Albion Community Power PLC

Annual Report and Financial Statements
for the year ended 31 January 2017

ALBION | COMMUNITY POWER PLC

Contents

cover photo: Chaorach hydro

Company information

Company number	08239147
Directors	V B Beckers, Chairman R M Armour OBE G Finnie I Nolan P H Reeve D Gudgin V C Hansrani
Management services provider, company secretary, registered and principal office	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
Registrar	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey, GU9 7DR
Auditor	PKF Littlejohn LLP 1 Westferry Circus Canary Wharf London, E14 4HD
Taxation advisers	Philip Hare & Associates LLP Suite C, First Floor 4-6 Staple Inn London, WC1V 7QH PKF Littlejohn LLP 1 Westferry Circus Canary Wharf London, E14 4HD
Legal adviser	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

Shareholder information

For help relating to dividend payments, shareholdings and share certificates please contact Share Registrars Limited:
Tel: 01252 821 390 (UK National Rate call, lines are open 9.00am – 5.30pm; Mon – Fri, calls may be recorded)
Website: www.shareregistrars.uk.com

Shareholders can access information regarding their holdings by registering on Share Registrars' website.

Financial adviser information

For enquiries relating to the performance of the Group and for financial adviser information please contact Albion Community Power PLC:
Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm; Mon – Fri, calls may be recorded)
Email: info@albioncommunitypower.co.uk
Website: www.albioncommunitypower.co.uk

Please note that these contacts are unable to provide financial or taxation advice.

Background

Albion Community Power PLC ("ACP" or "the Company") and its subsidiaries ("the Group") build, own, and operate renewable energy plants across the UK. The Group focuses on smaller-scale renewables assets including single wind turbines, principally in industrial locations, "run-of-river" hydro and biogas generators. Initially, ACP aims to aggregate them into a £100 million energy group.

Each plant is a stand-alone project which benefits from government incentives, principally Feed-in Tariffs. Smaller scale renewable energy projects have a number of attractions: the Feed-in Tariff is fixed for 20 years, giving the plant a known income for each unit of electricity generated, in advance of construction and this income rises with inflation. In addition, the electricity may be sold locally to households and businesses giving them a further reason to support renewable energy in their community.

The Company is funded via investors in two classes of shares: redeemable Ordinary Shares and I Shares. These are invested in projects alongside each other. For the redeemable Ordinary Shares, the Company is now targeting a dividend of 4 pence per share per annum, up from 3 pence, and a longer term total return (i.e. capital plus income) of approximately 6 per cent. per annum, although this should not be regarded as a profit or dividend forecast. For the I Shares the Company is adopting a more flexible approach, with lower dividends initially, though these will rise in due course.

Financial calendar

Date of next dividend	31 May 2017
Annual General Meeting	4 July 2017

Financial highlights (Proforma figures are unaudited)

Redeemable Ordinary shares

142.7p	Proforma net asset value per share at 31 January 2017*
£3.9m	Funds raised (net of costs) to 31 January 2017
£5.5m	Net Asset Value 31 January 2017
3.0p	Total dividends per redeemable Ordinary Share paid to qualifying shareholders in the year to 31 January 2017
2.0p	First dividend to be paid to qualifying shareholders on 31 May 2017

I Shares

110.1p	Proforma net asset value per share at 31 January 2017*
£28.1m	Funds deployed to 31 January 2017
£31.0m	Net Asset Value 31 January 2017
2.0p	Total dividends per I Share paid to qualifying shareholders in the year to 31 January 2017
1.0p	First dividend to be paid to qualifying shareholders on 31 May 2017

* Proforma net asset value is defined in the Glossary on page 68.

Chairman's statement

Performance and progress

Growth
The year ended 31 January 2017 saw good progress in the Group's activities as we completed the construction of, and began generating electricity from, seven schemes comprising four hydro projects, two landfill gas plants and a wind turbine. In addition, we also sought growth via the acquisition of renewable assets, and acquired two operational wind turbines and an anaerobic digestion plant.

As a result, by 31 January 2017 the amounts committed to projects grew to £31.7 million, up from £25.3 million last year. Of this, the majority was funded by the institutional I shareholders on whose behalf we have deployed £28.1 million.

By mid-April 2017, after the year end, we deployed a further £8.85 million through the acquisition of four operational wind turbines, taking the total funds committed to power projects to £40.5 million. In total, the capacity of our projects has risen to 11MW, an increase of 4.3 MW in the year.

Performance
The sixteen projects held at the year end are now generating electricity. Whilst this has led to an increase in the Group's income in the year, the main financial benefit will start to be seen next year as these newly operational schemes are still building up to full capacity.

Proforma income grew from £497,000 to £600,000 in respect of the redeemable Ordinary Shares, and from £289,000 to £1,407,000 in respect of the I Shares, as more projects became operational and were able to generate income. The redeemable Ordinary Shares showed proforma earnings before tax and depreciation of £326,000, while I Shares showed £211,000. On a consolidated, statutory basis the Group accounts show a loss for the year of £1,564,000. This loss includes non-cash charges including depreciation and an increased provision for redemption of shares and warrants.

Valuations
All project sectors saw an uplift in value. The largest came from our four hydro schemes which became operational during the year. The valuation of existing operational projects benefited from increasing profit multiples on power projects generally, as discount rates continue to fall. Collectively, this resulted in an uplift in the proforma net asset value of the redeemable Ordinary Shares of 16.2 pence per share, to 142.7 pence per share, and for the I Shares an uplift in the proforma net asset value of 7.9 pence per share over the full year, to 110.1 pence per share.

Project Pipeline
The Company has an extensive pipeline of potential projects. These mainly represent acquisitions of operational projects but also include a number of projects in developing areas of the market, such as energy storage. We aim for this pipeline to enable us to meet our aim of building a renewable energy business with over £100 million of assets.

Fundraising
We welcomed Merseyside Pension Fund as an I Share investor earlier in the year. As of the year end we had total I Share commitments of £75 million from the Green Investment Bank, Strathclyde Pension Fund, Greater Manchester Pension Fund and Merseyside Pension Fund.

With regards to the redeemable Ordinary Shares, there are no plans to issue a new prospectus for further fund-raisings and thus further issues are likely to be limited to dividends reinvested under the Dividend Reinvestment Scheme.

Chairman's statement (continued)

Dividends and Returns

The Company's sixth redeemable Ordinary Share dividend will amount to 2.0 pence per share, an increase of 0.5 pence per share, and will be paid on 31 May 2017 to those Ordinary Shareholders on the register on 31 March 2016. The target annual dividend has been increased to 4.0 pence per share to reflect the operational status of the underlying assets. The Company will also pay a third dividend on the I Shares amounting to 1 penny per I Share on 31 May 2017 to those I Shareholders on the register on 31 January 2017.

Outlook

In my interim report I commented that political uncertainty has increased following the result of the UK referendum on its membership of the European Union. However to date, we have seen relatively little direct impact on our business. Given the changes over the last year in the Feed-in Tariff scheme for the UK renewables industry, as highlighted in previous reports, it is unlikely that Albion Community Power will construct new wind or hydro schemes at the current time. Instead the Company is looking to purchase operating schemes in wind, hydro and anaerobic digestion. The historically low level of funding costs for renewable assets continues to drive upwards the valuation of quality projects and so we are looking to use a prudent level of debt to partially fund the acquisition of operational assets to maintain equity returns.

We are facing headwinds in two areas; the review of business rates in the UK and a recent consultation paper issued by Ofgem which recommended the reduction of embedded benefits from generating assets. The rates review has the potential to increase costs for some of our assets and we are challenging the valuations in a number of cases. The Ofgem proposals would reduce the income stream from decentralised generating assets, such as ours, and we are supporting industry efforts to retain them at current levels. This is not only in the financial interest of ACP but of renewable assets generally and is a recognition of the wider benefits of decentralised generation. I would also note that the stability of economic arrangements for existing projects and investor confidence tend to go hand in hand. The impact of both of these two developments have been taken into account in the current valuations.

We continually look to maximise the price at which we can sell our electricity, including, where possible, the sale of electricity to the end user rather than wholesale and we are increasingly looking at the potential to enter other energy-related areas such as storage to address issues relating to intermittent generation, variable half-hourly pricing, grid constraints and the impact of interruptions to centralised power supply.

Prospects

Overall, we are encouraged by the progress to date in growing the business and, in particular, commissioning our substantial hydro assets during the year. Our successful acquisition of four turbines since 1 February also confirmed the confidence we have in our ability to build a broadly-based, community focused, renewable energy power company in the new post-subsidy environment for new projects.

V B Beckers
Chairman
28 April 2017

Strategic report

Group objective and policy

The Group aims to be a major producer of community-scale renewable energy, through a variety of energy projects, building capacity of around 30MW with funding of around £100 million.

The Group develops and acquires community-scale (i.e. smaller) renewable projects in the wind, hydro-electricity and biogas sectors. Projects in other sectors, such as solar and storage are also under consideration. For the existing portfolio the renewable energy sectors are described below:

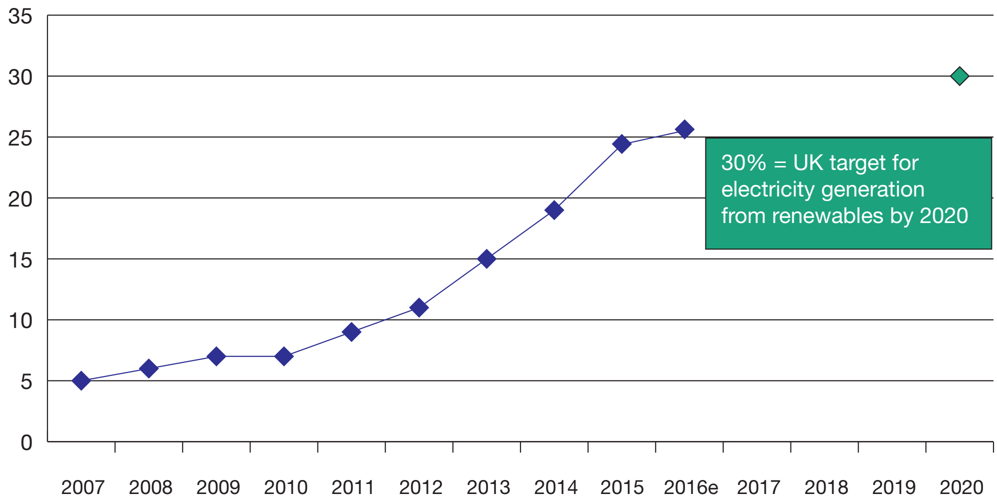
- Wind – Developing single turbines and acquiring operational wind schemes;
- Hydro-electricity – Power from water flow by diverting part of the stream from higher up a river and channelling it through a turbine, before releasing it back into the river lower down; and
- Biogas – Conversion of organic matter (such as waste food or agricultural crops) into biogas either through anaerobic digestion or through gas from landfill sites, which can then be converted into electricity.

Market overview

As part of the overall EU policy to reduce carbon emissions, the Government has made a commitment to generate 15 per cent of all UK energy from renewables by 2020. There is no indication that this will not continue after the UK leaves the EU. To achieve this approximately 30 per cent of electricity generation will have to come from renewable sources by that date. This is because the definition of “energy” is much wider than electricity generation alone. In the year ended 31 December 2016, renewable energy provided 25.6 per cent. of total UK electricity generation (compared to 24.6 per cent. in the year to 31 December 2015). Therefore, while there is some way to go, the UK should be on track to meet its 2020 target.

To encourage the generation of energy from renewable sources the Government introduced specific policies of incentives to encourage distributed efficient generation of electricity and heat at the point of use. All these incentives have now ceased in respect of new wind and hydro projects.

Renewables % of UK electricity generation*



* source: DUKES

Strategic report (continued)

Current projects and project pipeline

At 31 January 2017, the Company has committed £31.7 million to specific projects with thirteen assets operational and three in construction; all are now operational. Albion Ventures LLP's current pipeline potentially available to the Group includes a further £100 million of wind, hydro-electricity, biogas, solar and storage projects.The current valuations for each project are as follows:

Type	Project	Status	Redeemable Ordinary £ million	I Shares £ million	Total £ million	Cost £ million	Cumulative change in value £ million
Wind	Blaencilgoed	Operational	2.77	–	2.77	1.67	1.10
Wind	Goathill	Operational	0.65	2.08	2.73	2.55	0.18
Wind	Rexon Cross	Operational	–	2.04	2.04	1.95	0.09
Wind	Tafarnaubach	Operational	0.59	1.77	2.36	1.80	0.56
Wind	WED	Operational	0.05	2.38	2.43	2.43	-
Wind	Wind NI(1)	Operational	–	1.98	1.98	1.96	0.02
Hydro	Bruachaig	Operational	0.06	2.60	2.66	2.76	(0.10)
Hydro	Chaorach	Operational	–	9.63	9.63	8.85	0.78
Hydro	River Arkaig	Operational	–	3.41	3.41	3.28	0.13
Hydro	Liatrie Burn	Operational	–	2.11	2.11	2.04	0.07
Bio Gas	Alphagen(2)	Operational	0.31	0.36	0.67	0.43	0.24
Anaerobic Digestion	ReGen	Operational	–	1.96	1.96	1.96	–
Total projects by 31 Jan 2017			**4.43**	**30.32**	**34.75**	**31.68**	**3.07**
Wind	Sterke / South(3) Arnloss / NI	Operational	–	8.85	8.85	8.85	–
Total projects by April 2017			**4.43**	**39.17**	**43.60**	**40.53**	**3.07**

(1) includes two assets, one of which was in construction at 31 January 2017

(2) includes four assets, two of which were in construction at 31 January 2017

(3) acquired on 1 February / 12 April 2017 (not included in consolidated financial statements)

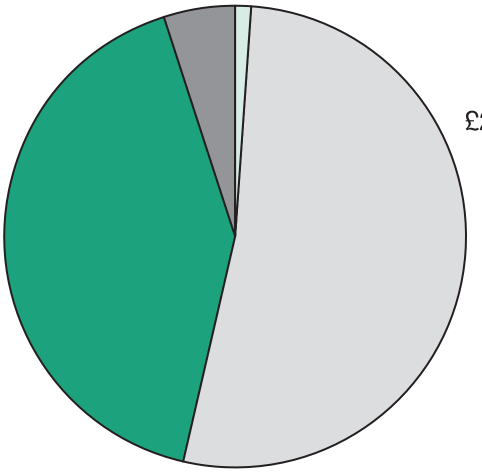
Information on the bases and key assumptions used in these valuations are included in note 8 to the financial statements.



Wind turbines: AG Barr, WED, South Arnloss

Strategic report (continued)

Commitment to projects by sector (including post balance sheet projects)



Operational arrangements

The Board has elected as part of its core business model to delegate key elements of the Group's operational activities to specialist professional service providers. In respect of financial and subsidiary management, the Board have appointed Albion Ventures LLP.

Albion Ventures LLP has extensive experience in the identification and development of renewable energy projects and has made this available to the Group. Three senior Albion Ventures LLP members and staff are executive Directors of the Company and Albion Ventures LLP also provides staff, advisory and administrative services to the Group. These services include:

- advising the Board on identification of potential projects and monitoring of projects undertaken, including specifying equipment, running tender processes and agreeing commercial terms with chosen suppliers, negotiating and agreeing leases with landlords, checking the planning conditions and grid connection offers, negotiating and agreeing management contracts with partners, running tender processes for engineering, procurement and construction contractors, appointing advisers such as architects and quantity surveyors, evaluating and agreeing power and heat off-take agreements, arranging annual valuations by third party valuers such as PricewaterhouseCoopers LLP (PwC), and tendering and agreeing aggregated maintenance and service contracts; and
- the provision of accounting, secretarial and other administrative services.

The appointment of Albion Ventures LLP to provide these services was for an initial period of 5 years, and thereafter on 2 years' notice. Following the passing of the resolutions at the General Meeting on 13 February 2015, the management services agreement was extended until 31 January 2035, subject to two years' notice from 29 May 2018.

To complement the work of Albion Ventures LLP, PwC has also been retained to carry out a periodic valuation review of the Group's operational assets.

Looking beyond the Group's financial affairs, the Boards of the Group's operational subsidiaries have the authority to appoint specialist operating and maintenance companies as a cost effective solution to manage and maintain the underlying operational assets.

Strategic report (continued)

The redeemable Ordinary Shares management service charge payable to Albion Ventures LLP is 2 per cent. of the redeemable Ordinary Share Group's proforma net asset value, less the cost of salaries paid to the executive Directors and staff provided by Albion Ventures LLP. The Ordinary Share Group's annual central overheads including such fee and salaries are capped at 2.5 per cent. of proforma net asset value. However, the operating costs of the underlying renewable energy projects are accounted for separately.

In addition, Albion Ventures LLP will charge a one-off execution fee of 2 per cent. of the amount allocated by the Group to any project, to the extent that these are funded from the redeemable Ordinary Shares. These fees are charged directly to the projects.

The I Shares management service charge payable to Albion Ventures LLP is 2 per cent. of the I Share pool, reducing to 1.5 per cent. from October 2017. Excluding this charge, the I Share Group's annual central overheads are capped at £80,000 per annum plus up to £25,000 relating to aborted projects. The operating costs of the underlying renewable energy projects, however, are accounted for separately.

Review of business and future changes

Consolidated Group results

The consolidated statutory results for the year ended 31 January 2017, show a combined loss in the redeemable Ordinary and I Shares of £1,564,000 (31 January 2016; £786,000) and an operating loss of £182,000 (2016: profit £16,000). The statutory loss is driven by non-cash items including depreciation, (charge of £666,000), the increase in fair value of the redeemable Ordinary Shares and associated warrants (charge of £750,000 in the year), deferred tax (charge of £152,000) as well as the treatment of dividends to redeemable Ordinary Shares as a finance cost. Of the loss for the year, £923,000 is attributable to the shareholders of ACP with the remainder attributable to non-controlling interests.

Below we present an underlying EBITDA result reconciled from the statutory operating (loss)/gain, which excludes these non-cash items and shows the improving trend in the underlying trading performance of the consolidated Group, driven by increased electricity generation from our larger asset base. Compared to the previous year the current year results benefit from a full year's generation from Tafarnaubach and Goathill as well as part year contributions from our four hydro assets and two acquired wind turbines (WED Lawrence and Ballyfrenis).

	Year ended 31 January 2017 £'000s	Year ended 31 January 2016 £'000s
Revenue	**1,962**	860
Operating (loss)/gain	**(182)**	16
Add back:		
Depreciation	**666**	124
EBITDA excluding joint venture	**484**	140
Share of EBITDA in Joint venture	**(253)**	–
Underlying EBITDA	**231**	140

Proforma results basis

The proforma income statements (unaudited) shown below for the redeemable Ordinary Shares and I Shares have been prepared using their proportional share of ownership of individual projects. In addition, the proforma excludes the impact of the revaluation in redeemable shares and warrants to give a clearer picture of performance for the two share classes.

Strategic report (continued)

Redeemable Ordinary Shares

The redeemable Ordinary Shares recorded proforma income of £600,000, up from £497,000 (being their share of revenue from electricity sales in operational projects and interest income) and a proforma EBTDA of £326,000 (2016: £256,000). At the start of the year all assets in which the redeemable Ordinary Shares has a substantial stake had been commissioned, so the income and EBTDA results benefitted from a full year's power generation at Tafarnaubach and Goathill. In the prior year only one of the three turbines had been operational for the full year. The increased tax charge is mainly the result of a non-cash provision for deferred tax due to timing factors.

Proforma consolidated statement of comprehensive income (unaudited)

	Year ended 31 January 2017 £'000s	**Year ended 31 January 2016 £'000s**
Revenue from electricity sales	416	372
Net interest income	184	125
Income	**600**	**497**
Cost of sales	(148)	(136)
Administrative expenses	(126)	(105)
EBTDA	**326**	**256**
Depreciation	(111)	(44)
Tax	(85)	9
Proforma comprehensive income	**130**	**221**

I Shares

The proforma income of the I Shares increased from £289,000 to £1,407,000. The revenue from electricity generation benefitted from the acquisition of operational assets in September and November as well as four hydro schemes becoming operational during the second half of the year. Net interest increased as a result of increased deployment of funds to projects. EBTDA was £211,000 compared to a loss of £85,000 last year as increased revenues outstripped administrative costs which include fixed elements. The current year EBTDA includes a loss of £253,000 in respect of the Whites joint venture. This loss reflects the costs associated with operational changes introduced following acquisition of the asset to effect a turnaround in performance. Substantial progress has been made.

Proforma consolidated statement of comprehensive income (unaudited)

I Shares	**Year ended 31 January 2017 £'000s**	**Year ended 31 January 2016 £'000s**
Revenue from electricity sales	767	177
Net interest income	640	112
Income	**1,407**	**289**
Share of loss from joint ventures	(253)	–
Cost of sales	(358)	(66)
Administrative expenses	(585)	(308)
EBTDA	**211**	**(85)**
Depreciation	(313)	(29)
Tax	(111)	3
Proforma comprehensive income	**(213)**	**(111)**

Strategic report (continued)

Proforma consolidated statement of financial position (unaudited)

31 January 2017	Redeemable Ordinary Shares £'000s	I Shares £'000s
Fixed assets	3,922	27,566
Debtors, creditors and cash	1,656	3,484
Proforma net assets	**5,578***	**31,050***
Proforma net assets per share (pence)	**142.7**	**110.1**

* attributable to redeemable Ordinary Shareholders, excluding £750,000 charge relating to the revaluation of shares and warrants (including this charge the loss is £565,000)

** The figures above do not agree to the statutory Financial Statements as the above reflects the adjusted position including project valuations and excluding provisions for redemption of redeemable Ordinary Shares and warrants and excluding funding for fixed assets provided by external funders and any minority interests' balance.

Proforma Net Asset Value

Composition

As well as being a measure of return for shareholders the proforma NAV is important as it impacts on the results of the Group, being the key input into the redemption provision for the redeemable Ordinary Shares and the provision for warrant costs. It comprises the cumulative retained profits for the each class of shareholders which have been earned to date as returns from project companies plus the unrealised movement in valuation of underlying projects. In the case of the redeemable Ordinary Shares the cumulative losses relating to movements in the fair value of redeemable Ordinary Shares (accounted for in the event of redemption) are removed.

Redeemable Ordinary Shares

The proforma Net Asset Value of the redeemable Ordinary Shares show a capital increase of 16.2 pence per share, driven by review of project performance and valuation as well as the interest received from the underlying projects. As noted above, the loss relating to the revaluation of shares and warrants of £750,000 is excluded for the purposes of calculating the proforma net asset value.

I Shares

The proforma Net Asset Value of the I Shares show a capital increase of 7.9 pence per share as a result of an increase in the value of operational projects and increased profits earned from underlying projects.

Strategic report (continued)

Reconciliation of proforma net asset value

	Redeemable Ordinary Shares 31 January 2017 £'000s	I Shares 31 January 2017 £'000s
Net amounts subscribed	3,953	28,341
(Accumulated losses)/retained profits	(1,434)	1,050
Fair value movement on redeemable Ordinary Shares	1,644	–
Fair value movements on projects	1,415	1,659
Proforma net assets	**5,578**	**31,050**
Shares in issue	**3,910**	**28,213**
Proforma net assets per share (pence) – 31 January 2017	**142.7**	**110.1**
Proforma net assets per share (pence) – 31 January 2016	**126.5**	**102.2**

Environmental matters, social and community issues, employees and human rights

The Board recognises the requirement under section 414C of the Companies Act to detail information about environmental matters, social and community issues, employees and human rights; including any policies it has in relation to these matters and effectiveness of these policies. Albion Ventures LLP, through its management service contract with the Company, provides all administrative services, and the Company has no employees other than the executive Directors. The Group recognises the importance of its environmental policies, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by its activities. Further details can be found in the Directors' report on page 21. The Group has obligations to reinstate sites at the end of their useful life and the accounting policy in relation to these obligations is included in note 1.17.

Risk management

The Board carries out a regular review of the risk environment in which the Group operates and sets out policies to address these where appropriate. The principal risks and uncertainties of the Group as identified by the Board and how they are managed are as follows:

Risk	Possible consequence	Risk management processes
Strategic risk	Unfavourable impact on the industry from changes in policy and legislation, impacting, amongst other areas, renewable subsidies.	The Board monitors prevailing legislative and political risk on a regular basis and engages with policymakers. In addition, the Board seeks to balance the portfolio with regard to the source of power and geography. Preferred projects are those that would remain profitable even without subsidies. The Board is considering further diversification into projects such as storage which are related to our generating portfolio and, as well as being profitable in their own right, may mitigate risks relating to generation assets in the future.

Strategic report (continued)

Risk	Possible consequence	Risk management processes
Project and programme risk	This is the risk of not securing sufficient consented site projects, poor quality equipment, failure of recourse from warranties and poor/delayed construction performance which reduces the returns to shareholders, and negatively impacts on the Company's reputation.	To reduce this risk, the Board places reliance upon the skills and expertise of Albion Ventures and its extensive experience within the renewable energy sector. In addition, the Company operates a formal projects appraisal process, which includes a Project Committee, comprising the Board. Projects are actively and regularly monitored by Albion Ventures and the Board receives detailed reports on each project. The Board also regularly monitors and assesses the project pipeline.
Internal control risk	Failures in key controls, within the Board or within Albion Ventures' business, could put assets of the Company at risk or result in reduced or inaccurate information being passed to the Board or to shareholders.	ACP relies on the key controls of Albion Ventures as well as its own. The ACP Audit Committee meets with Albion Ventures' internal Auditor, PKF Littlejohn LLP, at least once a year, receiving a report regarding the last formal internal audit performed on Albion Ventures and providing the opportunity for the Audit Committee to ask specific and detailed questions. Albion Ventures has a comprehensive business continuity plan in the event that operational continuity is threatened. Measures are in place to mitigate information risk in order to ensure the integrity, availability and confidentiality of information used within the business.
Reliance upon third parties risk	The Company is reliant upon the services of Albion Ventures for the provision of management and administrative functions and utilises PwC for external valuations.	The Board regularly evaluates all of its key service providers to ensure they are satisfied with the level of service provided and that there is no reputational risk to the Group from using these providers. The next review will take place at the Audit Committee meeting scheduled for October 2017. Furthermore, the management services agreement in place provisioned for the change of Albion Ventures under certain circumstances. In addition, Albion Ventures has demonstrated to the Board that there is no undue reliance placed upon any one individual within Albion Ventures. The Group obtains third party valuations for its assets each year (current provider is PwC). The contract with PwC for this work is reviewed yearly and there are alternative providers who could be used. Valuations are reviewed by Albion Ventures and the Board prior to adoption.

Strategic report (continued)

Risk	Possible consequence	Risk management processes
Financial risk	The Company is exposed to credit risk and liquidity risk.	The Company's policies for managing these risks are outlined in full in note 19 to the statutory Financial Statements. Most of the Group's income and expenditure is denominated in sterling, with foreign currency transactions executed at the exchange spot rates prevailing at the transaction date. The Company is financed through the issue of redeemable Ordinary Shares and I Shares and does not have any other borrowings. The subsidiary companies are financed through the provision of loan stock financial instruments by the Company and other project partners.
Cyber risk	Financial loss, disruption or damage to reputation from the failure of IT systems and cyber security.	ACP uses the Albion Ventures IT infrastructure. Albion Ventures is highly conscious of its responsibility to maintain a robust and secure IT system to protect against IT failures and cyber risks. Albion Ventures uses the services of an external IT provider to maintain its IT systems and put in place security measures to protect the confidentiality of information and mitigate cyber risk. In addition, Albion Ventures' internal Auditor, PKF Littlejohn LLP, undertakes an IT security audit on a periodic basis, reporting their findings to the Board. Albion Ventures also has a Business Continuity Plan which is tested yearly and has a data protection policy which is reviewed on an annual basis. Penetration testing has also been undertaken.

Business Property Relief ("BPR") qualifying risk
The Company's current business activities are regarded as trading activities and therefore a Qualifying Trade. In meeting this qualifying requirement for BPR, shareholders who have held shares in the Company for a two year period should be entitled to full relief from Inheritance Tax on the value of their holding. Failure to meet the qualifying requirements could result in no relief or only partial relief from Inheritance Tax. The Company is an operating power generator and is therefore in line with government policy objectives for BPR. To reduce this risk, and to provide further formal reassurance, the Board has appointed Philip Hare & Associates LLP as its taxation adviser. Philip Hare & Associates LLP will review the Company's trading activities and advise the Board annually on the Company's Qualifying Trade status.

On behalf of the Board,

PH Reeve
Director
28 April 2017

The Board of Directors

The following are the Directors of the Company, comprising four non-executive and three executive Directors:

Volker Beckers FEI, has more than 20 years' senior experience within the European energy industry. He was Group CEO, RWE Npower plc from 2010 to 2012 and prior to this, its Group CFO from 2003 to 2009. He has worked in a variety of trade and industry bodies, including the CBI President's Committee, the German-British Chamber of Industry & Commerce and the Executive Committee of UKBCSE (now Energy UK) and he was a non-executive director of HM Revenue & Customs (2013-15). He is currently Vice Chairman of Danske Commodities A/S, sits on the Advisory Board of PricewaterhouseCoopers UK and is a non-executive Director of the Nuclear Decommissioning Authority and Elexon Ltd, as well as being non-Executive Chairman of Reactive Technologies Ltd and Director and honorary Vice President of BIEE. He sits on the Advisory Board of the EU Centre for Energy and Resource Security (EUCERS) at King's College, and is Chair of the Advisory Board with Erasmus Centre for Future Energy Business (ECFEB), a specialist research centre at Rotterdam School of Management. He graduated from Cologne University with a Diploma ("Diplom-Kaufmann") in Economics and Business Administration and is a fellow of the Energy Institute.

Robert Armour OBE, MBA, LLB, FEI, FCIS, General Counsel of British Energy Group and its predecessors from 1990 to 2009, he was originally a partner in a Scottish legal firm acting for energy clients. He was formerly chairman of SCDI and Smarter Grid Solutions Limited and is a director of five companies in which Albion Ventures LLP's VCTs have invested. He jointly established Eneus Energy to develop an electricity storage solution in 2014 and, in 2015, became Deputy Chair of NuGen and joined the board of the UK's Oil and Gas Authority. Robert is a trustee of The Nuclear Trust, as well as a director of Nuclear Liabilities Fund Limited, the public sector nuclear decommissioning fund for EDF Energy's nuclear power stations. He is a director of Dalriada Energy Limited and is Senior Counsel at Gowlings, an international legal practice. He has an LLB and an MBA from Edinburgh University.

George Finnie was previously Investment Manager at Strathclyde Pension Fund from 2013 to 2016 and was responsible for the New Opportunities Portfolio with an allocation of £750m from the Main Fund. George has over twenty years' experience in corporate banking, corporate finance and property and joined Strathclyde Pension Fund to allow the Fund to consider investments in areas of opportunity such as Infrastructure, Renewables and Housing which were not covered by its main fund mandates. George is also a member of the Advisory Committee for the Alpha Real Capital Social Infrastructure Fund and an advisor to Muzinich & Co. Ltd in relation to their Direct Lending activities.

David Gudgin BSc, ACMA, is the Head of Renewables at Albion Ventures LLP. David qualified as a management accountant with ICL before spending three years at the BBC. In 1999, he joined 3i Group PLC as an investor in European technology based in London and Amsterdam. In 2002 he moved to Foursome Investments (now Frog Capital) as the lead investor for two funds, an environmental technology fund and a later stage development capital fund, before joining Albion Ventures LLP in 2005. He became a partner in Albion Ventures LLP in 2009. David has a BSc in Economics from Warwick University. David has been investing in Cleantech since 2003. He is a director, inter alia, of ACP Infinite Limited, ACP I Shareco Limited, ACP Ordinary Shareco Limited, ACP Wind Limited, Alphagen Projects Limited, Harvest AD Limited, Infinite Ventures (Goathill) Limited, ACP Embedded Wind Limited and Whites Generation Limited.

Vikash Hansrani BA (Hons), ACA, qualified as a chartered accountant with RSM Tenon plc and latterly worked in its corporate finance team. He joined Albion Ventures LLP in 2010 where he is currently Finance Director. He is also a director of OLIM Investment Managers. He has a BA (Hons) in Accountancy & Finance from Nottingham Business School.

The Board of Directors (continued)

Ian Nolan has thirty years of experience in private equity investment, and recent experience of infrastructure and renewable energy investment. Ian's academic training was as an economist at Clare College, Cambridge. He then qualified as a Chartered Accountant with Arthur Andersen in London, before joining 3i in 1987. He served as Chief Investment Officer from 2009 to 2011, before leaving to help the UK Government establish the new £3bn Green Investment Bank. Ian's role was to lead on market engagement and develop an investment strategy, as well as a pipeline of investment opportunities. The Bank was formally launched in 2012 and Ian became the bank's Chief Investment Officer, a post he held until April 2014. Ian is a founder partner of Circularity Capital LLP, as well as a non-executive director in several companies, focusing in the area of renewable energy, energy efficiency and sustainability.

Patrick Reeve MA, ACA, qualified as a chartered accountant before joining Cazenove & Co where he spent three years in the corporate finance department. He joined Close Brothers Group in 1989, working in both the development capital and corporate finance divisions before establishing Albion Ventures (formerly Close Ventures Limited) in 1996. He is the managing partner of Albion Ventures and is a director of OLIM Investment Managers, Albion Technology & General VCT PLC, Albion Enterprise VCT PLC and Albion Development VCT PLC, all managed by Albion Ventures LLP. He is a member of the Audit Committee of the University College London, a director of the Association of Investment Companies and is on the Council of the BVCA.

The executive Directors are Patrick Reeve, David Gudgin and Vikash Hansrani who are not members of the Remuneration Committee and Nomination Committee (both of which Robert Armour is the Chairman).

All Directors are members of the Audit Committee and Volker Beckers is the Chairman.

The Management Services Provider

Albion Ventures LLP, is authorised and regulated by the Financial Conduct Authority and provides staff, project management and administrative services to the Group pursuant to the Management Services Agreement. In addition to the services provided to the Group, it provides similar services to Albion Care Communities Limited, manages six venture capital trusts and the UCL Technology Fund. OLIM Investment Managers is part of the Albion group which currently has total assets under management or administration of approximately £950 million.

The following are specifically responsible for the management and administration of Albion Community Power PLC:

Patrick Reeve MA, ACA, details included in the Board of Directors section.

David Gudgin BSc (Hons), ACMA, details included in the Board of Directors section.

Emil Gigov BA (Hons), FCA, assists in sourcing wind projects for the Company. He graduated from the European Business School, London, with a BA (Hons) Degree in European Business Administration in 1994. He then joined KPMG in their financial services division and qualified as a chartered accountant in 1997. Following this he transferred to KPMG Corporate Finance and joined Albion Ventures LLP in 2000. Emil became a partner in 2009 and is responsible for Albion Ventures LLP's wind investments. He is a director of ACP Rexon Limited, Infinite Ventures (Blaencilgoed) Limited, Infinite Ventures (Rexon) Limited and Infinite Investments (Tafarnaubach) Limited.

Dr Christoph Ruedig MBA assists in sourcing hydro-electricity projects for the Group. He joined Albion Ventures LLP as an investment director in October 2011. He initially practised as a radiologist, before spending 3 years at Bain & Company. In 2006 he joined 3i working for their Healthcare Venture Capital arm. Most recently he has worked for General Electric UK. He holds a degree in medicine from Ludwig-Maximilians University, Munich and an MBA from INSEAD. He has led the Dragon Hydro, All't A Chonais and Ledgowan hydro-electricity investments for Albion Ventures LLP. He is a director of Bruachaig Hydro Limited, Chaorach Holdings Limited, Chonais Hydro Limited, Gharagain River Hydro Limited, Green Highland renewables (Ledgowan) Limited Green Highland Renewables (Loch Arkaig) Limited and Liatrie Burn Hydro Limited.

Henry Stanford MA, ACA, assists in sourcing anaerobic digestion projects for the Group. He qualified as a chartered accountant with Arthur Andersen before joining the corporate finance department of Close Brothers Group in 1992. He joined Albion Ventures LLP in 1998, becoming a partner in 2009, where he has been responsible for much of the asset-based investment portfolio. He holds an MA degree in Classics from Oxford University. At Albion Ventures LLP, he is currently on the boards of, inter alia, Earnside Energy Limited, The Street by Street Solar Programme, Regenerco Renewable Energy and AVESI.

Vikash Hansrani BA (Hons), ACA, details included in the Board of Directors section.

Marco Yu MPhil, MA, MRICS, is responsible, *inter alia*, for sourcing wind projects for the Group. He joined Albion Ventures LLP in 2007 and became an investment director in 2014. Marco spent two and a half years at Bouygues (UK), before moving to EC Harris in 2005, where he advised senior lenders on large capital projects. Marco graduated from Cambridge University with a first class degree in economics and is a Chartered Surveyor. At Albion Ventures LLP, Marco has worked on a number of the VCT renewable investments and he is a director of ACP Embedded Wind Limited, ACP Infinite Limited, ACP Rexon Limited, ACP Wind Limited, Infinite Ventures (Blaencilgoed) Limited, Infinite Ventures (Goathill) Limited, Infinite Ventures (Rexon) Limited, Infinite Investments (Tafarnaubach) Limited, WED Lawrence Limited, ACP Wind NI Limited, Sterke Wind Limited and South Arnloss Wind Limited.

The Management Services Provider (continued)

Adam Chirkowski MA, is responsible primarily for assisting on projects in the hydro-electricity and anaerobic digestion sectors. Prior to joining Albion Ventures LLP in 2013, he spent five years working in corporate finance at Rothschild. He graduated from Nottingham University with a first class degree in industrial economics and a masters in corporate strategy and governance. At Albion Ventures LLP he has worked on the Green Highland Renewables (Ledgowan) investment. He is a director of Harvest AD Limited, Alphagen Projects Limited, Bruachaig Hydro Limited, Chaorach Holdings Limited, Chonais Hydro Limited, Green Highland Renewables (Loch Arkaig) Limited, Liatrie Burn Hydro Limited and Whites Generation Limited.

Rad Hart-George is responsible primarily for assisting on projects in the wind sector. Prior to joining Albion Ventures in 2015, he spent eight years working in the wind industry, primarily developing onshore projects in the UK. He has a degree in geography from Nottingham University and a masters degree from Columbia University in Environmental Science & Policy. He is a fellow of the Royal Geographical Society and was a committee member of Renewable UK's onshore planning sub-group from 2012-2015.

Directors' report

The Directors submit their Annual Report and the audited Financial Statements on the affairs of the Group and the Company for the year ended 31 January 2017.

Business review

Principal activity

The principal activity of the Group is the acquisition or identification, development, construction, commissioning, registration and subsequently operation of renewable energy projects in the UK. The focus is on community-scale (i.e. smaller) renewable projects principally in the wind, hydro-electric and biogas sectors.

Capital structure

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the period are shown in notes 14 and 16 to the Financial Statements.

The redeemable Ordinary Shares are designed for individuals who are professionally advised private investors, seeking, over the long term, exposure to a company with a diversified portfolio of renewable energy projects. The projects are currently spread over three renewable technologies, to produce a regular and predictable source of income, combined with the prospect of longer term capital growth

A further £10 million commitment was made by Merseyside Pension Fund in April 2016, which brings the total committed by all I Shareholders to £75 million. In addition to this GIB has the right to elect to invest up to a further £25 million in the Company subject, inter alia, to matched investment from other institutional investors.

In total, £78.9 million has been raised to date with additional conditional commitments of £25 million. Of this £31.1 million had been deployed at 31 January 2017.

Discount management and share buy-back policy

Redeemable Ordinary Shareholders may give the Company notice requiring it to redeem their shares and the Company will (subject to the terms of the Articles, the Act, any regulatory requirements and the availability of liquid funds) redeem those shares within three calendar months after the first anniversary of allotment of those shares (subject to the Directors' dispensation to direct earlier redemptions).

It is the Board's intention for such buy-backs to be at a price equal to the proforma net asset value of the shares at the previous half year or year end (as stated in the most recent published annual audited or unaudited interim accounts at the date of the redemption notice) less a discount of 1 per cent. Any shares which are redeemed by the Company will be cancelled.

During the year, the Company did not purchase any redeemable Ordinary Shares (year ended 31 January 2016; 56,138 shares at a cost of £61,234).

Issue and buy-back of redeemable Ordinary Shares and I Shares

During the year, the Company issued 9,363,821 I Shares.

All classes of shares rank *pari passu* for voting rights, and each redeemable Ordinary Share, I Share or A Ordinary Share is entitled to one vote. The Directors are not aware of any restrictions on the transfer of shares or on voting rights.

Directors' report (continued)

Shareholders are entitled to receive dividends and the return on capital on winding up or other return on capital based on the surpluses attributable to their respective class of shares.

The Company operates a policy of buying back shares for cancellation. Details regarding the current policy are noted above.

Substantial interests and shareholder profile

As at 31 January 2017, the Company has only one Ordinary equity shareholder, Patrick Reeve, with 100 A Ordinary Shares of £0.01 in the capital of the Company. There are a total of 3,909,729 redeemable Ordinary Shares in issue attributable to shareholders who have beneficial interest approximating to 12.1 per cent. of voting rights, which have been recognised as a financial liability in note 13 to the Financial Statements.

The Company has four I equity shareholders with 28,212,839 I Shares of £0.01 in the capital of the Company. These account for 87.9 per cent. of voting rights with the remainder being held by the redeemable Ordinary Shareholders. The beneficial interest of shareholders with over 3 per cent. of voting are shown below with Albion Ventures LLP holding the remaining 0.5 per cent.:

	31 January 2017 voting rights
GIB	40.4%
Strathclyde Pension Fund	27.9%
Greater Manchester Pension Fund	14.7%
Merseyside Pension Fund	4.4%

A waiver has been obtained from the Takeover Panel which exempted GIB from making an offer for the whole of the issued share capital of the Company once their holdings reached or exceeded 30 per cent.

Results and dividends

The loss after taxation attributable to shareholders for the year was £1,564,000 (year ended 31 January 2016; £786,000). This was due primarily to non-cash charges in the year for revaluation of redeemable Ordinary Shares and warrants (£750,000), depreciation (£666,000) and deferred tax (£152,000). The upward revaluation was as a result of the increase on the proforma NAV during the year.

The Company's sixth dividend for the redeemable Ordinary Shares of 2.0 pence per share will be paid on 31 May 2017 to those shareholders on the register on 31 March 2016. The Company's third dividend on the I Shares of 1 penny per share will be paid on 31 May 2017 to those shareholders on the register on 31 January 2017.

Principal risks and uncertainties

A summary of the principal risks and uncertainties faced by the Company is set out on pages 12 to 14 of the Strategic report. Details relating to risks concerning financial instruments are disclosed in note 19 to the Financial Statements.

Taxation status

The trading results of the Group are subject to UK corporation tax, details of which are set out in note 6. It is intended that the redeemable Ordinary Shares in the Company will be eligible for Business Property Relief and that therefore UK tax paying shareholders should obtain relief from Inheritance Tax, once such shares have been held for two years. Such shares in the Company should also be suitable for SIPPs.

Directors' report (continued)

Environment

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. Initiatives designed to minimise the Group's impact on the environment include recycling and reducing energy consumption. The Group has no material greenhouse gas emissions to report from the operations of the Group, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Employees

The Company has a management services agreement with Albion Ventures LLP and its executive Directors (Patrick Reeve, David Gudgin and Vikash Hansrani are executive Directors) who have service contracts with the Company. There are no employees.

Directors

The Directors who held office throughout the period, and their interests in the redeemable Ordinary Shares, and I Shares of the Company (together with those of their immediate family) are shown below:

	31 January 2017 Ord Shares	31 January 2017 Ord Share Warrants	31 January 2017 I Share Warrants	31 January 2016 Ord Shares	31 January 2016 Ord Share Warrants	31 January 2016 I Share Warrants
Volker Beckers	75,000	1,474	–	75,000	1,474	–
Robert Armour	51,000	1,003	–	51,000	1,003	–
Ian Nolan	–	–	–	–	–	–
George Finnie	–	–	–	–	–	–
Patrick Reeve	38,428	94,948	771,428	37,542	94,948	515,428
David Gudgin	36,070	94,948	771,428	36,070	94,948	515,428
Vikash Hansrani	2,500	15,192	123,435	2,500	15,192	82,468

Partners and staff of Albion Ventures hold 143,357 Redeemable Ordinary Shares in the Company (31 January 2016: 146,857). At the date of this Report Albion Ventures LLP holds 530,196 Redeemable Ordinary Shares in the Company (2016: 517,965).

All Directors are members of the Audit Committee, of which Volker Beckers is the Chairman. The work of the Audit Committee is described in detail in the Statement of Corporate Governance on page 26.

The executive Directors, as members and staff of Albion Ventures LLP, are deemed to have an interest in the management services agreement to which the Company is party.

Further details regarding Directors' remuneration are shown in note 4 to the Financial Statements.

Directors' indemnity

Each Director has entered into a Deed of Indemnity with the Company which indemnifies each Director, subject to the provisions of the Companies Act 2006 and the limitations set out in each deed, against any liability arising out of any claim made against him in relation to the performance of his duties as a Director of the Company. A copy of each Deed of Indemnity entered into by the Company for each Director is available at the registered office of the Company.

Directors' report (continued)

Warrants

Albion Ventures LLP has been granted warrants to subscribe for one redeemable Ordinary Share for every five new redeemable Ordinary Shares issued at a strike price equal to the proforma net asset value of the redeemable Ordinary Shares at the time of issue of the warrants (as adjusted in certain circumstances). The exercise price will be adjusted downwards, on a penny–for–penny basis, to the extent to which cumulative dividends thereafter exceed 4 pence per share per annum provided the exercise price shall never be less than the nominal value of a share from time to time.

Further warrants will be issued on the same basis in respect of subsequent offers of redeemable Ordinary Shares in future years, though these issues will be limited to the extent that Share redemptions would otherwise increase the proportion of warrants in issue to over 20 per cent. of the issued share capital of the Company. The warrants will have an exercise period of 20 years from issue. Some warrants have, at the discretion of Albion Ventures LLP, been issued to third party investors, (being certain institutional and family office investors, the members and staff of Albion Ventures LLP and their immediate families) instead of to Albion Ventures LLP. The warrants will not be freely transferable.

In addition, Albion Ventures LLP has an agreement to be issued with I Share warrants relating to the issue of I Shares to institutional investors. At 31 January 2017 they have been granted warrants to subscribe for one I Share for every four new I Shares issued. The strike price is equal to the proforma net asset value of the I Shares at the time of issue of the warrants (as adjusted in certain circumstances). The exercise price is based on a formula, with the price to be determined at time the warrants are exercised. The formula is linked to the achievement of predetermined minimum cumulative level of return to the institutional investors in the I Shares.

Auditor

The Audit Committee annually reviews and evaluates the standard and quality of service provided by the Auditor, as well as value for money in the provision of these services.

During the year, the Board, advised by the Audit Committee, decided to put the audit of the Company out to tender. Following a formal selection process which considered expertise within the renewables market, depth of expertise within the audit firm and value for money, the Board has appointed PKF Littlejohn LLP as auditors. As a result of this process, Moore Stephens LLP have formally resigned as auditors. Details of the selection criteria used and auditor evaluation are set out the Corporate Governance Statement on page 27.

A resolution to re-appoint PKF Littlejohn LLP as auditors will be proposed at the Annual General Meeting on 4 July 2017.

Annual General Meeting

The Annual General Meeting will be held at Albion Community Power PLC, 1 King's Arms Yard, London EC2R 7AF at 12.30pm on 4 July 2017. The notice of the Annual General Meeting is at the end of this document.

The proxy form enclosed with this Annual Report and Financial Statements permits shareholders to disclose votes 'for', 'against', and 'withheld'. A 'vote withheld' is not a vote in law and will not be counted in the proportion of the votes for and against the resolution. Summary of proxies lodged at the Annual General Meeting will be published at www.albioncommunitypower.co.uk within the 'Investor Relations' section.

Directors' report (continued)

Recommendation

The Board believes that the passing of the resolutions is in the best interests of the Group and its shareholders as a whole, and unanimously recommends that you vote in favour of these resolutions, as the Directors intend to do in respect of their own shareholdings.

Events after the reporting date

Details of events that have occurred since 31 January 2017 are shown in note 22 to the Financial Statements.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial period. Under that law the Directors are required to prepare the Group and Company Financial Statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law the Directors must not approve the Financial Statements, unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the comprehensive income of the Group for that period.

In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Group Financial Statements have been prepared in accordance with IFRSs as adopted by the European Union;
- state, with regards to the parent Company Financial Statements, whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, to disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in annual reports may differ from legislation in other jurisdictions.

The names and functions of all the Directors are stated on pages 15 and 16.

Directors' report (continued)

Disclosure of information to auditor

In the case of the persons who are Directors of the Company at the date of approval of this report:

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

This disclosure is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

By Order of the Board

PH Reeve
Director
28 April 2017

Statement of corporate governance

Background

Albion Community Power PLC is an unquoted trading company. The Group is not required to follow the provisions of the Corporate Governance Code ("the Code") but has, where the Board deemed it beneficial to do so, implemented elements of those procedures set out in the Code, as part of its commitment to following best practice. Key elements of the Group's governance procedures are set out below.

Board of Directors

The Board consists of four non-executive Directors and three executive Directors. Day-to-day management responsibilities are delegated to the executive Directors. Patrick Reeve is the Chief Executive Officer, David Gudgin is the Managing Director and Vikash Hansrani is the Finance Director.

Volker Beckers is the Chairman and he along with Robert Armour, Ian Nolan and George Finnie are considered independent Directors.

The Directors have a range of business and financial skills which are relevant to the Group; these are described in the Board of Directors section on pages 15 and 16. Directors are provided with key information on the Group's activities, including regulatory and statutory requirements, and internal controls, by Albion Ventures LLP. The Board has access to secretarial advice and compliance services by Albion Ventures LLP, which is responsible for ensuring that Board procedures are followed and applicable procedures complied with. All Directors are able to take independent professional advice in furtherance of their duties if necessary. In accordance with good corporate governance, the Group has in place Directors' & Officers' Liability Insurance.

The Directors have considered the balance of skills and diversity of the Board and have concluded that the Board has an appropriate balance of skills. The Board notes that it does not yet have a gender balance but is satisfied that it has an open and inclusive recruitment policy and as board succession opportunities arise, it will seek to address the gender balance. Further details on the recruitment of new directors can be found in the Nomination Committee section.

The Board met six times during the year ended 31 January 2017 as part of its regular programme of Board meetings. All of the Directors attended each meeting, with the exception of Vikash Hansrani and Patrick Reeve who were unable to attend one meeting.

A sub-committee of the Board comprising at least two Directors met during the year to allot shares issued under the Dividend Reinvestment Scheme. A sub-committee of the Board comprising at least two Directors also met during the year to allot I Shares.

The executive team ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. The Board receives and considers reports regularly from Albion Ventures LLP and other key advisers, with ad hoc reports and information supplied to the Board as required. The Board has a formal schedule of matters reserved for it and the agreement between the Company and Albion Ventures LLP sets out the matters over which Albion Ventures LLP has authority and limits beyond which Board approval must be sought. Albion Ventures LLP undertakes the management of the Group's projects, the organisation of custodial services, accounting, secretarial and administrative services. The main issues reserved for the Board include:

- the consideration and approval of future developments or changes to the Group policy, including risk and cash allocation;
- consideration of corporate strategy;
- application of good corporate governance and internal control;
- review of sub-committee recommendations, including the recommendation to shareholders for the appointment and remuneration of the external Auditor;

Statement of corporate governance (continued)

- evaluation of non-audit services provided by the external Auditor;
- approval of the appropriate dividend to be paid to shareholders;
- the appointment, evaluation, removal and remuneration of Albion Ventures LLP;
- the performance of the Group;
- share buy-back policy; and
- monitoring shareholder profile and considering shareholder communications.

Remuneration Committee

Robert Armour is the Chairman and all independent members are Directors of this Committee. The Committee will meet when it believes a review of Directors responsibilities and of salaries against the market is required.

Written terms of reference have been constituted for the Remuneration Committee and can be found on the Group's website at www.albioncommunitypower.co.uk within the 'Investor Relations' section.

Audit Committee

The Audit Committee consists of all Directors. Volker Beckers has been appointed the Chairman of the Audit Committee. Volker is the Chairman of both the Audit Committee and the Board of the Company as a result of the depth of his experience in this area.

Written terms of reference have been constituted for the Audit Committee and can be found on the Group's website at www.albioncommunitypower.co.uk within the 'Investor Relations' section.

During the period under review, the Committee discharged its responsibilities including:

- formally reviewing the Annual Report and Financial Statements, with particular focus on the main areas requiring judgement and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by Albion Ventures LLP;
- meeting with the external Auditor and reviewing their findings;
- evaluating the effectiveness of the external auditor and ensuring they remain appropriately independent;
- with the Board, reviewing the outcome of a tender process for external audit services and supporting the appointment of PKF Littlejohn as auditor to the Group;
- highlighting specific issues relating to the Financial Statements, compliance with accounting standards and UK law, as well as going concern. These issues were addressed through detailed review, discussion and challenge by the Board of these matters, as well as by reference to underlying information;
- advising the Board on whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; and
- reviewing the performance of Albion Ventures LLP and making recommendations regarding their re-appointment to the Board.

Statement of corporate governance (continued)

Change of external auditors

The Committee reviews the performance and continued suitability of the Group's external Auditor on an annual basis. They assess the external Auditor's independence, qualification, extent of relevant experience and effectiveness of audit procedures as well as the robustness of their quality assurance procedures. In advance of each audit, the Committee obtains confirmation from the external Auditor that they are independent and of the level of non-audit fees earned by them and their affiliates. PKF Littlejohn LLP are statutory auditors of, and provide internal audit services to Albion Ventures LLP. This work is performed by a separate team to those involved with the audit of Albion Community Power PLC. The fees received from the provision of these services is not significant to the firm. These services are not regarded as an independence threat. Non-audit fees (tax) totaling £16,700 were charged to the Group during the year by PKF Littlejohn LLP. In the prior year £36,000 was charged to the Group by the previous auditors Moore Stephens. As part of its work, the Audit Committee has undertaken a formal evaluation of the external Auditor against the following criteria;

- Qualification;
- Expertise;
- Resources;
- Effectiveness;
- Independence; and
- Leadership.

In order to form a view of the effectiveness of the external audit process, the Committee took into account information from Albion Ventures LLP regarding the audit process, the formal documentation issued to the Audit Committee and the Board by the external Auditor regarding the external audit for the year ended 31 January 2017, and assessments made by individual Directors.

Whilst the Committee was satisfied with the auditor's independence and objectivity, with the Group having become established over the last 3 years it was felt that a review of service provision would be useful at this stage to position the group for the next phase of its growth. A tender process was therefore carried out. As a result of this process it was decided by the Board, supported by the Audit Committee that PKF Littlejohn LLP be appointed as auditors and a resolution to this effect to be proposed at the Annual General Meeting.

Nomination Committee

Robert Armour is the Chairman and all independent Directors are members of this Committee. The terms of reference of the Nomination Committee are to evaluate the balance of skills, experience and time commitment of the current Board members and make recommendations to the Board as and when a particular appointment arises.

The Board's policy on the recruitment of new Directors is to attract a range of backgrounds, skills and experience and to ensure that appointments are made on the grounds of merit against clear and objective criteria and bear in mind gender and other diversity within the Board. Directors are offered training, both at the time of joining the Board and on other occasions where required.

Project Approval Committee

The Project Approval Committee comprises Volker Beckers, Robert Armour, Patrick Reeve and David Gudgin. Its role is to review potential projects requiring funding to confirm they are in line with the policies of the company as agreed by its shareholders. The policies can be amended from time to time but generally cover the sector, technology, environmental impact, financing arrangements and returns. All four members of the committee must unanimously agree for a project to obtain approval.

Statement of corporate governance (continued)

Internal control

In accordance with good corporate governance, the Board has an established process for identifying, evaluating and managing the significant risks faced by the Group. This process has been in place throughout the year and continues to be subject to regular review by the Board. The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. However, acknowledging that such a system is designed to manage, rather than eliminate, the risks of failure to achieve the Group's business objectives, such controls can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board, assisted by the Audit Committee, monitors all controls, including financial, operational and compliance controls, and risk management. The Audit Committee receives each year from Albion Ventures LLP a formal report, which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of Albion Ventures LLP, and which reports the details of any known internal control failures. Steps continue to be taken to embed the system of internal control and risk management into the operations and culture of the Group and its key suppliers, and to deal with areas of improvement which come to Albion Ventures LLP and the Audit Committee's attention.

The Board, through the Audit Committee, has performed a specific assessment for the purpose of this Annual Report. This assessment considers all significant aspects of internal control arising during the period. The Audit Committee assists the Board in discharging its review responsibilities.

The main features of the internal control system with respect to financial reporting, implemented throughout the period are:

- segregation of duties between project evaluation and recording in accounting records;
- independent project valuations of the majority of the fully operational projects be undertaken annually (when necessary);
- reviews of project valuations are carried out by the Chief Executive Officer and reviews of financial reports are carried out by the Finance Director;
- bank reconciliations are carried out monthly by Albion Ventures LLP;
- all published financial reports are reviewed by Albion Ventures LLP Compliance department;
- the Board reviews financial information; and
- the Audit Committee reviews financial information to be published.

During the period, as the Board has delegated the project management and administration to Albion Ventures LLP, the Board feels that it is not necessary to have its own internal audit function. Instead, the Board had access to PKF Littlejohn LLP, which, as internal Auditor for Albion Ventures LLP undertakes periodic examination of the business processes and controls environment at Albion Ventures LLP, and ensures that any recommendations to implement improvements in controls are carried out. PKF Littlejohn LLP report formally to the Albion Ventures Board on an annual basis and any key findings are communicated to the Company's Board. The Board and the Audit Committee will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

Statement of corporate governance (continued)

Going concern

The Board has assessed the Group's and the parent Company's operations as a going concern. The Group and the parent Company have significant cash and liquid resources, and the major cash outflows of the Group (namely projects) are within the Group's control. The debt due to redeemable shareholders of £5,523,000 has been included within current liabilities as all holders of redeemable Ordinary Shares can request the redemption of their shares. If a request is received, subject to the Company having sufficient funds available, the request must be met within three months. Redemption would be at the last published net asset value less a discount of 1%. The Company has received no request for redemption in the year ending 31 January 2017 or at the date of the approval of these Financial Statements. In its assessment of the going concern status of the Company and Group the Directors' assume that no more than 10% of the outstanding redeemable Ordinary Shares will require redemption and the Company holds cash on hand to meet such an eventuality. This is in line with the commitment made to investors when issuing redeemable Ordinary Shares.

Accordingly, after making diligent enquiries the Directors have a reasonable expectation that the Group and the parent Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the accounts.

The Board's assessment of liquidity risk and details of the Group's policies for managing its capital and financial risks are shown in note 19 to the Financial Statements. The Group's business activities, together with details of its performance are shown in the Directors' report.

Conflicts of interest

Directors review the disclosure of conflicts of interest annually, with any changes reviewed and noted at the beginning of each Board meeting. A Director who has conflicts of interest has two (at least one independent) Directors authorise those conflicts. Procedures to disclose and authorise conflicts of interest have been adhered to throughout the period.

Capital structure and Articles of Association

Details regarding the Company's capital structure, substantial interests and Directors' powers to buy and issue shares are detailed in full on pages 19 and 20.

The Group is not party to any other significant agreements that may take effect, alter or terminate upon a change of control of the Group following a takeover bid.

Any amendments to the Company's Articles of Association are by way of a special resolution subject to ratification by shareholders.

Statement of corporate governance (continued)

Relationships with shareholders

The Group's Annual General Meeting on 4 July 2017 will be used as an opportunity to meet with shareholders. The Board, including the Chairman of the Audit Committee, will be available to answer questions at the Annual General Meeting.

At the Annual General Meeting, the level of proxies lodged on each resolution, the balance for and against the resolution, and the number of votes withheld, are announced after the resolution has been voted on by a show of hands.

Shareholders are able to access the latest information on the Group via the Company website www.albioncommunitypower.co.uk under the "Investor Relations" section.

PH Reeve
Director
28 April 2017

Independent Auditor's report to the Members of Albion Community Power PLC

We have audited the Financial Statements of Albion Community Power PLC for the year ended 31 January 2017 which are set out on pages 33 to 64. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 23 and 24, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

A description of the scope of an audit of Financial Statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 January 2017 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Independent Auditor's report to the Members of Albion Community Power PLC (continued)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Rhodri Whitlock (Senior statutory auditor)
for and on behalf of PKF Littlejohn LLP, Statutory auditor
London, UK
28 April 2017

Albion Community Power PLC

Consolidated statement of comprehensive income

	Note	Year ended 31 January 2017 £'000	Year ended 31 January 2016 £'000
Revenue	3	1,962	860
Operating expenses		(762)	(307)
Gross profit		1,200	553
Administrative expenses	4	(1,382)	(537)
Operating (loss)/profit		(182)	16
Share of loss from joint ventures		(253)	–
Investment income and deposit interest	5	80	26
Loss on the revaluation of debt due to redeemable Ordinary Shareholders and warrants	14	(750)	(785)
Finance costs	5	(236)	(53)
Loss before taxation		(1,341)	(796)
Taxation	6	(223)	10
Loss and total comprehensive income for the year		**(1,564)**	**(786)**
Total comprehensive income for the year attributable to:			
Shareholders of parent		(923)	(688)
Non-controlling interest		(641)	(98)
		(1,564)	**(786)**

The accompanying notes on pages 39 to 64 form an integral part of these Financial Statements.

There were no items of other comprehensive income in the period.

These consolidated Financial Statements have been prepared under International Financial Reporting Standards ('IFRS') adopted for use in the European Union.

Albion Community Power PLC

Consolidated statement of financial position

	Note	31 January 2017 £'000	31 January 2016 £'000
Non-current assets			
Property, plant and equipment	10	26,458	18,350
Joint venture Investments	9	1,709	–
Deferred taxation	6	80	176
		28,247	18,526
Current assets			
Trade and other receivables	11	9,295	1,778
Cash and cash equivalents	12	5,117	5,979
		14,412	7,757
Total assets		**42,659**	**26,283**
Current liabilities			
Trade and other payables	13	15,925	2,770
Non-current liabilities			
Debt due to redeemable Ordinary Shareholders	14	–	4,855
Other liabilities	15	1,778	1,303
		1,778	6,158
Total liabilities		17,703	8,928
Capital and reserves			
Ordinary Share capital	16	283	188
Share premium	16	28,059	18,571
Accumulated losses		(2,641)	(1,300)
Attributable to the shareholders of parent		25,701	17,459
Non-controlling interests		(745)	(104)
		24,956	17,355
Total liabilities & Capital and reserves		**42,659**	**26,283**

The accompanying notes on pages 39 to 64 form an integral part of these Financial Statements.

These consolidated Financial Statements have been prepared under International Financial Reporting Standards ('IFRS') adopted for use in the European Union.

These Financial Statements were approved by the Board of Directors, and were authorised for issue on 28 April 2017 and were signed on its behalf by

PH Reeve
Director

Albion Community Power PLC

Consolidated statement of changes in equity

	Ordinary Share capital £'000	Share premium £'000	Accumulated losses* £'000	Total £'000	Shareholders of parent £'000	Non-controlling interest £'000
As at 1 February 2016	188	18,571	(1,404)	17,355	17,459	(104)
Total comprehensive income for the year	–	–	(1,564)	(1,564)	(923)	(641)
Dividends paid	–	–	(418)	(418)	(418)	–
Issue of I Shares	95	9,488	–	9,583	9,583	–
As at 31 January 2017	**283**	**28,059**	**(3,386)**	**24,956**	**25,701**	**(745)**
As at 1 February 2015	–[1]	–	(531)	(531)	(525)	(6)
Total comprehensive income for the year	–	–	(786)	(786)	(688)	(98)
Dividends paid	–	–	(87)	(87)	(87)	–
Issue of I Shares	188	18,571	–	18,759	18,759	–
As at 31 January 2016	**188**	**18,571**	**(1,404)**	**17,355**	**17,459**	**(104)**

[1] Share capital consists of 100 A Ordinary Shares issued at a par value of £0.01 each.

* Comprises accumulated losses and non-controlling interests

The accompanying notes on pages 39 to 64 form an integral part of these Financial Statements.

These consolidated Financial Statements have been prepared under International Financial Reporting Standards ('IFRS') adopted for use in the European Union.

Albion Community Power PLC

Consolidated statement of cash flows

	Note	Year ended 31 January 2017 £'000	Year ended 31 January 2016 £'000
Cash flow from operating activities			
Cash generated from operations	17	(294)	(64)
Net cash flow used in operating activities		(294)	(64)
Cash flow from investing activities			
Purchases of property, plant and equipment		(5,703)	(10,557)
Acquisition of subsidiaries	24	(2,436)	(1,841)
Acquisition of joint venture		(1,437)	-
Deposit interest received		79	30
Net cash flow used in investing activities		(9,497)	(12,368)
Cash flow from financing activities			
Proceeds from issue of redeemable Ordinary Shares		–	295
Redemption of redeemable Ordinary Shares		–	(61)
Proceeds from issue of I Shares	16	9,583	18,759
(Repayment) of loan stock		–	(1,800)
Finance costs relating to external loan		(123)	-
Finance costs relating to redeemable Ordinary Shares		(113)	-
Dividends paid	7	(418)	(87)
Net cash flow from financing activities		8,929	17,106
Tax paid		–	(16)
(Decrease)/increase in cash and cash equivalents		(862)	4,658
Cash and cash equivalents at the start of the year		5,979	1,321
Cash and cash equivalents at the end of the year	12	5,117	5,979

The accompanying notes on pages 39 to 64 form an integral part of these Financial Statements.

These consolidated Financial Statements have been prepared under International Financial Reporting Standards ('IFRS') adopted for use in the European Union.

Albion Community Power PLC

Company statement of financial position

	Note	31 January 2017 £'000	31 January 2016 £'000
Non-current assets			
Investment in subsidiary undertakings	8	34,753	23,063
		34,753	23,063
Current assets			
Trade and other receivables	11	8,204	526
Cash and cash equivalents	12	2,499	1,074
		10,703	1,600
Total assets		**45,456**	**24,663**
Current liabilities			
Trade and other payables	13	15,584	522
Non-current liabilities			
Debt due to redeemable Ordinary Shareholders	14	–	4,855
Other liabilities	15	596	123
		596	4,978
Total liabilities		16,180	5,500
Capital and reserves			
Ordinary Share capital	16	283	188
Share premium	16	28,059	18,571
Retained earnings for the year		530	234
Retained earnings brought forward	16	404	170
Total retained earnings		934	404
Total Capital and reserves		29,276	19,163
Total liabilities & Capital and reserves		**45,456**	**24,663**

The accompanying notes on pages 39 to 64 form an integral part of these Financial Statements.

These consolidated Financial Statements have been prepared under International Financial Reporting Standards ('IFRS') adopted for use in the European Union.

These Financial Statements were approved by the Board of Directors, and were authorised for issue on 28 April 2017 and were signed on its behalf by

PH Reeve
Director
Company number: 08239147

Albion Community Power PLC

Company statement of changes in equity

	Share capital £'000	Share premium £'000	Unrealised profit* £'000	Realised losses £'000	Retained earnings £'000	Total £'000
As at 1 February 2016	188	18,571	**1,503**	**(1,099)**	404	19,163
Issue of I Shares	95	9,488	**–**	**–**	–	9,583
Total comprehensive income for the year	–	–	**1,815**	**(867)**	948	948
Dividends paid	–	–	**–**	**(418)**	(418)	(418)
As at 31 January 2017	**283**	**28,059**	**3,318**	**(2,384)**	**934**	**29,276**
As at 1 February 2015	–[1]	–	**382**	**(212)**	170	170
Issue of I Shares	188	18,571	**–**	**–**	–	18,759
Total comprehensive income for the year	–	–	**1,121**	**(800)**	321	321
Dividends paid	–	–	**–**	**(87)**	(87)	(87)
As at 31 January 2016	**188**	**18,571**	**1,503**	**(1,099)**	**404**	**19,163**

[1] Share capital consists of 100 A Ordinary Shares issued at a par value of £0.01 each.

* Unrealised profit represents revaluation of investments

The accompanying notes on pages 39 to 64 form an integral part of these Financial Statements.

These consolidated Financial Statements have been prepared under International Financial Reporting Standards ('IFRS') adopted for use in the European Union.

The comparative Statement of Changes in Equity previously separately reported fair value movements on assets designated as fair value through profit and loss. To better reflect the designation of these assets, the table has been represented to show the fair value movement within total comprehensive income for the year. There has been no change in the prior year results or net assets.

1. Summary of significant accounting policies

Albion Community Power PLC is a company incorporated in the United Kingdom under the Companies Act 2006 ("the Act") on 3 October 2012. The nature of the Group's operations and its principal activities are set out in the Directors' report on page 19 and information pertaining to the Group's registered office and place of business are set out in the Company's Information section on page 2.

1.1 Basis of preparation

The consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union (and therefore comply with Article 4 of the EU IAS regulation).

The Company's subsidiaries have aligned the financial reporting period to 31 January other than for Choarach Holdings Limited, Chaorach Hydro Limited, Green Highland Renewables (Loch Arkaig) Limited, Liatrie Burn Hydro Limited and Bruachaig Hydro Limited which report to 30 September.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated Financial Statements are disclosed in note 2. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

The Financial Statements have been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. These Financial Statements are presented in Sterling to the nearest thousand. Accounting policies have been applied consistently in current and prior periods.

The Directors have adopted the going concern basis of accounting in preparing the Financial Statements. Further details of the Directors' consideration of matters pertaining to the adoption of going concern basis are set out in the Corporate Governance report on page 29.

Standards and interpretations in issue but not yet effective (and not implemented by the Company)
A number of new standards and amendments to existing standards have been published which are mandatory, but are not effective for the year ended 31 January 2017. The Directors do not anticipate that the adoption of these revised standards and interpretations will have a significant impact on the figures included in the Financial Statements in the period of initial application other than the following:

IFRS 9 Financial Instruments
The standard makes substantial changes to the measurement of financial assets and financial liabilities. There will only be three categories of financial assets whereby financial assets are recognised at either fair value through profit and loss, fair value through other comprehensive income or measured at amortised cost. On adoption of the standard, the Group will have to re-determine the classification of its financial assets based on the business model for each category of financial asset. This redetermination is not considered likely to give rise to any significant adjustments other than reclassifications.

1. Summary of significant accounting policies (continued)

The principal change to the measurement of financial assets measured at amortised cost or fair value through other comprehensive income is that impairments will be recognised on an expected loss basis compared to the current incurred loss approach. As such, where there are expected to be credit losses these are recognised in profit or loss. For financial assets measured at amortised cost the carrying amount of the asset is reduced for the loss allowance. For financial assets measured at fair value through other comprehensive income the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset.

Most financial liabilities will continue to be carried at amortised cost, however, some financial liabilities will be required to be measured at fair value through profit or loss, for example derivative financial instruments, with changes in the liabilities' credit risk recognised in other comprehensive income.

The Board has not adopted this standard, is evaluating the impact of this change and will comment further at the time of the interim report.

The standard is effective for periods beginning on or after 1 January 2018.

IFRS 15 – Revenue from contracts with customers
The standard has been developed to provide a comprehensive set of principles in presenting the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is based around five steps in recognising revenue:

a. Identify the contract with the customer;
b. Determine the transaction price;
c. Determine performance obligations;
d. Allocate the transaction price; and
e. Recognise revenue when a performance obligation is satisfied.

The standard is effective for periods beginning on or after 1 January 2018. On application of the standard the disclosures are likely to increase. The standard includes principles on disclosing the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, by providing qualitative and quantitative information.

The Group is in the process of evaluating the full extent of the impact, if any on its Financial Statements.

IFRS 16 – Leases
The standard is effective for periods beginning on or after 1 January 2019, but can be applied before that date if the Company also applies IFRS 15 revenue from Contracts with Customers. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. IFRS 16 replaces the typical straight-line operating lease expense for those leases applying IAS 17 with a depreciation charge for lease assets (included within operating costs) and an interest expense on lease liabilities (included within finance costs).

The Group expects this to have a significant impact due to the operating leases held by project companies but has not yet evaluated the full extent of the impact that the new standard will have on its Financial Statements.

1. Summary of significant accounting policies (continued)

1.2 Consolidation

The Group consolidated Financial Statements incorporate the Financial Statements of the Company for the year ended 31 January 2017 and the entities controlled by the Company (its subsidiaries), for the same period. Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account.

The consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiary companies. Subsidiaries which are directly or indirectly controlled by the Group are consolidated. Control is achieved where the Company has the power to govern the financial and operating policies of a project so as to obtain benefits from its activities, which generally accompanies a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. All significant intra-group transactions and balances between Group entities are eliminated on consolidation.

1.3 Business combinations

Corporate acquisitions of subsidiaries which are a business in their own right are accounted for using the purchase method in the Group Financial Statements. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the subsidiaries, plus any costs directly attributable to the business combination. The subsidiary's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognised at their fair value at the acquisition date. At the acquisition date any equity interest held prior to the acquisition date is recognised as consideration at its fair value as at the time of the original transaction. Acquisition-related costs are expensed as incurred. The difference between the fair value of consideration and any changes to the proportion of equity held by non-controlling interests is recognised directly in equity. Where a corporate acquisition is, in reality an acquisition of an asset, as permitted by IFRS10, it is accounted for as an acquisition of a group of assets and liabilities. The costs of the acquisition is allocated to the assets and liabilities acquired based on their relative fair values, and no goodwill or deferred tax is recognised.

1.4 Investment in subsidiaries

In respect of investments in subsidiaries, loans and equity are accounted for as a whole as the two items are considered to be indistinguishable and hence the valuation is prepared on a total basis. Investments in subsidiaries have been designated as fair value through profit and loss account and are revalued at the balance sheet date. Fair value is determined by the reference to the fair value of the underlying net assets held by the subsidiary undertakings. The underlying constructed asset of the project is subject to independent third party professional valuation. Revaluation movements are recognised in the profit and loss account but represent unrealised gains and losses.

1.5 Joint ventures

A joint venture is a joint arrangement whereby the parties have joint control and management of an asset. Within the consolidated Financial Statements the joint venture is accounted for using the equity method. Under this method of accounting the Group's share of the profits or losses arising from the activities of the joint venture are recognised on the profit and loss account as "Share of profit from joint ventures." The carrying value of the joint venture is adjusted for by the share of gain or loss for the period.

1. Summary of significant accounting policies (continued)

In the parent Company Financial Statements the investment in joint venture has been designated as a fair value through profit and loss financial instrument and is revalued at the balance sheet date. Group policy is that fair value is determined by the reference to the fair value of the underlying net assets which has been determined by a third party valuer. For these Financial Statements the joint venture fair value has been determined by the Board. A third party valuation will be undertake once the management and operational changes planned for the joint venture have been implemented. This is expected to be the case at the time of the interim report.

1.6 Foreign currencies

The presentational currency is the Pound Sterling as this is the currency of the economic environment in which the Group predominantly operates. Transactions in other denominated foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities in other currencies are translated at the exchange rates ruling at the date of financial position. Foreign exchange gains and losses are included in profit or loss.

1.7 Taxation

Taxation is applied on a current basis in accordance with IAS 12 “Income taxes”. Deferred taxation is provided in full on temporary differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Temporary differences arise from differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which unused tax losses and credits can be utilised. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset 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.

The Company revalues its investments in subsidiary undertakings and joint ventures and recognises them at fair value. The movements are recognised in the profit and loss account. These movement could give rise to tax charges or credits in the future and, as such could give rise to deferred tax liabilities. The Group does not recognise such liabilities on the basis that it is highly unlikely that the underlying liabilities would arise.

1.8 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and capitalised borrowing costs. All items are carried at depreciated cost, except plant and equipment under construction which are carried at cost.

Depreciation is provided on a straight line basis to write off the cost, less estimated residual values, of property, plant and equipment over their expected useful lives. It is calculated at the following rates:

Freehold land	Not depreciated
Improvement to leasehold buildings	Over the lease term
Plant and equipment (under construction)	No depreciation is applied during the period of construction
Plant and equipment	Over the estimated useful life of the energy generating plant/project, typically between 15 and 40 years
Office and computer equipment	3 to 8 years

1. Summary of significant accounting policies (continued)

Only directly attributable borrowing costs are capitalised and only up to the date of practical completion of the asset under construction (see note 1.16).

1.9 Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount. At each reporting date, the Group reviews the carrying amounts of its tangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Financial assets and liabilities

Financial instruments are recognised on the Group's and parent Company's statement of financial position when the Group or parent Company becomes a party to the contractual provisions of the instrument. Financial instruments consist of investments in, and loans to, subsidiary companies (parent Company) and Joint Ventures, receivables, payables, cash balances, redeemable Ordinary Shares, warrants and loan stock issued to external parties linked to Albion Ventures. Changes in the fair value of the redeemable Ordinary Shares and warrants and investments in subsidiaries and joint ventures are recognised at fair value with movements recognised in profit or loss. Financial instruments, other than investments in subsidiaries and joint ventures, redeemable Ordinary Shares and warrants are initially measured at fair value, which generally equates to acquisition cost and are subsequently measured at amortised cost using the effective interest rate method. The Directors consider the fair value equivalent to the amortised cost.

1.11 Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method less allowances for doubtful receivables. Directors consider the fair value equivalent to the amortised cost. The Group reviews the ageing analysis of receivables on a regular basis.

1.12 Revenue recognition

Power generation and related technical services
Revenue related to power generation contracts is recognised in line with contracts. Estimates of revenue, income and costs to be incurred on contracts are regularly reviewed and revised. Any revisions are recognised in income in the period that caused the revision in estimate to occur. Revenue recognised in the statement of comprehensive income is exclusive of VAT.

1. Summary of significant accounting policies (continued)

1.13 Investment income and deposit interest

Interest receivable in respect of investment income and bank deposits are recognised on an accruals basis.

1.14 Cash and cash equivalents

Cash and cash equivalents consist of balances with banks with original maturities of three months or less and are measured at fair value, based on the relevant exchange rates at the reporting date.

1.15 Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

1.16 Finance and borrowing costs

Finance costs relate to the debt due to external loan stock obligations and dividends paid on redeemable Ordinary Shares which are treated as debt (note 14). Amounts attributable to the construction of property, plant and equipment are capitalised.

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 time as the assets are substantially ready for their intended use. All other borrowing costs are recognised in profit or loss account in the period in which they are incurred.

1.17 Restoration provision

The total cost of land restoration is recognised as a provision when the obligation arises. The amount provided represents the directors' estimate of the present value of the future estimated costs. Costs are charged to the provision as incurred and the unwinding of the discount is included in the interest charge for the year. An asset is created for an amount equivalent to the initial provision and depreciated according to the depreciation policy noted above.

1.18 Share capital and redeemable shares

The A Ordinary Shares and I Shares are classified as equity and the redeemable Ordinary Shares are recognised as a liability at fair value on inception and are re-measured at each reporting date up to the date of settlement.

The fair value is based on the exercise price at the reporting date. Changes in the fair value are recognised in profit or loss account.

1.19 Warrants

The Company issues one warrant for every five redeemable Ordinary Shares allotted and one warrant for every four I Shares allotted. These are recognised as a liability at fair value on inception and are re-measured at each reporting date over the exercise period and up to the date of settlement. Changes in the fair value are recognised in profit or loss.

1. Summary of significant accounting policies (continued)

1.20 Dividend distributions

In accordance with IAS 10 “Events after the balance sheet date”, dividends are accounted for in the period in which the dividend is approved by the Company’s shareholders. Dividends paid on redeemable Ordinary Shares which are recorded as debt are treated as finance costs in the profit and loss account.

1.21 Operating leases

Rentals payable under operating leases are charged to income either on a straight-line basis over the term of the relevant lease or based on revenues in accordance with the terms of the lease.

2. Critical accounting estimates and judgements

In preparing the Financial Statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Valuations
Investments in subsidiary companies (via holdings in equity and debt), redeemable Ordinary Shares classed as debt and warrants are designated as fair value with movements recognised in the profit and loss account. Fair value is determined by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines). The Group and the Company use judgements to select methods and make assumptions that are mainly based on market conditions and project performance at each balance sheet date and use third party valuations when deemed appropriate.

Details of the key assumptions used and the potential impact of reasonable alternative inputs on those fair values is set out in note 8.

Warrants
The warrants in issue at the end of the reporting period are attached to both redeemable Ordinary Shares and I Shares. Neither are traded in an active market (e.g. unquoted debt instrument), thus as a result its fair value is determined by using the Black Scholes valuation model.

Management uses its judgement in selecting a suitable valuation method, and make assumptions that are mainly based on judgement, sector experience and market conditions existing at the end of each reporting period. The variables that were subject to judgement are the expected life of the warrants, the expected dividends and the annualised volatility rate. The volatility rate was based on related sector comparable companies.

Details of the key assumptions used and the potential impact of reasonable alternative inputs on those fair values is set out in note 15.

3. Revenue

	Year ended 31 January 2017 £'000	Year ended 31 January 2016 £'000
Power generation	1,962	860

4. Administrative expenses

	Year ended 31 January 2017 £'000	Year ended 31 January 2016 £'000
Management services costs chargeable in the year	(580)	(287)
Overheads	(111)	(101)
Total chargeable under management services agreement	(691)	(388)
Other costs	(25)	(25)
Depreciation and amortisation	(666)	(124)
Net total charged in the statement of comprehensive income	(1,382)	(537)

Total chargeable expenses under management services agreement

	Year ended 31 January 2017 £'000	Year ended 31 January 2016 £'000
Directors' fees (including NIC)	124	106
Other administrative expenses	625	399
Auditor's remuneration for statutory audit services	36	58
Auditor's remuneration for other services	17	36
	802	599
Adjustment to reduce total costs to 2 per cent. of proforma net asset value plus capped expenses per management services agreement	(111)	(211)
Albion Ventures' fees chargeable under the management services agreement	691	388

During the year, the Company had seven Directors (31 January 2016: seven Directors) and their remuneration has been disclosed above.

5. Investment income & finance expenses

	Year ended 31 January 2017 £'000	Year ended 31 January 2016 £'000
Interest on bank deposits	2	3
Interest from external loan stock	78	23
	80	26

	Year ended 31 January 2017 £'000	Year ended 31 January 2016 £'000
Interest on loan stock	123	53
Dividend on redeemable Ordinary Shares treated as debt	113	–
	236	53

6. Taxation

	Year ended 31 January 2017 £'000	Year ended 31 January 2016 £'000
Current tax (charge)	(99)	(30)
Prior year tax credit/(charge)	28	(16)
Deferred tax (charge)/credit	(152)	56
	(223)	10

The tax credit for the period shown in the Statement of comprehensive income is lower than the standard rate of corporation tax of 20 per cent. The differences are explained below:

	Year ended 31 January 2017 £'000	Year ended 31 January 2016 £'000
Loss on ordinary activities before taxation	(1,341)	(796)
Tax cost/(credit) on loss at the standard rate of corporation tax	(268)	(159)
Factors affecting the charge:		
Permanent timing difference	333	149
Prior year adjustment – current tax	(28)	–
Prior year adjustment – deferred tax	198	–
Rate change on opening balances	(17)	–
Rate changes – current year balances	5	–
Total tax cost/(credit)	223	(10)

6. Taxation (continued)

An analysis of deferred tax assets and deferred tax liabilities is as follows:

	31 January 2017 £'000	31 January 2016 £'000
Deferred tax assets:	80	176
Deferred tax liabilities:	(145)	(89)

A deferred tax liability of £65,000 has been recognised in the year (31 January 2016: asset of £87,000). Deferred tax assets are recognised in respect of tax losses and deferred tax liabilities in respect of accelerated capital allowances to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The right to offset tax losses amounting to £292,000 against specific future taxable profits expires in 2020.

7. Dividends

	Year ended 31 January 2017 £'000	Year ended 31 January 2016 £'000
Dividend paid on 27 May 2016 (1.5 pence per redeemable Ordinary Share and 1 penny per I Share)	243	–
Dividend paid on 31 October 2016 (1.5 pence per redeemable Ordinary Share and 1 penny per I Share)	288	–
Dividend paid on 31 March 2015 (1.5 pence per redeemable Ordinary Share)	–	41
Dividend paid on 30 September 2015 (1.5 pence per redeemable Ordinary Share)	–	46
	531	87

Accounting for dividends	Year ended 31 January 2017 £'000	Year ended 31 January 2016 £'000
Shown as dividends through the Statement of changes in equity	418	87
Shown as finance costs in the Statement of comprehensive income	113	–
	531	87

The Board has declared a dividend of 2.0 pence per redeemable Ordinary Share to be paid on 31 May 2017 to those shareholders on the register as at 31 March 2016 and 1 penny per I Share to those shareholders on the register as at 31 January 2017. The Company has sufficient distributable reserves in place as at 31 January 2017, details of which are set out in note 16.

8. Investment in subsidiary undertakings (Company balance sheet)

As at 31 January 2017, the Group had the following subsidiaries which have been included in the Consolidated Financial Statements:

Company	Residence	Principal activity	Ownership and voting rights (Ord Share / I Shares)	Share capital Ordinary Shares	Par value	31 January 2017 Cost £'000	31 January 2016 Cost £'000
Direct shareholdings							
ACP I Shareco Limited	UK	Generation of renewable energy	100%	1	£1.00	28,132	18,849
ACP Ordinary Shareco Limited	UK	Generation of renewable energy	100%	54	£1.00	3,019	1,984
Indirect shareholdings							
ACP Embedded Wind Limited	UK	Dormant	100%	1	£1.00	–	–
ACP Infinite Limited	UK	Generation of renewable energy	100% (100%/nil)	1	£1.00	–	–
ACP Rexon Limited	UK	Generation of renewable energy	51% (nil/51%)	408	£0.01	–	–
ACP Wind Limited	UK	Generation of renewable energy	100% (100%/nil)	1	£1.00	–	–
ACP WNI Limited	UK	Wind power developer and operator	51% (nil/51%)	51	£1.00	–	–
AlphaGen Projects Limited	UK	LFG power developer and operator	51% (27%/24%)	94	£1.00	–	–
Bruachaig Hydro Limited	UK	Hydro power developer and operator	51% (2%/49%)	5,100	£0.01	–	–
Chaorach Holdings Limited	UK	Generation of renewable energy	51% (nil/51%)	5,100	£0.01	–	–
Chaorach Hydro Limited	UK	Hydro power developer and operator	51% (nil/51%)	1	£1.00	–	–
Green Highland Renewables (Loch Arkaig) Limited	UK	Hydro power developer and operator	51% (nil/51%)	5,100	£0.10	–	–
Infinite Investments (Tafarnaubach) Limited	UK	Wind power developer and operator	51% (13%/38%)	51	£1.00	–	–
Infinite Ventures (Blaencilgoed) Limited	UK	Wind power developer and operator	80% (80%/nil)	160	£1.00	–	–
Infinite Ventures (Goathill) Limited	UK	Wind power developer and operator	57% (14%/43%)	568,151	£0.00002	–	–
Infinite Ventures (Rexon) Limited	UK	Wind power developer and operator	51% (nil/51%)	200	200	–	–
Liatrie Burn Hydro Limited	UK	Hydro power developer and operator	51% (nil/51%)	5,100	£0.01	–	–
WED Lawrence Limited	UK	Wind power developer and operator	100% (2%/98%)	100	£1.00	–	–

The registered office for Chaorach Holdings Limited, Chaorach Hydro Limited, Green Highland Renewables (Loch Arkaig) Limited, Liatrie Burn Hydro Limited and Bruachaig Hydro Limited is Inveralmond Road, Inveralmond Industrial Estate, Perth, PH1 3TW. The registered office for all other subsidiaries is 1 King's Arms Yard, London EC2R 7AF.

8. Investment in subsidiary undertakings (Company balance sheet) (continued)

Investment valuation methodology	31 January 2017 £'000	31 January 2016 £'000
Valuation supported by third party valuation	34,518	9,674
Cost reviewed for impairment	235	13,389
	34,753	23,063

	ACP Infinite Limited £'000	ACP I Shareco Limited £'000	ACP Ordinary Shareco Limited £'000	ACP Wind Limited £'000	AlphaGen Projects Limited £'000	Total £'000
Fair value as at 1 February 2016	–	19,044	4,019	–	–	23,063
Amounts advanced to subsidiaries	–	10,107	–	–	–	10,107
Settlement of intercompany funding	–	(17)	(215)	–	–	(232)
Fair value movement	–	1,183	632	–	–	1,815
Fair value as at 31 January 2017	**–**	**30,317**	**4,436**	**–**	**–**	**34,753**
Fair value as at 1 February 2015	2,751	–	–	450	157	3,358
Amounts advanced to subsidiaries	–	18,567	39	–	–	18,606
Transfer of subsidiaries	(2,751)	–	3,358	(450)	(157)	–
Settlement of intercompany funding	–	–	(23)	–	–	(23)
Fair value movement	–	477	645	–	–	1,122
Fair value as at 31 January 2016	**–**	**19,044**	**4,019**	**–**	**–**	**23,063**

Investments in subsidiaries are revalued at the balance sheet date based on the fair value of the underlying net assets of the subsidiary undertakings. Valuations are performed by the Management Services Provider and supported by third party asset valuations for projects that have been commissioned. Revaluation movements are recognised in the statement of comprehensive income. Below is a summary of the underlying asset values which support the subsidiary company valuations.

Fair values

Unquoted investments held at fair value through profit or loss are valued in accordance with the IPEVCV guidelines as follows:

Fair value assumptions

Level 3 valuations include inputs based on non-observable market data. IFRS 13 requires an entity to disclose quantitative information about the significant unobservable inputs used. Of the Company's Level 3 investments, 99 per cent are held on a discounted cash flow basis, which have significant judgement applied to the valuation inputs. The table below sets out the range of Earnings and Revenue assumptions and discounts applied. The remainder of Level 3 investments are held at cost (reviewed for impairment), recent investment price, net asset value (supported by independent valuation) or net assets.

8. Investment in subsidiary undertakings (Company balance sheet) (continued)

	Renewable assets 31 Jan 2017	Renewable assets 31 Jan 2016
Discount rate range *	7.25-8.25%	8.25-9.25%
Power price	Forecast by leading consultant	Forecast by leading consultant
Inflation	3%	3%

* the estimated unlevered market discount rate for assets of this type and scale based on an assessment of comparable companies and assets.

IFRS 13 and IFRS 7 requires the Directors to consider the impact of changing one or more of the inputs used as part of the valuation process to reasonable possible alternative assumptions.

Fair values assumptions

As the carrying value of the Level 3 investments is based on third party independent evidence and the cost of a recent investment, the Directors believe that values represent the best estimate of the year end fair values. However, the Directors note that the valuation is sensitive to small changes in a number of key assumptions. Consequently, the Directors have considered the impact of changes to reasonable possible alternative assumptions including a +/- 0.5% change in inflation, a +/- 0.5% change in the discount rate and a +/- 5% change in revenues. Although it is unlikely that all of these changes could crystalise at the same time, the aggregate impact of the minimum and maximum impact of these changes could result in a change in the valuation of the equity investments by +/- £3.1 million.

The unquoted instruments held at FVTPL had the following movements between investment methodologies between 1 February 2016 and 31 January 2017:

Change in investment valuation methodology (2016 to 2017)	Movement in value as at 31 January 2017 £'000	Explanatory note
Cost to valuation supported by third party valuation	1,064	The change in basis has arisen as the underlying assets were commissioned during the year and it is appropriate to move away from a cost based valuation.

The valuation method used will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the IPEVCV Guidelines. The Directors believe that, within these parameters, the proposed method is the most reasonable as at 31 January 2017.

9. Investments accounted for using the equity method – Joint Venture

Company	Residence	Principal activity	Ownership and voting rights (Ord Share / I Shares)	Share capital Ordinary Shares	Par value	31 January 2017 Cost £'000	31 January 2016 Cost £'000
Whites Generation Limited	UK	Generation of renewable energy	50% (nil/50%)	392,400	£1.00	1,962	–

The investment in Whites Generation Limited is classified as a joint venture by virtue of the Group and its partner holding equal holdings of share capital and loan stock in the joint venture and by virtue of equal board representation. Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's consolidated financial statements.

	31 January 2017 £000
Fixed assets	5,720
Current assets	1,033
Current liabilities	(973)
Non-current liabilities	(5,346)
Net assets	**434**
Revenue	1,253
Loss for the year	506

Reconciliation of the summarised financial information to the carrying amount of the interest in the joint venture recognised in the Group's Financial Statements.

	31 January 2017 £000
Net assets of the joint venture	278
Proportion of the Group's ownership in the joint venture	50%
Share of equity in joint venture	139
Investment in loan stock of joint venture	1,045
Investment committed to loan stock in joint venture	525
Carrying amount of the Group's interest in the joint venture	**1,709**

10. Property, plant and equipment

With the exception of freehold land of £167,359 (2016: £167,359), all PPE relates to renewable energy installations.

Group	31 January 2017 £'000	31 January 2016 £'000
Cost		
At 1 February	18,505	4,980
Acquisition of subsidiaries (note 24)	2,365	1,827
Additions	6,409	11,698
At 31 January	27,279	18,505
Accumulated depreciation and impairment		
At 1 February	(155)	(12)
Charge for the year	(666)	(143)
At 31 January	(821)	(155)
Net book value	**26,458**	**18,350**

At 31 January 2017, plant and equipment with a carrying value of £235,000 (31 January 2016: £9,590,000) were under construction. Included within the additions in the year is capitalised loan stock interest of £346,000 (31 January 2016: £378,000).

At 31 January 2017, plant and equipment with a carrying value of £3,641,000 (31 January 2016: £3,815,000) is secured against loan stock (note 14).

11. Trade and other receivables

	31 January 2017		31 January 2016	
	Group £'000	Company £'000	Group £'000	Company £'000
Prepayments and accrued income	1,048	12	457	15
Trade receivables	61	53	183	30
Other receivables	8,003	7,889	500	468
VAT receivable	183	29	638	13
Amounts due from subsidiary companies	–	221	–	–
	9,295	8,204	1,778	526

Trade and other receivables as at 31 January 2017 includes loan stock issued to third parties of £250,000 (31 January 2016: £250,000) and accrued interest of £4,000 (31 January 2016: £3,000). The loan stock is subject to interest at 7 per cent. per annum and will mature in 2017. It is included in other receivables as at 31 January 2017. Also included within other receivables at 31 January 2017 is £7,565,000 held by solicitors on behalf of the Company in respect of the purchase price of the Farm Energy Partnership project until all the conditions of the acquisition were satisfied on 1 February 2017 (further details are included in note 22).

Amounts due from subsidiaries are interest free, repayable on demand and there is adequate control over secured loan stock. None of the receivables are past due.

12. Cash and cash equivalents

	31 January 2017		31 January 2016	
	Group £'000	Company £'000	Group £'000	Company £'000
Current accounts	5,117	2,499	5,979	1,074

Current accounts include £139,000 (31 January 2016: £217,000) which is held in restricted accounts to fund restoration obligations in leases.

13. Trade and other payables

	31 January 2017		31 January 2016	
	Group £'000	Company £'000	Group £'000	Company £'000
Accruals and deferred income	774	108	341	123
Debt due to redeemable Ordinary Shareholders	5,523	5,523	–	–
Other payables	9,523	8,171	2,429	215
Amounts due to subsidiary companies	–	1,782	–	184
VAT payable	6	–	–	–
Corporation tax	99	–	–	–
	15,925	15,584	2,770	522

Debt due to redeemable Ordinary Shareholders relates to the cost of redemption of the redeemable Ordinary Shares. Further details are provided in Note 14.

Other payables includes amounts in respect of restoration provisions of £192,000 (31 January 2016: £184,000), creditors in relation to capital expenditure of £278,000 (31 January 2016: £1,652,000) and a deferred tax liability of £145,000 (31 January 2016: £89,000).

Also included within other payables at 31 January 2017 is £7,750,000 received from investors in respect of the purchase price of the Farm Energy Partnership project, held until all the conditions of the acquisition were satisfied on 1 February 2017.

14. Debt due to redeemable Ordinary Shareholders

Debt due to redeemable Ordinary Shareholders relates to redeemable Ordinary Shares recognised at fair value. The redeemable Ordinary Shares can be redeemed on any date on or after the first anniversary of the allotment of those shares. The redemption price is equivalent to net asset value per share less a discount of one per cent.

The liability as at 31 January 2017 has been classified as a current liability (note 13).

14. Debt due to redeemable Ordinary Shareholders (continued)

Under the terms of the Dividend Reinvestment Scheme, the following redeemable Ordinary Shares have been allotted to 31 January 2017:

	Number of shares allotted	Aggregate nominal value of shares (£'000)	Net amounts reinvested (£'000)
As at 31 January 2016	3,877,093	38.8	3,899
31 May 2016	16,376	0.2	21
31 October 2016	16,260	0.2	21
	3,909,729	39.2	3,941

The net amount subscribed of £3,941,000 relates to both the issue of the redeemable Ordinary Shares and the issue of warrants. The fair value of the warrants amounting to £246,000 is classified as other liabilities (with a £123,000 loss from the increase in the fair value of warrants being recognised in the statement of comprehensive income). The fair value of the redeemable Ordinary Shares at 31 January 2017, is calculated using the redemption price and equates to £5,523,000 (31 January 2016: £4,855,000), with a £627,000 loss (31 January 2016: £785,000 loss) from the increase in fair value being recognised in the consolidated statement of comprehensive income.

15. Other liabilities

	31 January 2017		31 January 2016	
	Group £'000	Company £'000	Group £'000	Company £'000
Warrants	246	246	123	123
External loan stock	1,182	–	1,180	–
Investment commitments	350	350	–	–
	1,778	596	1,303	123

Warrants

The warrants issued to redeemable Ordinary Shareholders are recognised at fair value. The warrants entitle the holder to subscribe for redeemable Ordinary Shares at any point up to 20 years after the date of issue at a price equivalent to the net asset value at the date of issue. The number of warrants issued and their fair value at grant date has been summarised below:

Date of allotment	Number of warrants allotted	Fair value per warrant at 31 January 2017 (£)	Fair value at 31 January 2017 (£'000)
To 31 January 2015	733,160	0.32	234
31 March 2015	3,512	0.25	1
29 May 2015	23,304	0.24	5
30 September 2015	3,101	0.23	1
30 September 2015	23,569	0.23	5
	786,646		246

15. Other liabilities (continued)

The I Share warrants issued are recognised at fair value. The warrants entitle the holder to subscribe for I Shares at any point up to 20 years after the date of issue at a price linked to the targeted performance of the I Shares net asset value since their inception. The fair value of the warrants has been calculated using the Black Scholes model at grant date and has been assessed as nil value. The number of warrants issued during the year are shown below:

Date of allotment	Number of warrants allotted
As at 31 January 2016	4,712,252
18 February 2016	42,846
29 February 2016	50,000
29 February 2016	120,000
16 May 2016	73,385
23 May 2016	258,811
29 June 2016	73,891
30 June 2016	353,940
28 July 2016	72,223
31 August 2016	49,115
27 September 2016	583,682
24 October 2016	13,454
31 October 2016	12,499
31 October 2016	12,893
18 November 2016	310,327
13 December 2016	137,372
15 December 2016	176,514
	7,053,204

The fair values of the redeemable Ordinary Share warrants have been calculated using the Black Scholes model at grant date. The assumptions used are summarised as:

	31 January 2017	31 January 2016
Weighted average share price	£1.43	£1.26
Exercise price (weighted average)	£1.00	£1.00
Volatility on warrants	5%	5%
Dividends on warrants	£0.02	£0.03
Risk free rate	0.35%	0.75%
Warrant life	4 years from 31 Jan 2017	5 years from 31 Jan 2016
Number of warrants	786,646	786,646

The expected volatility has been determined based on the historical share price data of comparable companies operating in the same industry as the Company. The risk free rate is based on the quoted price of a UK gilt with a redemption date commensurate with the assumed warrant life.

15. Other liabilities (continued)

Investment commitments
This Group is committed to provide additional investment to the Whites Joint Venture via the subscription for additional loan stock in the company. The total commitment is £525,000. Of this amount £350,000 is due after more than one year.

16. Share capital and share premium

	Share capital		Share premium	
	31 January 2017 £'000	31 January 2016 £'000	31 January 2017 £'000	31 January 2016 £'000
Allotted, called up and fully paid				
100 A Ordinary Shares of £0.01 each (2016: 100)	–	–	–	–
Issue of 28,212,839 I Shares of £0.01 (2016: 18,849,018)	283	188	28,059	18,571
	283	188	28,059	18,571

All A Ordinary Shares, I Shares and redeemable Ordinary Shares (note 14) have the same voting rights.

The following I Shares were allotted during the period:

Date of allotment	Number of shares allotted	Issue price of shares (£)	Net amounts subscribed (£'000)
As at 31 January 2016	18,849,018	1.000	18,849
3 February 2016	171,387	1.000	171
25 February 2016	200,000	1.000	200
25 February 2016	480,000	1.000	480
16 May 2016	293,541	1.022	300
23 May 2016	1,035,244	1.022	1,056
29 June 2016	295,564	1.015	300
30 June 2016	1,415,762	1.015	1,437
28 July 2016	288,894	1.017	294
31 August 2016	196,461	1.018	200
27 September 2016	2,334,729	1.018	2,376
24 October 2016	53,816	1.020	55
31 October 2016	49,999	1.020	51
31 October 2016	51,572	1.020	53
18 November 2016	1,241,308	1.007	1,250
13 December 2016	549,488	1.007	553
15 December 2016	706,056	1.007	711
	28,212,839		28,336
Formation fees			90
			28,426

16. Share capital and share premium (continued)

Distributable reserves
The Company distributable reserves are shown below.

Company distributable reserves	31 January 2017 £000s	31 January 2016 £000s
Special reserve	3,026	3,026
Retained earnings	934	404
Potentially distributable reserves	**3,960**	**3,430**
Less		
Unrealised gains on revaluation of investments	(3,318)	(1,503)
Realised reserves available for distribution	**642**	**1,927**

The Special reserve was created as a result of a court order in November 2014 to reduce the share capital of the Company by cancelling the share premium attributable to the redeemable Ordinary shares. There are no restrictions on the use of the special reserve and it is therefore available to be used for the payment of dividends as well as the redemption of shares. As the redeemable Ordinary Shares are classified as debt for financial reporting purposes, no share premium relating to these shares is shown within capital and reserves.

17. Cash generated from operations

	Group Year ended 31 January 2017 £'000	Group Year ended 31 January 2016 £'000
Loss on ordinary activities before taxation	(1,564)	(796)
Adjustments for:		
Loss on debt due to redeemable shareholders and warrants	750	785
Interest payable and similar charges	236	51
Other interest receivable and similar income	(79)	(26)
Share of profits of joint ventures	253	–
Issue of redeemable Ordinary Shares	41	–
Depreciation	666	143
Changes in working capital:		
Trade and other receivables	(7,328)	(1,287)
Trade and other payables	6,731	1,066
Net cash flow from operations	(294)	(64)

18. Ultimate controlling party

As at 31 January 2017, there is no ultimate controlling party.

19. Capital and financial instruments risk management

The Group's key financial risks arising from its operating activities and its financial instruments are:

a. Credit risk;
b. Liquidity risk; and
c. Market risk (including cash flow interest rate risk and foreign currency risk)

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an Audit Committee which is responsible for developing and monitoring the Group's risk management strategy and policies. The Committee reports regularly to the Board of Directors on its activities. There have been no changes to the Group's exposures to risk or the methods used to measure and manage these risks during the period.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework regarding the risks faced by the Group.

Categories of financial instruments
Investment in subsidiary companies (debt and equity), debt due to redeemable Ordinary Shareholders and warrants are recognised at fair value through profit and loss. All other financial instruments are recognised at amortised cost. The fair value of all financial instruments recognised at amortised cost is considered to be equivalent to its carrying value.

Credit risk
Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group. The Group is exposed to credit risk through its receivables and cash on deposit with banks.

At 31 January 2017, the Group's total gross credit risk was limited to £5,117,000 (31 January 2016: £5,979,000) of cash deposits and £9,295,000 (31 January 2016: £1,778,000) of receivables.

At 31 January 2017, the Company's total gross credit risk was limited to £2,499,000 (31 January 2016: £1,074,000) of cash deposits and £8,204,000 (31 January 2016: £1,305,000) of receivables.

Bank deposits are held with banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk
At 31 January 2017, the Group was not exposed to any significant liquidity risk (31 January 2016: nil) other than the funding of projects, redemption of shares, which can only be redeemed when liquid funds are available and the loan stock due to other external parties in the Goathill project. The Goathill loan is structured to mature in 2032.

19. Capital and financial instruments risk management (continued)

The carrying value of the Goathill loan stock due to other external parties at 31 January 2017, analysed by expected maturity is as follows:

Redemption date	Total £'000
Less than one year	56
1-2 years	40
2-3 years	44
3-5 years	103
More than 5 years	1,037
	1,280

Liquidity for project funding is provided by the I Shareholders or from existing funds. I Share funding is provided based on pre-agreed drawdown schedules for each project. The process follows arrangements agreed as part of the initial commitment to invest in I Shares. Otherwise, commitments are met from existing cash resource, including funds already provided in return for redeemable Ordinary Shares.

Market risk
It is the Group's policy to accept a degree of interest rate risk on its financial assets through the effect of interest rate changes. The primary risk in relation to interest rates is via the discount rates applied to the cash flows used to assess the fair value to the Company's projects. On the basis of the Group's analysis, it is estimated that a rise of half a percentage point in interest rates would have a +/- £1 million impact on fair values at 31 January 2017. This is part of the sensitivity around project valuations disclosed within note 8.

Price risk
Price risk is defined as the risk that the fair value of a financial instrument held by the Group will fluctuate. Investments are measured at fair value through profit or loss and are valued on an unlevered, discounted cash flow basis. Therefore, the value of these investments will be (amongst other risk factors) a function of the discounted value of their expected cash flows and, as such, will vary with movements in interest rates and competition for such assets. As disclosed in note 8, the discount factors are subjective and therefore it is feasible that a reasonable alternative assumption may be used resulting in a different valuation for these investments. Alternative assumptions and sensitivities to the valuations are set out in note 8.

The provisions made by the Group and Company in respect of the redemption of redeemable Ordinary Shares and exercise of warrants are also dependent on price risk, primarily relating to the NAV of redeemable Ordinary Shares. This is driven to a material extent by the valuation of the investments referred to above.

19. Capital and financial instruments risk management (continued)

The Group's financial assets and liabilities as at 31 January 2017, all denominated in pounds sterling, consist of the following:

	31 January 2017			
	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000	Total £'000
Trade and other receivables less than one year	–	–	9,295	9,295
Current liabilities	–	–	(15,925)	(15,925)
Non-current liabilities (incl. warrants)	(1,182)	–	(596)	(1,778)
Cash	–	5,117	–	5,117
	(1,182)	5,117	(7,226)	(3,291)

	31 January 2016			
	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000	Total £'000
Trade and other receivables less than one year	–	–	1,778	1,778
Current liabilities	–	–	(2,770)	(2,770)
Non-current liabilities	(1,180)	–	(4,978)	(6,158)
Cash	–	5,979	–	5,979
	(1,180)	5,979	(5,970)	(1,171)

The Directors do not believe the fair value of the financial assets and liabilities to be materially different to amortised cost.

IFRS 13 'Fair value measurement' and IFRS 7 'Financial Instruments: Disclosures' requires the Company to disclose the valuation methods applied to its investments measured at fair value through profit or loss in a fair value hierarchy according to the following definitions:

Fair value hierarchy	Definition of valuation method
Level 1	Unadjusted quoted (bid) prices applied
Level 2	Inputs to valuation are from observable sources and are directly or indirectly derived from prices
Level 3	Inputs to valuations are not based on observable market data

The Company's investments in subsidiaries are recorded at fair value and are valued according to Level 3 valuation methods as described in note 8.

The Group is exposed to limited foreign currency risk at the financial reporting date. A 10 per cent. weakening or strengthening of Sterling against the Euro is considered by the Board to be immaterial. All transactions are paid in the denomination in which they are invoiced. However, the Group held foreign currency bank accounts at 31 January 2017 which are subject to translation risk. These balances are monitored on a monthly basis to minimise this risk.

20. Operating leases

As at 31 January 2017, the Group had the following operating lease commitments:

	31 January 2017 £'000	31 January 2016 £'000
Operating lease amounts due:		
Within 1 year	349	97
Within 2-5 years	1,435	462
Over 5 years	4,015	1,141
	5,799	1,700

As at January 2017, the Group has entered into operating lease agreements for the rental of sites and the maintenance of the biogas project. The lease rates are based on a number of variables including 15 per cent. of FITs income, 4 per cent. of revenue and 25 per cent. of EBITDA. The table above includes amounts derived from these EBITDA percentages as applied to EBITDA as included in forecast used in the external valuation of the projects.

21. Commitments

As at 31 January 2017, the Company was party to a management services agreement with Albion Ventures LLP running until 31 January 2035, subject to two years' notice from 29 May 2018.

During the year, the Group has entered into contracts to construct hydro schemes which included contracts for civil work and turbines. As at 31 January 2017, the Group is committed to pay £1,143,000 (31 January 2016: £3,857,000) of the remainder of the contract price.

As part of the agreement to invest in four of the project companies there are options in place relating to the acquisition of the non-controlling interest in the project companies. Once the projects have been operating for a year there is a three month period of time in which the Group may be obliged to purchase the shares belonging to the other party. If this option is not exercised the Group then has an option to purchase the shares. In both cases the valuation at which the shares would be purchased is not specified, but an outline methodology is set out. Based on the current progress of the projects, it is expected that the options would be effective between mid- 2017 and mid-2018. No cost or value has been recognised in relation to their options as the exercise price is deemed to be equivalent to market value at this time.

Contingent consideration
The Group has a performance-related contingent consideration obligation of up to £125,000 (2015: £ nil) relating to the purchase of an asset completed prior to 31 January 2017. This payments depend on the wind performance of a wind turbine being in excess of that assumed on acquisition and, the payments, if triggered, would be due before January 2018. The valuation of this turbine does not assume that this enhanced performance is achieved. If a payment becomes due this would be expected to be offset by an improvement in investment. The arrangement is two way in that if performance is below base case levels some refund of consideration may become due (up to £125,000).

Guarantees
As at 31 January 2017, the Company intends to provide guarantees of the liabilities of subsidiaries listed below. In the event that this guarantee is provided the subsidiary companies will take advantage of the exemption from audit under section 479A of the Companies Act 2006. The Directors do not consider that there is any liability in respect to these guarantees.

21. Commitments (continued)

Subsidiary	Guarantee of liabilities as at
ACP I Shareco Limited	31 January 2017
ACP Ordinary Shareco Limited	31 January 2017
ACP Infinite Limited	31 January 2017
ACP Wind Limited	31 January 2017
Alphagen Projects Limited	31 January 2017
WED Lawrence Limited	31 January 2017

22. Events after the reporting date

On 1 February 2017, in response to drawdown notices, funds were provided by the GIB, Strathclyde Pension Fund, Greater Manchester Pension Fund, Merseyside Pension Fund and Albion Ventures LLP which totalled £7.75 million. This was used to acquire 100% of the share capital of Sterke Wind Limited and South Arnloss Wind Limited and to invest in loan stock in the two companies. The loan stock is subject to interest at 6 per cent. per annum and will mature in 2036. In exchange GIB received 2,392,050 I Shares, Strathclyde Pension Fund 1,096,317 I Shares, Greater Manchester Pension Fund 2,258,431 I Shares, Merseyside Pension Fund 1,918,459 and Albion Ventures 38,518 I Shares.

On 12 April 2017, in response to drawdown notices, funds were provided by the GIB, Strathclyde Pension Fund, Greater Manchester Pension Fund, Merseyside Pension Fund and Albion Ventures LLP which totalled £1.1 million. This was used to acquire further loan stock in ACP Wind NI Limited. In exchange GIB received 224,055 I Shares, Strathclyde Pension Fund 240,294 I Shares, Greater Manchester Pension Fund 349,146 I Shares, Merseyside Pension Fund 179,695 and Albion Ventures 4,990 I Shares. ACP Wind NI Limited used the funds to acquire an operational wind turbine.

Acquisitions
After the reporting period but before the financial statements were authorised for issue the group acquired 100% of the share capital of Sterke Wind Limited and South Arnloss Wind Limited for £7.75m.

23. Related party transactions

At 31 January 2017, the Group was owed £254,000 (31 January 2016: £253,000) by Infinite Renewables Limited, a partner in the Wind projects undertaken by the Group.

At 31 January 2017, the Group had issued external parties linked to Albion Ventures with loan stock as described in note 15. Loan stock interest amounting to £123,000 has been charged in the financial year (year ended 31 January 2016: £151,000). In the prior year this was capitalised as plant and equipment for the related asset was under construction at the time.

During the year, services for management services with a total value of £580,000 (period ended 31 January 2016: £287,000) were purchased by the Company from Albion Ventures. At the year end, the amount due to Albion Ventures disclosed as accruals was £58,000 (31 January 2016: £52,000). Amounts due from Albion Ventures were £60,000 (31 January 2016: £212,000).

Partners and staff of Albion Ventures hold 786,686 warrants in relation to redeemable Ordinary Shares. The liability for ACP in relation to these is shown in note 15. As at 31 January 2017, partners and staff of Albion Ventures also hold 7,053,204 (31 January 2016: 4,712,254) warrants in relation to I Shares. The Group recognises no liability in relation to these warrants at 31 January 2017 as they have been assessed as having nil value.

23. Related party transactions (continued)

During the year, I Shareholders paid £70,000 (year ended 31 January 2016: £90,000) of fees to Albion Ventures in relation to the establishment of and their participation in the I Shares structure.

The Group works with a number of development partners who own non-controlling interests in subsidiary companies or the joint venture. For services provided to these subsidiary companies, development partners were paid £474,000 in the year (year ended 31 January 2016: £1,051,000). At 31 January 2017 the amounts owed by the Group to development partners was £238,000.

During the year the joint venture, Whites Generation Limited, issued loan notes to Regen Holdings Limited and ACP I Shareco Limited, who jointly control the company. At 31 January 2017, the company owed each of these companies £1,044,600 in respect of the loan notes. During the period, an amount of £61,000 was charged by each company in respect of interest. No amounts of interest were outstanding at 31 January 2017.

During the year Regen Holdings Limited made loans to Whites Generation Limited to assist in funding the acquisition of Fernbrook Bio Limited. These loans were repaid on 1 July 2016. Interest of £36,000 was charged by and paid to Regen Holdings Limited during the period. At 31 January 2017, the company owed Regen Holdings Limited £5,000 in respect of the recharge of costs incurred on its behalf.

24. Acquisition of subsidiaries

On 23 September 2016, the Group entered into share purchase agreements to acquire 100% of WED Lawrence Limited.

The fair value of WED Lawrence Limited assets and liabilities acquired were as follows:

	31 January 2017 £'000
Consideration paid	**352**
Plant and equipment	2,365
Current assets less current liabilities	71
Long term liabilities	(2,084)
Net assets acquired	**352**
Cash outflow on acquisition	
Consideration paid	352
Cash at bank and in hand in on acquisition	–
Refinancing of external long term debt	2,084
Cash outflow	**2,436**

The plant and equipment purchased (£2,365,000) is shown at fair value and includes an increase of £456,000 over book value at the acquisition date.

Other than WED Lawrence Limited and Whites Generation Limited, the entities invested in during the year were non-trading on the date of investment and the funds invested reflected the fair value of the pre-commissioned sites for the assets before construction commenced. WED Lawrence Limited was already a trading company at the acquisition date.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Albion Community Power PLC (the "Company") will be held at Albion Community Power PLC, 1 King's Arms Yard, London EC2R 7AF on 4 July 2017 at 12.30pm for the following purposes:

To consider and, if thought fit, to pass the following ordinary resolutions.

Ordinary Business

1. To receive and adopt the Company's Annual Report and Financial Statements for the year ended 31 January 2017 together with the report of the Directors and Auditor.

2. To re-elect Volker Beckers as a Director of the Company.

3. To re-elect Patrick Reeve as a Director of the Company.

4. To appoint PKF Littlejohn LLP as Auditor of the Company in accordance with Section 489 of the Companies Act 2006, from conclusion of the meeting until the conclusion of the next meeting of the Company at which audited accounts are to be laid.

5. To authorise the Directors to agree the Auditor's remuneration.

By order of the Board

Albion Ventures LLP
Company Secretary
Registered office
1 King's Arms Yard
London, EC2R 7AF

28 April 2017

Notes

1. Members entitled to attend, speak and vote at the Annual General Meeting ("AGM") may appoint a proxy or proxies (who need not be a member of the Company) to exercise these rights in their place at the meeting. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. Proxies may only be appointed by:

- completing and returning the Form of Proxy enclosed with this Notice to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR: or,
- by scanning and emailing the completed proxy form to proxies@shareregistrars.uk.com; and
- by faxing the completed proxy form to 01252 719232.

Return of the Form of Proxy will not preclude a member from attending the meeting and voting in person. You may not use any electronic address provided in the Notice of this AGM to communicate with the Company for any purposes other than those expressly stated.

To be effective the Form of Proxy must be completed in accordance with the instructions and received by the Registrars of the Company by 12.30pm on 30 June 2017.

2. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 12.30pm on 30 June 2017 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

3. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

4. A copy of this Notice, and other information regarding the AGM, as required by section 311A Companies Act 2006, is available from www.albioncommunitypower.co.uk.

5. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or(c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

6. As at 28 April 2017 (being the latest practicable date prior to the publication of this Notice), the Company's issued share capital consists of 3,909,729 redeemable Ordinary Shares and 36,914,794 I Shares carrying one vote each. The Company also holds 100 A Ordinary Shares.

Glossary

Definitions and Terms

"A Shares"	non-redeemable A Ordinary Shares of £0.01 each in the capital of the Company
"Act"	the Companies Act 2006 (as may be amended from time to time)
"Albion Ventures" or "Albion"	Albion Ventures LLP which is authorised and regulated by the Financial Conduct Authority, or its predecessor business
"Articles"	means the articles of association of the Company (as amended from time to time)
"Board" or "Directors"	the board of directors of the Company
"Business Property Relief" or "BPR"	business property relief as set out in the Inheritance Tax Act 1984
"Company" or "ACP" or "Albion Community Power"	Albion Community Power PLC
"EBTDA"	Earnings before tax, depreciation and amortisation. Interest received or paid is included in this measure.
"Feed-in-Tariffs" or "FITs"	The system introduced by the Government pursuant to powers in the Energy Act 2008 to incentivise low carbon electricity generation
"GIB"	UK Green Investment Bank plc
"Group"	Albion Community Power PLC and its subsidiary companies
"Government"	the UK Government and the Scottish Government or either Government as the context permits
"GW"	Gigawatt, a standard unit of electricity power equal to 1 million kilowatts
"HMRC"	HM Revenue & Customs
"IHT"	Inheritance Tax
"IPEVCV"	International Private Equity and Venture Capital Valuation
"I Shares"	I Ordinary Shares of £0.01 each in the capital of the Company
"I Share Group"	ACP I Shareco Limited, its subsidiary companies and its share of the net assets of ACP PLC.
"I Share Warrants"	the warrants to subscribe for I Shares issued by the Company under the Warrant Instrument
"kW"	Kilowatt, a standard unit of electricity power equal to 1,000 watts

Glossary (continued)

"Management Services Agreement"	the agreement between the Company and Albion Ventures LLP governing the services provided by Albion Ventures LLP to the Company
"MW"	Megawatt, a standard unit of power equal to 1,000 Kilowatts
"Proforma Net Asset Value" **"Proforma NAV"**	(i) the unaudited net asset value of the Company attributable to or holders of the particular class of Shares – adjusted for the revaluation of projects as determined by independent third party professional valuations, interest income earned from non-controlling interests and deferred tax assets whose value is not yet realised (ii) the proforma net asset value per share is equivalent to the sum of capital and reserves, the nominal value of debt attributable to the holders of redeemable Ordinary Shares, excluding any fair value gains or losses on the redeemable Ordinary Shares, including any fair value movements on projects, including interest income earned from non-controlling interest and excluding deferred tax assets whose value is not yet realised
"Qualifying Trade"	is any business so long as it is carried on with a view to making a profit and does not consist wholly or mainly of dealing in land and buildings, stocks and shares, or making or holding investments
"redeemable Ordinary Shares"	redeemable Ordinary Shares of £0.01 each in the share capital of the Company
"redeemable Ordinary Share Group"	ACP Ordinary Shareco Limited, its subsidiary companies and its share of the net assets of ACP PLC
"redeemable Ordinary Share Warrants"	the warrants to subscribe for Ordinary Shares issued by the Company under the Warrant Instrument
"Relevant Period" or **"Two Year Period"**	the period beginning on the date on which the Shares are issued and ending two years after that date or two years after the commencement of the Company's trade, whichever is later
"Registrars"	Share Registrars Limited
"RHIs"	Renewable Heat Incentives
"ROCs"	Renewables Obligation Certificates
"RPI"	The Retail Prices Index
"Shareholders"	holders of Shares
"SIPPs"	Self-invested personal pension schemes

Glossary (continued)

"Venture Capital Trust" or "VCT"	a company approved as a venture capital trust under section 274 Income Tax Act 2007
"Warrant Instrument"	the warrant instrument pursuant to which the Company issues warrants to Albion Ventures LLP and certain third party investors
"Warrants"	the warrants to subscribe for I Shares and Ordinary Shares issued by the Company under the Warrant Instruments

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