve	95	-	95
FX arising on translation of foreign operations	-	(6,631)	(6,631)
As at 31 December 2017	-	22,956	22,956

The hedging reserve relates to eight operating solar plants in Spain, Almendros, El Rocio, Lebrija, Pascuales, Los Pinares, Zal I & II and Zaratan, which were held for sale as at 2016-year end. The sale took place in January 2017. Following the disposal of the companies the impact to the hedging reserve is reflected in the financial statements.

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed to be effective cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy. The remaining cash flows related to cash flow hedges took place on the sale of Los Pinares in January 2017.

Exchange differences relating to the translation from the functional currencies of the Group's non-US subsidiaries into US Dollars are credited / charged directly to the foreign currency translation reserve.

25 Disposal of Subsidiaries

The Group disposed of the following interests in subsidiaries and projects during the year:

	Activity	Date of disposal
Guascor: El Rocio	Solar	20th January 2017
Guascor: Zaratan	Solar	20th January 2017
Guascor: Lebrija	Solar	20th January 2017
Los Almendros	Solar	20th January 2017
Pascuales Solares, S.L	Solar	20th January 2017
Helium -Zal I	Solar	20th January 2017
Helium - Zal II	Solar	20th January 2017
Los Pinares	Solar	20th January 2017
Tynemouth Energy Storage Ltd (TES)	Wind	25th February 2017
Grimsas Vindkraft AB	Wind	15th June 2017
Tullymurdoch Ltd	Wind	3rd August 2017

Consideration in respect of disposals in 2017	**$'000**
Property, plant and equipment	79,053
Trade receivables	24,963
Restricted cash	5,284
Trade payables	(8,997)
Borrowings	(82,498)
Net assets disposed	17,805
Additional costs on disposal	338
Gain on disposal	847
Total consideration	**18,990**
Satisfied by:	
Cash and cash equivalents	18,990
	18,990

Consideration in respect of disposals in 2016	**$'000**
Property, plant and equipment	12,043
Trade receivables	489
Net assets disposed	12,532
Additional costs on disposal	246
Gain on disposal	9,691
Total consideration	**22,469**

26 Joint Ventures

The nature of the activities of all the Group's joint ventures is trading in the development, construction, and operation of industrial scale wind facilities, which are seen as complementing the Group's operations and contributing to achieving the Group's overall strategy.

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

Name of Joint Venture	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest / voting rights held by the Group 2017	2016
Otsotuuli Oy	Wind	Finland	50%	50%
RDS Element Power Ltd (i)	Wind	UK	100%	50%
Greenwire Limited	Wind	Ireland	67%	67%
Greenwire Windfarms Holdings	Wind	Ireland	67%	67%
Greenwire Transmission Holdings	Wind	Ireland	67%	67%
Greenwire Transmission Pembroke	Wind	Ireland	67%	67%
Greenwire Transmission Pentir	Wind	Ireland	67%	67%
Greenwire Windfarms Limited	Wind	Ireland	67%	67%
North Meath Wind Farm Limited	Wind	Ireland	67%	67%

(i) 100% of shares in RDS were acquired by Element Power Northern Europe Ltd in August 2017. RDS has been consolidated in full in 2017.

All of the joint ventures are accounted for using the equity method in these consolidated financial statements as set out in the group's accounting policies in note 3.5

Although the Group retains a majority ownership in the Irish companies listed above, the Group does not have ultimate control as all major decisions have to be agreed unanimously by both parties before they can be actioned. Management have therefore considered it appropriate to account for these entities as joint ventures.

Summarised financial information in respect of each of the Group's joint ventures by territory is set out below:

	UK 2017 $'000	UK 2016 $'000	Finland 2017 $'000	Finland 2016 $'000	Ireland 2017 $'000	Ireland 2016 $'000
Current assets	-	11	186	98	481	190
Non-current assets	-	-	1,641	1,348	16,954	17,919
Current liabilities	-	(4)	(56)	(146)	(2,393)	(1,645)
Non-current liabilities	-	(2,669)	(1,829)	(4,064)	(39,691)	(35,464)
Net liabilities	**-**	**(2,662)**	**(58)**	**(2,764)**	**(24,649)**	**(19,000)**

The above amounts of assets and liabilities include the following:

26 Joint Ventures (continued)

	UK 2017 $'000	UK 2016 $'000	Finland 2017 $'000	Finland 2016 $'000	Ireland 2017 $'000	Ireland 2016 $'000
Cash & cash equivalents	-	11	93	17	(10)	125
Current financial liabilities (excluding trade and other payables and provisions)	-	-	(399)	(351)	(2,076)	(1,220)
Non-current financial liabilities (excluding trade and other payables and provisions)	-	(2,669)	(1,829)	(1,664)	(39,691)	(35,464)

	UK 2017 $'000	UK 2016 $'000	Finland 2017 $'000	Finland 2016 $'000	Ireland 2017 $'000	Ireland 2016 $'000
(Loss) / profit from continuing operations	-	(331)	165	(286)	(3,895)	(4,730)
(Loss) / profit for the year	**-**	**(331)**	**165**	**(286)**	**(3,895)**	**(4,730)**
The (loss) / profit for the year above includes the following:						
Interest expense	-	(313)	207	(224)	(3,551)	(4,371)

27 Contingent Liabilities

As of 31st December 2017, no contingent liabilities existed to management’s knowledge that required disclosure.

28 Financial Instruments

28.1 Categories of Financial Instruments

	2017 Carrying value $'000	2016 Carrying value $'000
Financial assets - held at amortised cost		
Cash, restricted cash and bank balances	19,029	25,200
Loans and receivables	44,715	41,223
	63,744	66,423

Loans and receivables comprise other non-current assets, and trade and other receivables and capital subsidies receivable but exclude prepayments, and VAT and other taxes.

	2017 Carrying value $'000	2016 Carrying value $'000
Financial liabilities		
Held at amortised cost		
Trade and other payables	10,758	9,462
Borrowings	32,109	31,450
Fair value through profit and loss		
Derivative instruments in designated hedge accounting relationships	-	1,669
	42,867	42,581

Trade and other payables comprise trade and other payables, and other non-current liabilities excluding accruals and deferred income, capital subsidies, other taxation and social security.

Management believes that the carrying values of these financial assets and financial liabilities are approximately equal to their fair values.

28 Financial Instruments (continued)

28.2 Cash Flow Hedges

The Group used interest rate derivatives (swaps and collars) to mitigate the risk of changing interest rates on the cash flows arising from floating rate debt. The fair value of the interest rate derivatives was determined using discounted cash flow models and with reference to forward interest rate curves.

All interest rate swap contracts were designated as cash flow hedges of cash flow arising on floating rate debt. Movements in the fair value of these investments were deferred in equity to the extent the hedges were effective.

The fair value of all of the above derivative instruments in designated hedge accounting relationships was observed by indexation to "other inputs" (other than listed prices) that may be observed for the asset or liability, be it directly (i.e. prices) or indirectly (i.e. that arise from the price). Therefore, all fair value measurements associated with these financial instruments were classified in Level 2 of the fair value hierarchy.

There are no derivatives as at 31 December 2017.

28.3 Financial Risk Management Objectives

The Group seeks to minimise the effects of financial risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives to manage risks such as foreign exchange, interest rate and credit risks and the investment of excess liquidity is approved by the Board of Directors.

28.4 Credit Risk Management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's principal financial assets are bank balances and other receivables. The credit risk from bank balances is considered small as it is the Group's policy to transact with counterparties with good credit ratings. The Group has limited risk from receivables as exposure is either from government departments, large utilities or spread over a number of counterparties and the collection of receivables is regularly monitored by management.

28.5 Interest Rate Risk Management

The Group's corporate bank borrowings are at floating rates. The Group has entered into interest rate swaps, which cover most of these, although there is some element where the Group is exposed to interest rate risk on this element. Most of the borrowings relating to project finance are at floating rates; however, the Group has entered into interest rate swaps on the majority of these, which is a condition of the financing. The Group has elected to apply hedge accounting under IAS 39.

Finance lease funding is at floating rates.

28.6 Interest Rate Sensitivity Analysis

The fluctuations of the fair value of interest rate derivatives contracted by the Group depend on changes in the level of interest rates for Euribor and swaps. The fair value of the derivatives at 31 December 2017 amounts to $ nil (2016: $1.7m).

28 Financial Instruments (continued)

The Group had no interest rate swap in place as at 31 December 2017. In 2016, 1 interest rate swap was in place. This had an expiry date of December 2024 at an interest rate of 4.05%. The notional and fair values of the swap were as follows:

	2016 Notional $'000	**Fair value $'000**
Interest rate swaps	9,913	1,669

A sensitivity analysis is carried out at each year end. This is performed by adjusting the interest rate applicable to the interest rate derivatives by 0.5% and 0.1%. The resulting fair value calculated is then compared back to the mark-to-market value of the swap as at year end. The following table shows the sensitivity analysis of the fair value of the derivatives to changes in the interest rate curve:

	2016 $'000
+0.5% (increase in the interest rate curve)	269
-0.1% (decrease in the interest rate curve)	(54)

The sensitivity analysis shows a decrease in the negative fair value of the interest rate derivatives when the interest curve increases and therefore the Group's exposure will be covered if interest rates increase. The negative fair value increases when the interest rate curve decreases.

As the derivative instruments have been designated as cash flow hedges, and are highly effective prospectively and retrospectively, the fluctuation on the fair value will be recorded in equity.

28.7 Managing Liquidity Risk

The Group's policy consists of contracting loan facility undertakings for amounts sufficient to meet the forecast needs for a period based on the situation of the debt and capital markets.

The following table details the Group's liquidity analysis for its derivative financial instruments on the basis of undiscounted net contractual cash flows.

Interest rate derivatives	**Less than 1 year $'000**	**2-5 years $'000**	**More than 5 years $'000**	**Total $'000**
As at 31 December 2017	-	-	-	-
As at 31 December 2016	(333)	(1,107)	(533)	(1,973)

28 Financial Instruments (continued)

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

Non-derivative financial liabilities As at 31 December 2017	Less than 1 year $'000	2-5 years $'000	More than 5 years $'000	Total
Project finance loans	62	31	-	93
Corporate bank loans	13,030	-	-	13,030
Member's corporate loans	15,308	-	-	15,308
Borrowings, contractual maturity	**28,400**	**31**	**-**	**28,431**

As at 31 December 2016	Less than 1 year $'000	2-5 years $'000	More than 5 years $'000	Total
Project finance loans	-	453	-	453
Corporate bank loans	2,110	8,907	-	11,017
Members' corporate loans	-	16,182	-	16,182
Interest payments	2,400	10,366	8,781	21,547
Borrowings, contractual maturity	**4,510**	**35,908**	**8,781**	**49,199**

28 Financial Instruments (continued)

28.8 Foreign Currency Risk

The presentation currency of the Group is US dollar. The Group has foreign currency denominated assets and liabilities. Exposures to exchange rate fluctuations therefore arise. The carrying amount of the Group's main foreign currency denominated monetary assets and liabilities, are shown below in the Group's functional currency.

	EUR 2017 $'000	EUR 2016 $'000	GBP 2017 $'000	GBP 2016 $'000
Cash and cash equivalents	10,753	14,464	551	470
Accounts receivable	2,713	3,909	287	371
Accounts payable and accrued liabilities	(4,946)	(4,792)	(2,524)	(1,240)
	8,520	**13,581**	**(1,686)**	**(399)**

The Group pays all invoices in local currency. The group therefore does suffer from a level of foreign currency risk. The directors manage such risk and believe that foreign currency risk is at an acceptable level.

The sensitivities below give the estimated effect of a ten per cent movement in the full year closing exchange rate of significant currencies against the US dollar on the value of above categories. A positive number below indicates an increase in profit and other equity where the US dollar strengthens 10% against the functional currency. For a 10% weakening of the US dollar against the relevant currency, there would be an equal and opposite impact on the profit and other equity. The impact on non-EUR and GBP dominated currencies is immaterial impact and is not shown in the table below.

10% movement in USD/local currency	EUR Net income		GBP Net income	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
	852	**1,358**	**(169)**	**(40)**

28.9 Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes borrowings disclosed in note 19, cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings are disclosed in notes 23 and 24.

The Group is not subject to externally imposed capital requirements.

28 Financial Instruments (continued)

28.10 Contractual Commitments

As at 31 December 2017, the Group had no material outstanding contractual commitments in relation to generation facilities in the course of construction (2016: $nil).

28.11 Credit Quality of Financial Assets

The credit quality of financial assets that are neither past due nor impaired is assessed by reference to historical information on the counterparties. The counterparties are primarily associates, some of which were in net liability positions at year end. Management monitor these past due Financial Assets and if necessary, make provisions against such Financial asset balances.

29 Operating Lease Arrangements

	2017 $'000	2016 $'000
Lease payments under operating leases recognised as an expense in the year	191	194

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 $'000	2016 $'000
Within one year	148	136
In the second to fifth years inclusive	25	23
After five years	-	-
	173	**159**

Operating lease payments primarily represent rentals payable by the Group for certain of its office properties. The lease payments are based on square foot rented. These leases did not have right of extension and terminated upon the expiry of the agreements at the end of 2018.

30 Events after the Balance Sheet date

On October 2, 2018 the Group formalised the contract for the sale of the shares held in the companies which make up the Irish and UK wind portfolio. Element Power Ireland Ltd was sold to Statkraft AS, while the UK projects were sold to Statkraft UK Ltd.

On February 8, 2019 the Group sold it's share in Spain operating companies Photonsolar, S.A and PV Alameda Solar, S.L.U to Kobus Renewable Energy II FCR.

On March 29, 2019 the Group sold its 51% share in Sweden company Ava Vindkraft AB to Pembroke Wembley Limited.

On 30th August 2019, the group sold its 100% share in Finland companies Mikonkeitaa Oy, Lumivaara Oy and Korvenneva Oy to Energiequelle GmbH.

There have not been any other significant events since the financial year end requiring disclosure in or amendment to the financial statements.

31 Related Party Transactions

Balances and transactions between the Element Partnerships and their subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Balances and transactions with key management personnel have been disclosed in note 10. Balances and transactions with Joint Ventures have been disclosed in note 26.

During the year management fees totalling $nil (2016: $nil) were paid to Hudson Capital Management, which is part of Hudson Clean Energy Partners (HCEP).

Related party transactions are made on terms equivalent to those that prevail in arm's length transactions and are made only if such terms can be substantiated.

The Group has a shareholder loan totaling $15.30m at 31 December 2017, this included $2.56m of Interest in the year. Subsequent to financial year end this was fully paid to the value of $16.97m, which included $1.66m of interest in the year.

The General Partner, Hudson Element Power GP LLC, is the ultimate controlling party who prepares the Group consolidated financial statements. These Group consolidated accounts are filed with the Registre de Commerce et des Sociétés – RCS in Luxemburg.

32 Information about Subsidiaries

Element Power Asset Management Limited (Company No.08239050), a company owned by Element Power Investments Sàrl, is exempt from audit by virtue of s479a of the UK Companies Act 2006 and has been provided with a statutory guarantee by Element Power Group, their ultimate parent company as required by s479c of the UK Companies Act 2006. As a consequence, Element Power Asset Management Limited has taken advantage of the available exemption for audit.

33 Group Subsidiaries

Subsidiary undertakings	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest/ voting rights held by the Group
Element Power GP Sàrl	Holding	Luxembourg	100%
Element Power GP Sàrl & Partners SCA	Holding	Luxembourg	100%
Element Power Investments Sàrl	Holding	Luxembourg	100%
Element Power Holdings BV	Holding	Netherlands	100%
Element Power Poland BV	Holding	Netherlands	90%
Element Power Investments BV	Holding	Netherlands	100%
Element Power España S.L.U	Holding	Spain	100%
Helium Energy S.L.U.	Solar	Spain	100%
Los Almendros-Zahori S.L.U.	Solar	Spain	100%
Hiperion Energy S.L.	Solar	Spain	50%
Convivent S.L.	Solar	Spain	70%
Agrupación de Servicios Comunes-Villena Los Almendros, A.I.E	Solar	Spain	100%
Element Power Italy SPA	Holding	Italy	100%
Element Power Polska s.p. Z.o.o.	Holding	Poland	99%
Elektrownie Wiatrowe Wilamowa s.p. Zoo	Wind	Poland	90%
Elektrownie Wiatrowe Nysa, s.p. Zoo	Wind	Poland	90%
Elektrownie Wiatrowe Lubrza s.p. Zoo	Wind	Poland	90%
Element Power Limited	Holding	UK	100%
Element Power Management Limited	Holding	UK	100%
Element Power Northern Europe Developments Limited	Holding	UK	100%
Kangastuuli Oy	Wind	Finland	100%
Element Power Finland Developments Oy	Holding	Finland	100%
Element Power Ireland Limited	Holding	Ireland	100%
Element Power Sweden AB	Holding	Sweden	100%
Ava Vindkraft AB	Wind	Sweden	51%
Element Power Solar, LLC	Holding	USA	100%

34 Restatement of 2016 Financial Statements

Combined and Consolidated Balance Sheet at 31 December 2016

Combined and consolidated financial statements for the year ended 31 December 2016 presented assets held for sale within a disposal group. These assets included restricted cash of $4,795k and were reported separately in Assets held for sale and disposal group on the balance sheet. However, the cash balances were incorrectly allocated from the cash and cash equivalent balance instead of the restricted cash balance on the balance sheet. Consequently, Balance Sheet 2016 has been restated to reduce restricted cash and increase cash and cash equivalents.

	31 December 2016 previously presented	Adjustment	31 December 2016 restated
	$'000	$'000	$'000
Restricted cash	5,812	(4,795)	1,017
Cash and cash equivalents	19,388	4,795	24,183

Combined and Consolidated Cash Flow Statement for the year ended 31 December 2016

Combined and Consolidated Cash Flow Statement for the year ended 31 December 2016 presented an adjustment for cash held in disposal group at end of 2016. This adjustment for $4,795 was required following incorrect adjustment to cash and cash equivalents on the balance sheet. Cash Flow Statement 2016 has been restated following the restatement of 2016 Balance Sheet.

	31 December 2016 previously presented	Adjustment	31 December 2016 restated
	$'000	$'000	$'000
Net decrease in cash and cash equivalents	**(4,592)**		**(4,592)**
Cash and cash equivalents at the beginning of the financial period	29,137		29,137
Effects of exchange rate changes on the balance of cash held in foreign currencies	(362)		(362)
Adjustment for cash held in disposal group at end of 2016	(4,795)	4,795	-
Cash and cash equivalents at end of year	**19,388**		**24,183**