Bluefield

COMPANY REGISTRATION NUMBER: 56708

Bluefield

SOLAR INCOME FUND LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016


John Rennocks


Paul Le Page


John Scott


Laurence McNairn

GENERAL INFORMATION

Board of Directors (all non-executive)

John Rennocks (Chairman)
Paul Le Page (Chairman of Audit Committee)
John Scott (Senior Independent Director)
Laurence McNairn

Investment Adviser
Bluefield Partners LLP
53 Chandos Place
London, WC2N 4HS

Registered Office
Heritage Hall
PO Box 225, Le Marchant Street
St Peter Port, Guernsey, GY1 4HY

Administrator, Company Secretary & Designated Manager
Heritage International Fund Managers Limited
Heritage Hall PO Box 225
Le Marchant Street, St Peter Port,
Guernsey GY1 4HY

Sponsor, Broker & Financial Adviser
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London, EC4M 7LT

Independent Auditor & Reporting Accountants
KPMG Channel Islands Limited
Glategny Court, Glategny Esplanade
St Peter Port, Guernsey, GY1 1WR

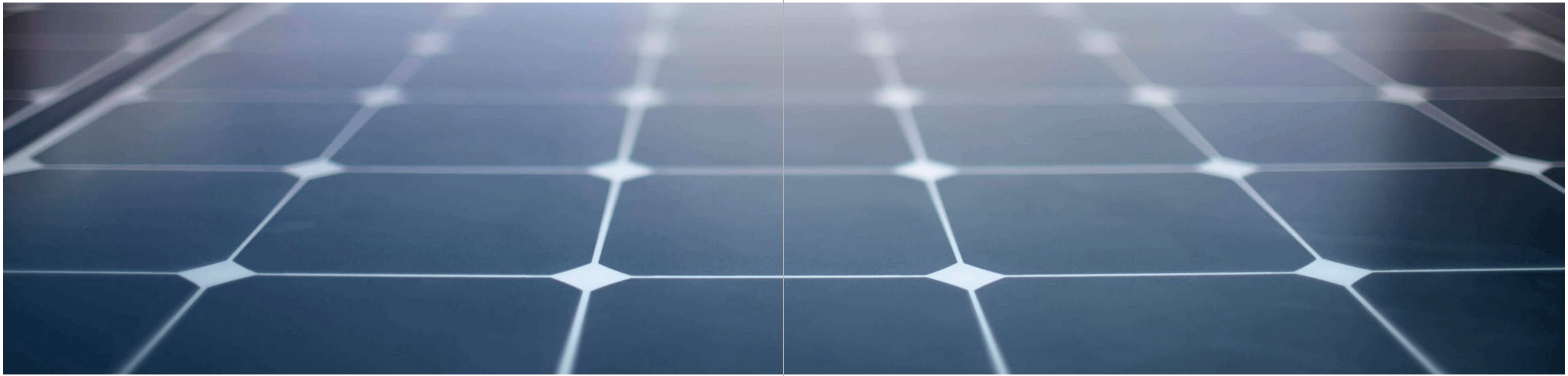
Legal Advisers to the Company (as to English law)
Norton Rose Fulbright LLP
3 More London Riverside
London, SE1 2AQ

Registrar
Capita Registrars (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue, St Sampson
Guernsey, GY2 4LH

Legal Advisers to the Company (as to Guernsey law)
Carey Olsen
PO Box 98, Carey House
Les Banques, St Peter Port
Guernsey, GY1 4BZ

Receiving Agent & UK Transfer Agent
Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham, Kent, BR3 4TU

Principal Bankers
Royal Bank of Scotland International Limited
Royal Bank Place,
1 Glategny Esplanade
St Peter Port, Guernsey, GY1 4BQ



HIGHLIGHTS

- Above target total dividends of 7.25 pence per share were declared in respect of the period ended 30 June 2016 (2015: 7.25 pence per share). This level of dividend has been declared following above target underlying earnings;
- A successful Placement of new shares in December 2015 raised gross proceeds of £32 million and the Company's market capitalisation grew to £309 million at 30 June 2016;
- During the year ended 30 June 2016, the Company announced 17 acquisitions, consisting of 44 additional plants, financed by total commitments of £193.3 million with an estimated combined energy capacity of 148.6 MWp;
- As at 30 June 2016, the Company had a total of 73 solar assets with an estimated combined energy capacity in excess of 400 MWp, all of which were operational;
- NAV as at 30 June 2016 was £308 million (30 June 2015: £288 million), equivalent to a NAV per share of 99.39 pence per share (30 June 2015: 103.58 pence per share);
- During the year ended 30 June 2016, the Company announced the agreement of an amended and restated credit facility, which increased the funds available from £50 million under the original Revolving Credit Facility ("RCF") up to a total of £200 million. The credit facility was provided by RBS and Investec and has been fully refinanced with long term debt post year end; and
- In September, 2016, the Company announced a long-term financing agreement with Aviva Investors. The £187 million facility is fully amortising over 18 years and has two tranches: £121.5 million is fixed at a cost of 2.875% and £65.5 million has a cost 0.70% + RPI. The Aviva financing replaced the pre-existing RCF. The Company also agreed a further amended and restated £30 million RCF with RBS.

RESULTS SUMMARY	AS AT / YEAR ENDING 30 JUNE 2016
TOTAL INVESTMENT INCOME EARNED	£28,023,299
Total underlying earnings (see page 33)	£20,968,312
Underlying EPS (see page 33)	7.10p
Earnings per share bought forward (see page 34)	0.41p
Total declared dividends per share for year (see page 33)	7.25p
Earnings per share carried forward (see page 34)	0.26p
Total comprehensive income before tax	£8,666,144
Earnings per share	2.92p
NAV per share	99.39 p
Share price	99.75p
Total Return to shareholders (based on share price movement and dividends paid in year)	(2.51)%

Bluefield

CORPORATE SUMMARY

INVESTMENT OBJECTIVE

The investment objective of the Company is to provide shareholders with an attractive return, principally in the form of regular income distributions, by investing in a portfolio of UK - based solar energy infrastructure assets.

STRUCTURE

The Company is a non-cellular company limited by shares incorporated in Guernsey under the Law on 29 May 2013. The Company's registration number is 56708, and it has been registered and is regulated by the GFSC as a registered closed-ended collective investment scheme. The Company's Ordinary Shares were admitted to the Premium Segment of the Official List and to trading on the Main Market of the London Stock Exchange following its IPO on 12 July 2013. The issued capital during the year comprises the Company's Ordinary Shares denominated in Sterling.

The Company has the ability to use long-term and short-term debt at the holding company level as well as having long-term, non-recourse debt at the SPV level.

INVESTMENT ADVISER

The Investment Adviser to the Company and its wholly owned subsidiary, BSIFIL, (together the 'Group') during the year was Bluefield Partners LLP which is authorised and regulated by the UK FCA under the number 507508. Since May 2015 BSL, a company with the same ownership as the Investment Adviser, has commenced providing asset management services to the investment SPVs held by BSIFIL.

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to announce a strong set of results with above target earnings for the second full year of operations and an above target dividend of 7.25 pence. These achievements of real cash generation and continuing high levels of dividend income for our shareholders are especially impressive in the context of a challenging power price environment. By carefully and patiently building a high quality portfolio, securing an attractive financing agreement and running the business with one of the lowest total expense ratios in the sector, I believe the Company has established a strong platform to continue to deliver solid underlying earnings and dividends over the medium to long term.

With this in mind, in this statement I will also take time to look back over the three years since IPO to review why the Company is performing in the way it is. The recent announcement of the completion of our long term financing agreement, the final part of our initial business plan articulated to shareholders in 2013, neatly frames a successful three-year investment programme and is an appropriate place to reflect on what has been built and what to expect in the years ahead.

KEY EVENTS

The year to 30 June 2016 has seen the Company's portfolio of assets increase from £297 million to £484 million, measured at fair value. The Company's generating capacity correspondingly increased from 253 MWp to 401 MWp. The increase in GAV is derived from a combination of the investment of a successful equity raise of £32 million in December 2015 and the investment of the Company's enlarged short term credit facility, which was increased from £50m to £200 million and was close to fully committed to new investments at the end of the financial year.

The NAV has fallen from 103.58 pence, at 30 June 2015, to 99.39 pence, largely through the adoption of progressively lower power price assumptions from the Company's independent forecaster. As before, full disclosure of the methodology and assumptions underpinning this valuation are detailed on pages 54 to 61.

The landmark deal was the acquisition in January of the Primrose assets, a 95MWp operating portfolio, which was funded by the short term credit facility. In addition to this the Company also funded the construction of a series of Slaor Century plants, continuing our strategy since IPO of funding construction projects. The Company also acquired, in two related party transactions, additional solar farms on the sites of Thames Water processing plants and a 4.1MWp Feed-in Tariff asset on the Toyota site in Derbyshire, increasing the level of RPI-linked revenues in the Company.

A negative factor during the period has been the continued downward pressure on short-term power prices and long-term forecasts. That said, active management of our power contracts by our Investment Adviser has mitigated this impact and, indeed, a third party review of the power strategy adopted by the Investment Adviser gave a strong independent verification of the strategy.

KEY POST RESULTS EVENTS

The £187 million corporate level financing agreed with Aviva Investors in September 2016 is a very important milestone for the Company. It delivers both a highly attractive cost of finance highly and supportive terms. Barring the legacy financing of £14m on Durrant's Farm on the Isle of Wight (where break costs proved too onerous), all debt is held at the Company level. This structure is very transparent and enables comparison of individual plant performance without the complexity of different funding arrangements.

Further to this, July saw the publication of the latest long term power price forecast from our independent forecaster. For the first time in a couple of years, the forecast has improved, reflecting what is being seen in the wholesale power markets. Whilst neither of these positive developments has been adopted into the valuation, they are two areas where there is potential future value for our shareholders.

UNDERLYING EARNINGS & DIVIDEND INCOME

The full year has seen underlying earnings of 7.10 pence per share (pps) after all financing costs and ahead of the on-target dividend objective of 7.07 pps, delivering underlying earnings ahead of target for the second year. This outperformance is one of the most important measures of the health of your Company. There is nowhere to hide with a full distribution business model. Whilst the underlying earnings per share are slightly lower than the previous financial year they have held up extremely well in the face of both a very challenging power price market and a year which provided markedly less sunshine than its predecessor, particularly at the beginning and end of the financial year. It is pleasing to note that irradiation in the first few months of the current year is above our expectations.

The full year dividends total 7.25 pps (unchanged from 2014/15) against a target of 7.07 pps (7.00 pps in the previous year). The Board has decided to release some of the surplus retained from the operating outperformance in the previous year, to offset the below expectation irradiation in 2015/16.

VALUATION – SOME KEY FACTORS

Notwithstanding the significant power price challenges we have experienced since flotation, the NAV per share has remained very stable, indeed ahead of the NAV at IPO. This reaffirms the acquisition methodology and pricing discipline exercised by the Company, as well as the excellent operating performance of our plants:

The valuation is based on an equity discount rate of 7.5%, and a conservative view of our financing structure, which we believe to be appropriate to reflect both the business risks we face and the financial climate in which we operate. The uncertainties in the financial and economic climate from the Brexit decision have contributed to our decision to remain conservative in our approach to discount rates and other valuation parameters, despite the improvements that have been achieved in our business and our financing structure.

Whilst the all-in cost of the long term financing achieved of 2.875% on the fixed tranche and 0.7% plus RPI on the indexed tranche is very favourable compared to the 450bps assumed in the year end valuation methodology, and the July 2016 power forecast suggests an increase in prices in the long term, both were confirmed after the year end. Your Board, therefore, considers it inappropriate to reflect these recent events in the June, 2016 balance sheet.

We have again sought to provide shareholders with a detailed and enhanced analysis of our projects and on how we have approached our valuation at the year end.

LOOKING BACK OVER THE PAST 3 YEARS

Reflecting on the past three years shines a light on a number of key events that have enabled the Company to deliver such strong, consistent results. Being the first-mover in the listed solar space gave your Company time to acquire assets methodically and prudently and execute our chosen investment strategy, thus exploiting a less competitive market in the early period, in terms of asset pricing

Your Company also benefitted from adopting an investment strategy of funding primary assets as opposed to waiting for assets in the smaller and more competitive secondary market. In doing so we were able create a tailor-made portfolio from the best contractors in the market with highly protective acquisition contracts. The benefits of this will be seen, I am sure, over the life of the portfolio but the patterns are already beginning to emerge.

Likewise, when the Company announced its major secondary acquisition of the Primrose portfolio in January 2016, this portfolio was carefully selected on the basis of asset quality and, crucially, it came without the constraints of any embedded long term debt. Being able to acquire the Primrose portfolio using its short term credit facility enabled the Company to start the conversations with the long term funders resulting in the recent announcement in September, 2016 of the facility provided by Aviva Investors.

In reality, of course, the previous three years' diligence in building the portfolio has laid the platform that enabled Aviva Investors and the Company to work together in designing a highly attractive, bespoke financing agreement. The all-in cost of financing is clearly very beneficial but the terms, and the depth of discussions between the Company and Aviva Investors to agree its details, could not have been delivered without the Company having one of the premier portfolios in the sector. The Investment Adviser has delivered an exceptional group of assets and, now, an exceptional financing package and is to be congratulated on such strong delivery of the plans for the Company.

In the light of the excellent terms delivered for our long term debt structure, a key area of focus for the Company is to review our long term leverage position and the Board is working with the Investment Adviser to consider the optimum structure for both short term and longer term debt. We intend to remain conservative in both the level of our gearing and our debt service cover ratio.

MARKET GROWTH

The UK solar market now stands at an installed capacity of c.11 GWp. When your Company floated the installed capacity of the market was less than 500MWp. What a three years the industry has experienced, with the UK being the fastest growing primary market in Europe in each of these three years!

What does the impending end of government support for new solar projects mean for your Company? We have an excellent portfolio, which is well financed and we expect to continue to deliver strong performance for shareholders from those assets. We have no obligation to grow by chasing assets and will continue our core philosophy of only buying assets that contribute to the delivery of our stated dividend objectives for our shareholders. We are clearly identified as a highly credible buyer of solar assets and we will continue to investigate opportunities within those well-established disciplines. We do see further opportunities for consideration, but further enhancement of the performance of our present assets will also be an important contributor.

PERFORMANCE OF YOUR PORTFOLIO

We have seen a combination of the plants performing above their warranty level and, where there has been underperformance, the Company has been able to claim damages through very protective contracts. A further contributor, to my mind, is the asset management activities of Bluefield Services Ltd, (BSL) the Bristol-based business established by the owners of the Investment Adviser as a separate entity to carry out comprehensive monitoring activities.

I and my Board colleagues have spent time with the team in Bristol over the summer and are very pleased with the team's approach and expertise. BSL are already providing valuable services to the Company, whether it be early intervention when there is an issue with a particular plant, or preventative monitoring where the experienced team is able to analyse operational data to optimise generation and reduce costs.

In addition strong, ongoing contractual protections from our acquisition agreements which are closely monitored by the BSL team, enable the Board to be very comfortable with the operation of our plants. We foresee opportunities for further added value from this excellent team as they incrementally improve plant performance over the medium term.

LONG TERM FINANCING

The all-in cost of the £121.5m fixed price loan at 2.875% interest is well below our original expectations and the £65.5 million index linked element at 70bps plus RPI is also highly attractive and appropriate for the Company where the majority of our revenues are directly linked to RPI. But away from these tremendously beneficial costs are some equally important but less heralded elements.

The loans are for 18 years, fully amortising. This means that, beyond the element driven by RPI, the Company does not have any interest rate risks or bullet repayment issues on all of this financing for the full 18 year term. In Aviva Investors, the Company has one of the most experienced long term financing partners. The agreement means that on the Company's base case projections the long term debt service cover ratio (DSCR) is nearly 3 times covered by earnings.

At 3 times cover, this conservative position has been achieved because the Company has relatively low levels of overall leverage (c.40% to GAV), combined with the low interest rates. The approach the Company has taken in getting the right portfolio in place has also enabled the financing partnership with Aviva Investors to come with sensible and supportive conditions in respect of the Company's core strategies.

Chairman John Rennocks, left, onsite at Ashlawn with Bluefield Services Ltd

OUTLOOK

Three years of patient, focused hard work has created the Company you see reported in these results. It shows a Company delivering on its promises to investors by offering stable, attractive income on your investment. It also, in the Board's view, shows a Company that offers a conservative valuation with this report highlighting the basis upon which the valuation has been arrived at with sector leading transparency and disclosure.

As previously mentioned, there is also potential value in the Company not recognised in the end of year valuation. The Company did not adopt the new power curve our consultant published in July 2016 that shows an improvement in the long term power forecast and we have not included any benefit for the lower than expected cost of the long term finance. In addition, the plants are showing above budget performance and with the support of BSL, we are looking for enhanced energy generation.

And finally, as I write this statement bathed in sunshine in September, it is worth repeating that it has been a very good start to the new financial year in terms of irradiation!

John Rennocks
Chairman
3 October 2016

THE COMPANY'S INVESTMENT PORTFOLIO
(AS AT 30 JUNE 2016)

The Company has a geographically diverse group of assets containing a range of proven solar technology and infrastructure.

SOUTH WEST

Gloucestershire

1	GRANGE	Newent 5.0MWp

Wiltshire

2	PENTYLANDS	Highworth 19.2 MWp
3	ROVES	Sevenhampton 12.7 MWp

Somerset

4	ASHLAWN	Axbridge 6.6 MWp
5	REDLANDS	Bridgwater 6.2 MWp

Devon

6	CAPELANDS	Barnstaple 8.4 MWp

Cornwall

7	NORTH BEER	Launceston 6.9 MWp
8	TRETHOSA	St Austell 4.8 MWp

WALES

Glamorgan

9	BETINGAU	Swansea 10.0 MWp

MIDLANDS

Warwickshire

10	TOLLGATE	Lemington Spa 4.3 MWp

Lincolnshire

11	FOLLY LANE	Boston 4.8 MWp

Derbyshire

12	BURNASTON	Burnaston 4.1 MWp

EAST

Norfolk

13	WEST RAYNHAM	West Raynham 50.0 MWp
14	HARDINGHAM	Wicklewood 14.9 MWp
14	HARDINGHAM X	Wicklewood 5.2 MWp
15	HALL FARM	East Beckham 11.4 MWp
16	SALHOUSE	Norwich 5.0 Mwp
17	FROGS LOKE	North Walsham 5.0 MWp
17	BUNNS HILL	North Walsham 5.0 MWp
18	ROOKERY	Attleborough 5.0 MWp
19	OULTON	Oulton 5.0 MWp

SOUTH EAST

Oxfordshire

20	HILL FARM	Abingdon 15.2 MWp
21	GOOSEWILLOW	Steventon 16.9 MWp
21	ELMS	Wantage 28.9 MWp
22	BUTTERISS DOWNS	20 Sites 0.8 MWp

Surrey/Oxfordshire/Sussex

23	GOSHAWK	11 Sites 1.1 Mwp

Sussex

24	PASHLEY	Bexhill on Sea 11.5 MWp

Berkshire / Hampshire

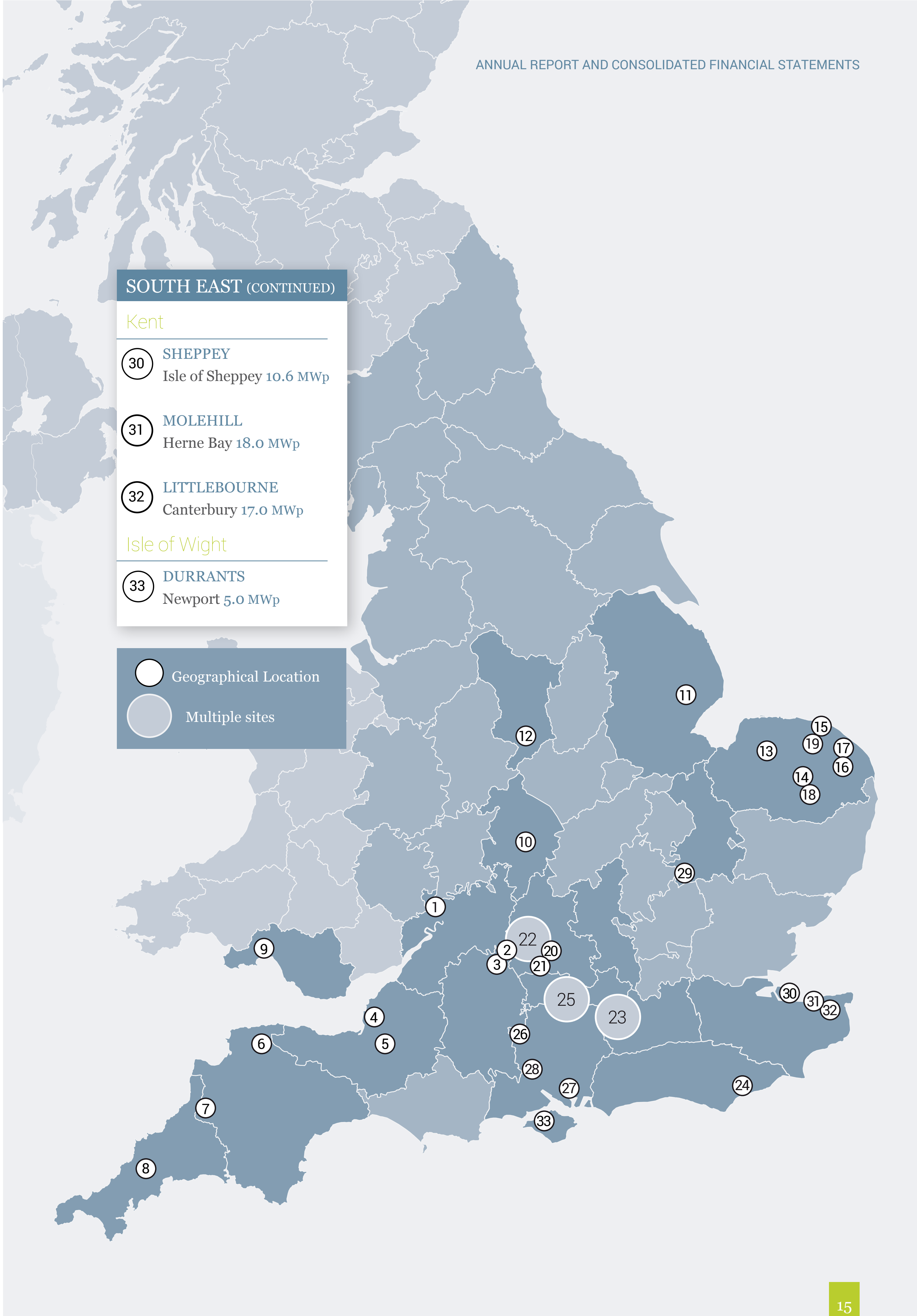
25	PROMOTHAMES	9 Sites 0.4 MWp

Hampshire

26	SAXLEY	Andover 5.9 MWp
27	SOUTHWICK	Fareham 47.9 MWp
28	ROMSEY	Romsey 5.0MWp

Cambridgeshire

29	HOBACK	Royston 17.5 MWp



SOUTH EAST (CONTINUED)

Kent

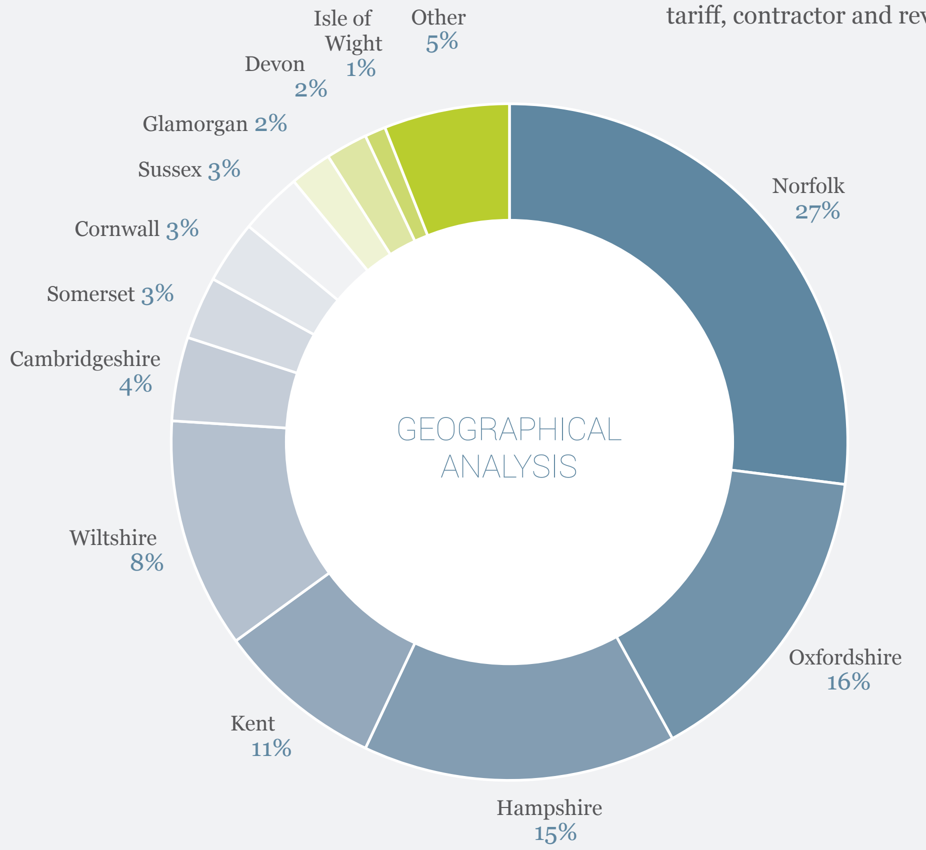
30	SHEPPEY	Isle of Sheppey 10.6 MWp
31	MOLEHILL	Herne Bay 18.0 MWp
32	LITTLEBOURNE	Canterbury 17.0 MWp

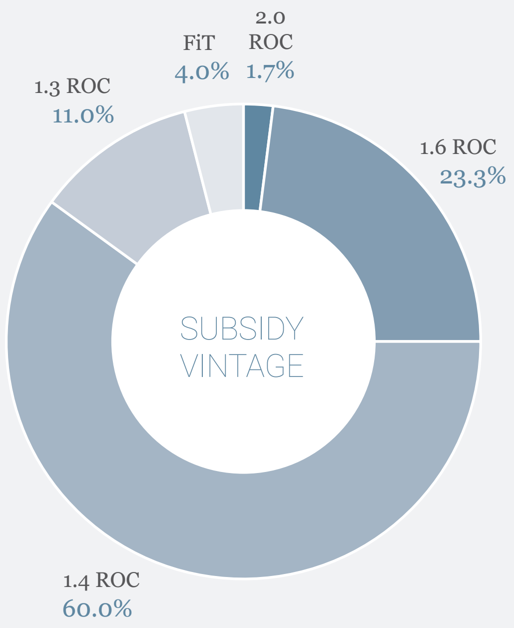
Isle of Wight

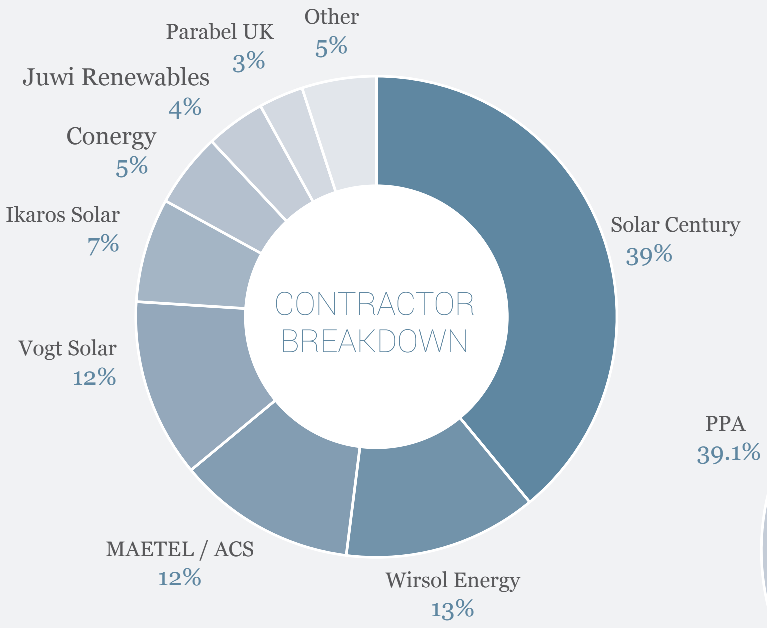
33	DURRANTS	Newport 5.0 MWp

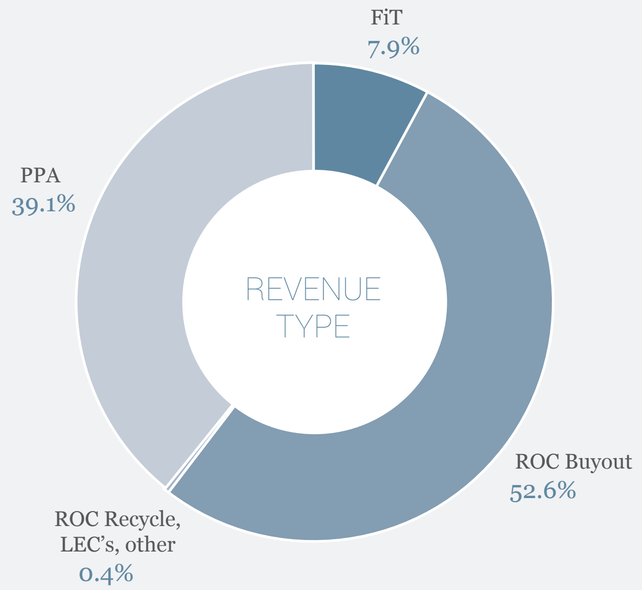
ANALYSIS OF THE COMPANY'S INVESTMENT PORTFOLIO

The Company's investment portfolio, analysed by geography, subsidy tariff, contractor and revenue as at 30 June 2016 is as follows:









STRATEGIC REPORT

INTRODUCTION

The Strategic report sets out:

STRATEGIC ISSUES

1. Company's Objectives and Strategy
2. Company's Operating Model
3. Investment Policy
4. Policies, approach & achievements adopted in respect of Corporate Social Responsibility

OPERATIONAL ISSUES

5. Operational & Financial Review for the period (including KPI)
6. Directors' Valuation of Group's Portfolio
7. Principal Risks and Uncertainties

STRATEGIC ISSUES

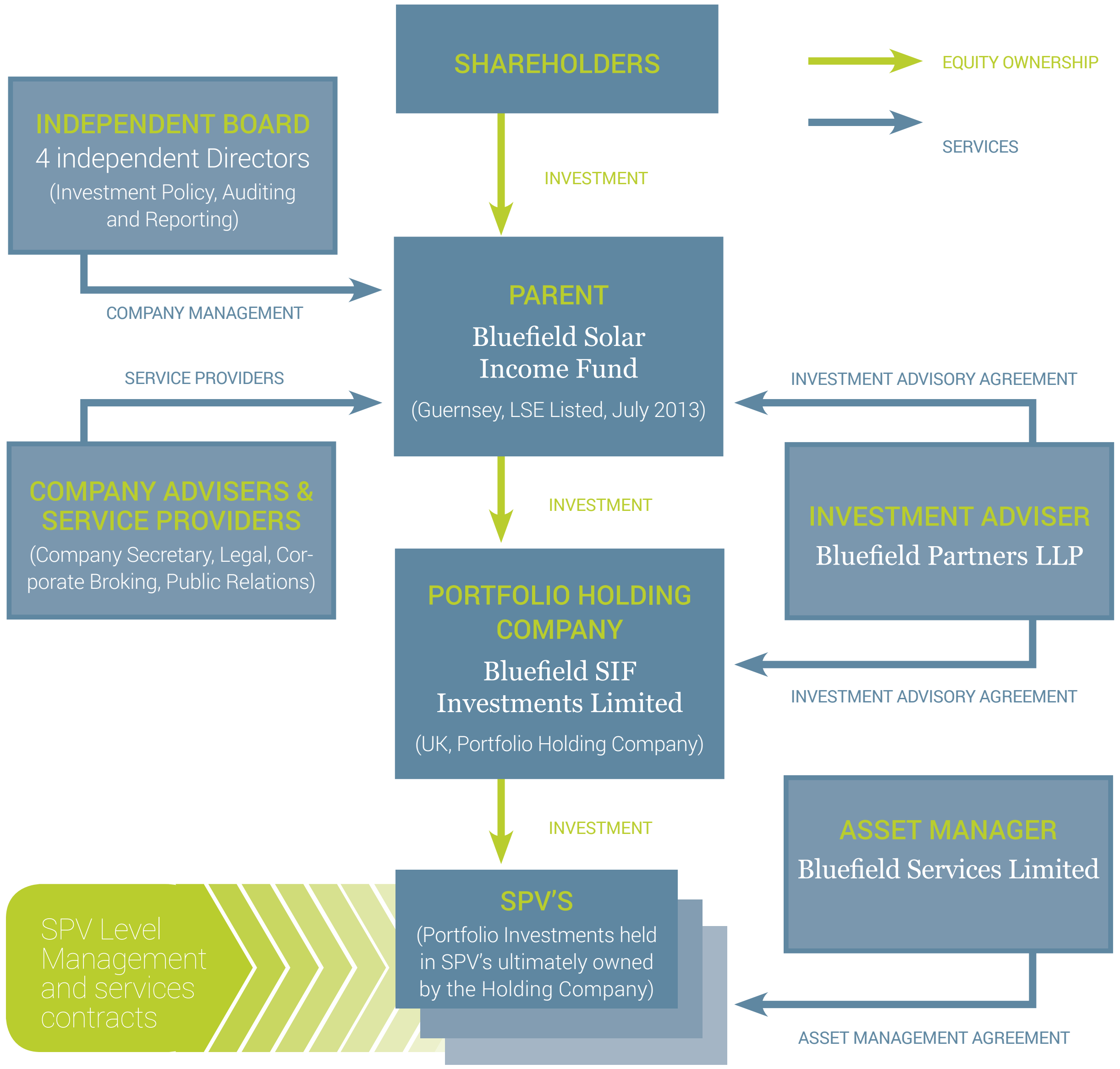
1. Company's Objectives and Strategy

The Company seeks to provide shareholders with an attractive return, principally in the form of quarterly income distributions, by investing in a portfolio of large scale UK based solar energy infrastructure assets. The Company targeted a dividend of 7 pence per Ordinary Share in relation to the financial year ended 30 June 2015 with the intention of this rising annually thereafter with the RPI. Subject to maintaining a prudent level of reserves, the Company aims to achieve this through optimisation of asset performance, future acquisitions and use of gearing. The Company's dividend target for the financial year ended 30 June 2016 was 7.07 pence per Ordinary Share. For the year to 30 June 2016, the Company has declared dividends of 7.25 pence per Ordinary Share, a second year of dividend outperformance. The Operational and Financial Review section on page 23 provides further information relating to performance during the year.

2. Company's Operating Model

STRUCTURE

The Company holds and manages its investments through a UK limited company, BSIFIL, in which it is the sole shareholder.



MANAGEMENT

Board and Committees

The independent Board is responsible to shareholders for the overall management of the Company. The Board has adopted a Schedule of Matters Reserved for the Board which sets out the particular duties of the Board. Such reserved powers include decisions relating to the determination of investment policy, approval of new investments, oversight of the Investment Adviser, approval of changes in strategy, risk assessment, Board composition, capital structure, statutory obligations and public disclosure, financial reporting and entering into any material contracts by the Company.

Through the Committees and the use of external independent advisers, the Board manages risk and governance of the Company. The Board consists of four independent non-executive Directors. See the Corporate Governance Report for further details.

Investment Adviser

The Company has entered into an Investment Advisory Agreement with the Investment Adviser. This sets out the Investment Adviser's key responsibilities, which include identifying and recommending suitable investments for the Company to enter into and negotiating on behalf of the Company the terms on which such investments will be made.

Through a Technical Services Agreement with BSIFIL the Investment Adviser is also responsible for all issues relating to the supervision and monitoring of existing investments (included within the fee cap under the Investment Advisory Agreement). The Company has appointed BSL, a company with the same ownership as the Investment Adviser, to provide asset management services for the Company's portfolio. During the year the Investment Adviser has been paid a base fee of 0.80% of NAV at 30 June 2016 and a variable fee, in respect of 2015, equating to 0.07% of NAV which was settled by issue of Ordinary Shares.

Post year end, following the declaration of an above target total dividend by the Company for 2016, the Investment Adviser is also entitled to a variable fee which is only triggered when actual dividends in relation to a full financial year exceed targets. In the financial year the variable fee, which will be paid in shares, equated to 0.05% of NAV.

A summary of the fees paid to the Investment Adviser is given in Note 5 of the consolidated financial statements. The fee paid to BSL, the solar asset management business with shared ownership with the Investment Adviser are detailed in Note 19.

Administrator

The Board has delegated administration and company secretarial services to the Administrator.

Further details on the responsibilities assigned to the Investment Adviser and the Administrator can be found in the Corporate Governance Report.

Employees and Officers of the Company

The Company does not have any employees and therefore policies for employees are not required. The Directors of the Company are listed on page 3.

INVESTMENT PROCESS

Through its record of investment in the UK solar energy market, the Investment Adviser has developed a rigorous approach to investment selection, appraisal and commitment.

Repeat transaction experience with specialist advisers

The Investment Adviser has worked with a range of legal, technical, insurance and accounting advisers in each of the transactions it has executed in the UK market. This direct experience has enabled it to develop an understanding of key areas of competence to address specific issues; for example, identifying specific individuals who are expert in advising on specific detailed technical aspects of a project. Through this direct specialist experience, the Investment Adviser is able to source relevant expertise to address project issues both during and following a transaction.

Application of standardised terms developed from direct experience

The Investment Adviser has developed standardised terms which have been specifically tested by reference to real transaction and project operational experience. Whilst contract terms are specifically negotiated and tailored for each individual project, solar project contracts applied by the Investment Adviser typically have specific protections from the construction contracts regarding recovery of revenue losses for underperformance and obligations for correction of defects. Both such provisions have been specifically exercised by the Investment Adviser giving it direct experience in activating contractual protections.

Rigorous internal approval process
All investment recommendations issued to the Company, and all investment recommendations made in relation to previous transactions of the Investment Adviser are made following the formalised review process described below:

(1) Investment origination & review by Managing Partners
Before incurring costs in relation to the preparation of a transaction, a project is concept reviewed by the Investment Adviser's Managing Partners, following which a letter of interest or memorandum of understanding is issued and project exclusivity is secured.

(2) Director Concept Approval
In the event that material costs are to be incurred in pursuing a transaction, a concept paper is issued by the Investment Adviser for review by the Directors of the Company. This concept review fixes a project evaluation budget as well as confirming the project proposal is in line with the Company's investment policy and strategy.

(3) Due diligence
In addition to applying its direct commercial experience in executing solar PV project acquisitions and managing operational solar plants, the Investment Adviser engages legal, technical and, where required, insurance and accounting advisers to undertake independent due diligence in respect of a project. Where specialist expertise is required due to project specifications, the Investment Adviser has experience in identifying relevant experts.

(4) Bluefield Partners LLP Investment Committee
Investment recommendations issued by the Investment Adviser are made following the submission of a detailed investment paper to the Investment Committee. The Investment Committee operates on the basis of unanimous consent and has a record of making detailed evaluation of project risks. The investment paper submitted to the Investment Committee discloses all interests which the Investment Adviser and any of its affiliates may have in the proposed transaction.

(5) Group Board approval
Following approval by the Investment Adviser Investment Committee, investment recommendations are issued by the Investment Adviser to the Group for review by the boards of the Company and BSIFIL. Both the Company and the BSIFIL board undertake detailed review meetings with the Investment Adviser to assess the project prior to determining any approval. Both board approvals are required in order for a transaction to be approved. If the boards of the Company and BSIFIL approve the relevant transaction, the Investment Adviser is authorised to execute the transaction in accordance with the Investment Adviser's recommendation and any condition stipulated in the boards' approval. The Board is continuously aware of the overall pipeline of potential new investments that can lead to choices between projects depending on available funding facilities.

(6) Closing memorandum
Prior to executing the transaction, the Investment Adviser completes a closing memorandum confirming that the final transaction is in accordance with the terms presented in the investment paper to the Investment Committee; detailing any material variations and outlining how any conditions to the approval of the Investment Committee and/or Board approval have been addressed. This closing memorandum is counter-signed by an appointed member of the Investment Committee prior to completing the transaction.

MANAGING CONFLICTS OF INTEREST
The Investment Adviser and any of its members, directors, officers, employees, agents and connected persons, and any person or company with whom they are affiliated or by whom they are employed may be involved in other financial, investment or other professional activities which may cause potential conflicts of interest with the Company and its investments.

The Directors have noted that the Investment Adviser has other clients and have satisfied themselves that the Investment Adviser has procedures in place to address potential conflicts of interest. The potential conflicts of interest are disclosed in the investment recommendation for each investment.

3. Investment Policy
The Group invests in a diversified portfolio of solar energy assets, each located within the UK, with a focus on utility scale assets and portfolios on greenfield, industrial and/or commercial sites. The Group targets long life solar energy infrastructure, expected to generate stable renewable energy output over a 25 year asset life.

Individual solar assets or portfolios of solar assets are held within SPVs into which the Group invests through equity and/or debt instruments. The Group typically seeks legal and operational control through direct or indirect stakes of up to 100% in such SPVs, but may participate in joint ventures or minority interests where this approach enables the Group to gain exposure to assets within the Company's investment policy which the Group would not otherwise be able to acquire on a wholly-owned basis.

The Group may, at holding company level, make use of both short term debt finance and long term structural debt to facilitate the acquisition of investments, but such holding company level debt (when taken together with the SPV finance noted above) will also be limited so as not to exceed 50% of the Gross Asset Value. The Group may make use of non-recourse finance at the SPV level to provide leverage for specific solar energy infrastructure assets or portfolios provided that at the time of entering into (or acquiring) any new financing, total non-recourse financing within the portfolio will not exceed 50% of the prevailing Gross Asset Value.

No single investment in a solar energy infrastructure asset (excluding any third party funding or debt financing in such asset) will represent, on acquisition, more than 25% of the Net Asset Value.

The portfolio provides diversified exposure through the investment in not less than five individual solar energy infrastructure assets. Diversification is achieved across various factors such as grid connection points, individual landowners and leases, providers of key components (such as PV panels and inverters) and assets being located across various geographical locations within the United Kingdom.

The Group aims to derive a significant portion of its targeted return through a combination of the sale of Renewables Obligation Certificates and FiTs (or any such regulatory regimes that replace them from time to time). Both such regimes are currently underwritten by UK Government policy providing a level of Renewables Obligation Certificates or FiTs fixed for 20 years for accredited projects and each regime currently benefits from an annual RPI escalation. The Group also intends, where appropriate, to enter into power purchase agreements with appropriate counterparties, such as co-located industrial energy consumers or wholesale energy purchasers.

The Company's investment policy has the flexibility to commit to assets during the construction phase or operational phase. During the period under review, the Investment Adviser has invested into construction phase assets and has acquired a large secondary portfolio in order to:

1. Maximise quality and scale of deal flow: the flexibility of the strategy maximises the pool of assets available to the Company. The majority of developers and contractors in the UK solar market were (and are) unable to fund on their own balance sheets, therefore construction funders such as Bluefield were able to select their construction partners and assets from the widest possible pool. The maturing of the UK solar market has resulted in the Company being offered operational assets for the first time, during the period;

2. Optimise the Efficiency of the Acquisitions: funding through the construction phase removes a layer of financing cost provided by third party construction funders, typically passed on to the end acquirer; likewise, when acquiring secondary assets, the Company has selected assets based on quality, cost and attractiveness of the financing attached to the acquisitions;

3. Minimise risk via appropriate contractual agreements: Risk can be further minimised by appropriate contractual agreements. For construction assets, these include making milestone payments backed, typically, by bonds, security plant and equipment and significant cash hold backs; and

4. Acquire assets using conservative assumptions: As can be seen by the valuation contained in this report, the Company has acquired assets based upon a cautious set of assumptions.

LISTING RULE INVESTMENT RESTRICTIONS

The Company currently complies with the investment restrictions set out below and will continue to do so for so long as they remain requirements of the Financial Conduct Authority:

- neither the Company nor any of its subsidiaries will conduct any trading activity which is significant in the context of the Group as a whole;
- the Company must, at all times, invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with the published investment policy; and
- not more than 10% of the Gross Asset Value at the time of investment is made will be invested in other closed-ended investment funds which are listed on the Official List.

As required by the Listing Rules, any material change to the investment policy of the Company will be made only with the prior approval of the Financial Conduct Authority and Shareholders.

4. Policies, approach and achievements adopted in respect of CSR

The Directors and the Investment Adviser are focused on the corporate objective of providing investors with an ethical, socially responsible and transparently managed Company. The best standards of governance and CSR are central to the Company's ethics and important in ensuring the continued attractiveness of the Company to the broad group of stakeholders with which it interacts.

The production of sustainable energy from the Company's portfolio is expected to save the emission of millions of tonnes of CO_2 throughout the life of the assets. In addition, the Company seeks to increase biodiversity at its sites by appropriate planting and landscaping of the land it manages, as detailed in the Environmental Social Governance report on pages 64 and 65.

OPERATIONAL ISSUES

5. Operational & Financial Review for the period

KEY PERFORMANCE INDICATORS

The Board has identified the following indicators for assessing the Company's annual performance in meeting its objectives:

	As at 30 June 2016	As at 30 June 2015
Market Capitalisation	£308,857,686	£305,562,903
Share price	99.75p	109.75p
Total dividends declared in relation to the year	7.25p	7.25p
NAV	£307,752,538	£288,390,867
NAV per share	99.39p	103.58p
Total Return to shareholders (based on share price and dividends paid in the year)	(2.5)%	13.0%

ACQUISITIONS

During the period, the Company completed 17 acquisitions, consisting of 44 additional plants for a total committed consideration of £193.3 million (2015: £138.6 million). Each investment has been carefully selected to ensure the portfolio is well balanced geographically, with appropriate levels of diversification of construction and operation contractors and key equipment.

PORTFOLIO PERFORMANCE

Of the 17 investments made during the financial year, 10 were contracted at or during the construction phase with 7 purchased with a record of operation. As at 30 June 2016, however, all of these 17 investments were operational. All acquisitions of projects under construction successfully entered operation during the year and achieved accreditation within the targeted 1.4 and 1.3 ROC bands, or FiT accreditation. Although a number of projects commenced operation after the contracted construction deadlines, contractual protections enabled the Group to benefit from contractor delay liquidated damages which fully compensated the applicable investment vehicle for delays in generation, keeping revenues in line with budget.

During the year to 30 June 2016, operationally the portfolio has performed strongly, being 1.8% ahead of its forecast ability to convert irradiation into energy output. Lower than expected irradiation (-3.7% against long term estimates) resulted in a fall in expected generation (2.5% below budget) which, when combined with falling power prices (5.9% drop in the period), has meant revenue from energy generated was 5.9% below expectation. However, when the additional revenues from liquidated damages and insurance proceeds of £0.9 million are accounted for, the total revenue in the period was only 3.5% below forecast. The Directors are particularly pleased with this performance in light of the considerable headwinds of low irradiation levels and the continuing decline in power prices over the last 12 months. The performance of the portfolio is analysed in greater detail within the Investment Adviser's report.

The Company's PPA strategy is to enter into short term contracts with contracting periods staggered quarterly across the portfolio in order to minimise the portfolio's sensitivity to short-term price volatility. In addition, the Company has acquired, through its secondary investments, long term (15 year) contracts on c. 25% of its portfolio, these contracts benefitting from floor prices.

Portfolio performance and power price movements are discussed in more detail within the Investment Adviser's report under Sections 4 and 5.

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	As at 30 June 2016 £ million	As at 30 June 2015 £ million
Total Distributed Investment Income (Note 4 & 10)	27.3	11.0
Change in fair value of assets (Note 10)	-9.7	8.6
Administrative expenses (Note 5)	-3.8	-3.0
Transaction costs (Note 6)	-1.9	-0.6
Finance costs (Note 7)	-3.2	-0.8
Total comprehensive income before tax	8.7	15.2
Tax	-	-
Total comprehensive income	8.7	15.2
Earnings per share	2.92p	6.71p

Distributed Investment Income for the period represents interest income and consultancy services fees paid by the SPV investment companies to BSIFIL. The Total Investment Income earned of £28.0m is the Distributed Investment Income of £27.3m (See Notes 4 and 10), combined with the Undistributed Investment Income of £0.7m (see page 33), being the increase in accrued earnings in the period which is makes up part of the 'Change in fair value of assets'.

The total comprehensive income before tax of £8.7 million reflects the performance of the Group when valuation movements and operating costs are included. Further detail on valuation movements is given in the Report of the Investment Adviser.

GROUP DEBT FACILITY

On 21 January 2016 the Group entered into a revised credit facility with RBS and Investec which increased the funds available from £50 million under the original facility to £200 million (see Note 7 of the consolidated financial statements). The facility was divided into three tranches, the details of which are shown below:

	Tranche A	Tranche B	Tranche C
Amount	£50m	£100m	£50m
Type	Term Loan	Term Loan	Revolving Facility
Margin (over LIBOR)	190 bps	210 bps	210 bps
Tenor	20 January 2017	30 September 2017	30 September 2017

As at the period end £180.4 million had been drawn down on the revised Facility. At 30 June 2015 £18.9 million had been drawn down on the original facility.

Post year end the Facility has been refinanced with £187 million long term financing provided by Aviva Investors. This is held at the Company level in two tranches, a £121.5 million fixed price loan at 2.875% interest and a £65.5 million index linked loan priced at 0.70% over RPI. The loans are for 18 years and are fully amortising.

6. Directors' Valuation of Group's portfolio

The Investment Adviser or an independent external valuer is responsible for preparing the fair market valuation recommendations for the Company's investments for review and approval by the Directors.

Valuations are carried out on a six monthly basis as at 31 December and 30 June each year and the Company has committed to procure a review of valuations by an independent expert not less than once every three years. Such an external valuation was undertaken by EY for the year ended 30 June 2015 and considered by the Directors in determining the portfolio fair value at that date.

The Directors' Valuation adopted for the portfolio as at 30 June 2016 was £483.7 million, representing a cumulative 1.6% uplift on investment cost, derived from a combination of income generated within the investments and revaluation uplift under discounted cash-flow methodology. The Board reviews and considers the recommendations of the Investment Adviser to form an opinion of the fair value of the Group's investments.

A detailed analysis of the Directors' Valuation is presented in the Report of the Investment Adviser.

7. Principal Risks and Uncertainties

Under the FCA's Disclosure and Transparency Rules, the Directors are required to identify those material risks to which the Group is exposed and take appropriate steps to mitigate those risks.

These inherent risks associated with investments in the solar energy sector could result in a material adverse effect on the Group's performance and value of Ordinary Shares.

Bluefield Solar Income Fund Limited's risk register covers four main areas of risk:

- Portfolio Management
- Operational
- Regulatory
- External

Each of these areas, together with the principal risks with that category, are summarised in the table below and include commentary on the mitigating factors.

PORTFOLIO MANAGEMENT

Risk Factor
1. Portfolio Operational Risk

Potential Impact
There may be underperformance of solar plant versus expectations at acquisition.

Mitigation
Bluefield Services Limited as Asset Manager prepares quarterly operational summaries for the Board that evaluates the performance of each plant against budget and highlights any issues to be addressed.

OPERATIONAL

Risk Factor
2. Financing risk

Potential Impact
Use of inappropriate financing could reduce the Group's ability to pay future dividends in the event of an increase in interest rates.

Mitigation
The Investment Adviser has arranged a long-term financing facility for the Group's portfolio that will match the maturity of the underlying assets and minimise interest rate risk.

Risk Factor
3. Valuation error

Potential Impact
Valuations of the SPV investments are reliant on large and detailed financial models based on discounted cash-flows. Significant inputs such as the discount rate, rate of inflation and the amount of electricity the solar assets are expected to produce are subjective and certain assumptions or methodologies applied may prove to be inaccurate. This is particularly so in periods of volatility or when there is limited transactional data for solar PV generation against which the investment valuation can be benchmarked. Other inputs such as the price at which electricity and associated benefits can be sold are subject to government policies and support.

Mitigation
The discount factor applied to the cash-flows is reviewed by the Investment Adviser to ensure that it is set at the appropriate level. All papers supporting the Gross Asset Value calculation and the methodology used are presented to the Board for approval and adoption. Ongoing quarterly reconciliations are performed between the SPVs and BSIF.

The Board has committed to obtaining 3rd party valuations at least every three years. The first valuation was completed in June 2015.

An additional and detailed review of the portfolio cash flow model was carried out as part of the long-term debt financing procurement process.

REGULATORY

Risk Factor
4. Changes to taxation regime

Potential Impact
There may be unfavourable tax related changes including restrictions on renewables, or no relief on debt structuring.

Mitigation
In October 2015 the final proposals for the 15 Base Erosion and Profit Shifting Actions were delivered to the G20 Finance Ministers. This included a timetable for implementation and for which Europe is expected to be a forerunner. An independent taxation review of the Company was carried out as part of the long-term debt financing procurement process. The Board continues to monitor the situation and take advice from the Group's Tax Advisers as necessary.

EXTERNAL

Risk Factor
5. Unfavourable Weather Conditions

Potential Impact
Annual income generation of the Group is sensitive to weather conditions and in particular to the level of irradiation across the investment locations. Variability in weather could result in greater than 10% variability in revenue generation year on year.

Mitigation
The Group uses on site measurement of irradiation in order to measure performance against budget, and its portfolio is relatively dispersed across the south of the United Kingdom. The use of solar photovoltaic technology at the sites means generation is not dependent only on direct irradiation but also on predictable daylight limiting short-term volatility when compared to other weather dependent electricity generation.

The Group has diversified the locations of its plants across the UK.

Risk Factor
6. Unfavourable Electricity Market Conditions

Potential Impact
Annual income generation of the Group is sensitive to future power market pricing. A major structural shift in power demand or supply will impact the Group's ability to meet its dividend target.

The reduction of all energy prices may also have a negative effect on the price of all sources of energy.

Mitigation
The Investment Adviser regularly updates the portfolio cash-flow model to reflect future power market forecasts and applies additional discounts to the forecasts. New projects are always assessed using the most recent power market forecast data available. A rolling programme of PPA contract expiries has been implemented to minimise risk. Protection against a sustained period of low energy prices can only be achieved by maximising exposure to regulatory revenues through acquisition of more legacy FIT and ROC plants. Some recent acquisitions have included fixed power contracts for a longer period, reducing exposure to volatility. These risks are however largely beyond the control of the Group. A third party review of the power strategy adopted by the Investment Adviser has also given a strong independent verification of the strategy.

Risk Factor
7. Political Risk

Potential Impact
The decision by the UK to exit the EU has elevated levels of political uncertainty and may have an adverse impact on the Group.

Mitigation
Since announcement of the EU referendum result there has been a weakening of Sterling's exchange rate against a number of major currencies and a downgrade of the UK's credit rating. The Group has not been impacted by these to date as it has negligible foreign currency exposure and the reduction in yield on gilts has materially reduced the cost of long-term debt. There are however other unknown risks which may or may not occur in the medium and longer term and which the Board will monitor closely should they arise.

LONGER TERM VIABILITY STATEMENT

Assessing the prospects of the Group
The corporate planning process is underpinned by scenarios that encompass a wide spectrum of potential outcomes. These scenarios are designed to explore the resilience of the Group to the potential impact of significant risks set out below.

The scenarios are designed to be severe but plausible and take full account of the availability and likely effectiveness of the mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks and which would realistically be open to management in the circumstances. In considering the likely effectiveness of such actions, the conclusions of the Board's regular monitoring and review of risk and internal control systems, as discussed in the Report of the Directors, is taken into account.

The Directors reviewed the impact of stress testing the quantifiable risks to the Company's cash flows in the above tables as detailed in risk factors 1-7 and concluded that the Company, assuming current leverage levels, would be able to continue to produce distributable income in the event of the following scenarios:

Risk factor	
1	Plant performance degradation of 0.8% per annum versus 0.4% per annum
2	Interest rates increased by 2%
5	P90 Irradiation
6	Power curveprice set to zero

We consider that this stress testing based assessment of the Group's prospects is reasonable in the circumstances of the inherent uncertainty involved.

The period over which we confirm longer-term viability
Within the context of the corporate planning framework discussed above, the Directors have assessed the prospects of the Group over a three year period ending 30 June 2019. Whilst the Directors have no reason to believe the Group will not be viable over a longer period, given the inherent uncertainty involved, the period over which the Directors consider it possible to form a reasonable expectation as to the Group's longer-term viability, based on the stress testing scenario planning discussed above, is the three year period to June 2019. This period, essentially the period used for our mid-term business plans, has been selected because it presents the Board and therefore readers of the annual report with a reasonable degree of confidence whilst still providing an appropriate longer-term outlook.

Confirmation of longer-term viability
The Directors confirm that their assessment of the principal risks facing the Group was robust.

Based upon the robust assessment of the principal risks facing the Group and their stress-testing based assessment of the Group's prospects, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to June 2019.

These inherent risks associated with investments in the solar energy sector could result in a material adverse effect on the Company's performance and value of Ordinary Shares.

The Group's risks are mitigated and managed by the Board through continual review, policy setting and half-yearly review of the Group's risk matrix by the Audit Committee to ensure that procedures are in place with the intention of minimising the impact of the above mentioned risks. The Board carried out its formal review of the risk matrix at the Audit Committee meeting held on 19 May 2016. The Board relies on periodic reports provided by the Investment Adviser and Administrator regarding risks that the Group faces. When required, experts will be employed to gather information, including tax advisers, legal advisers, and environmental advisers.

Paul Le Page
Director
3 October 2016

Laurence McNairn
Director
3 October 2016

REPORT OF THE INVESTMENT ADVISER

1. ABOUT BLUEFIELD PARTNERS LLP

Bluefield was established in 2009 and is an investment adviser to companies and funds investing in solar energy infrastructure. Our team has a proven record in the selection, acquisition and supervision of large scale energy and infrastructure assets in the UK and Europe. The team has been involved in over £1 billion of solar PV funds and/or transactions since 2008.

Bluefield was appointed Investment Adviser to the Company in June 2013. Based in its London office, Bluefield's partners are supported by a dedicated and highly experienced team of investment, legal and portfolio executives.

As Investment Adviser Bluefield takes responsibility, fully inclusive within its advisory fees, for selection, origination, execution of investment opportunities for the Company, having delivered 35 SPV investments to BSIF since flotation. Due to the strong expertise of the Adviser no additional transaction arrangement or origination service providers are employed by the Company and no investment transaction arrangement fees have been paid either to the Investment Adviser or any third parties.

Bluefield's Investment Committee has collective experience of over £15 billion of energy and infrastructure transactions.

2. ANALYSIS OF UNDERLYING EARNINGS

ANALYSIS OF PORTFOLIO INCOME

The total generation and revenue earned in the period by the Company's portfolio, split by subsidy regime, is outlined below.

Subsidy Regime	Generation (MWh)	PPA Revenue (£m)	Regulated Revenue (£m)
FiT	10,778	0.4	2.8
2.0 ROCs	6,890	0.3	0.6
1.6 ROCs	89,897	4.0	6.2
1.4 ROCs	183,902	8.6	11.1
1.3 ROCs	17,594	0.6	1.0
Total	309,061	13.9	21.7

Whilst power prices have fallen over the period, due to the Company's PPA fixing strategy and contribution of assets acquired in the period, the proportion of regulated revenue (61%) has remained in line with the period to 30 June 15.

The Company includes ROC recycle assumptions within its long term forecasts and applies a prudent approach on recognition. In the period to 30 June 2016 it has not recognised any potential benefit for the 9 months of ROC recycle in relation to the period April 2015- March 2016. Only when the recycle fund has been determined, in October 2016, will the Company recognise any actual revenue due.

The following tables break down how the investment earnings have facilitated the dividend outperformance against targets achieved in the year.

Underlying Portfolio Earnings

FY15/16	£m
Revenue	35.6
Liquidated damages	0.9
Portfolio Income	**36.5**
Portfolio Costs	7.1
Portfolio EBITDA	**29.4**
Project level debt service	1.4
Total Income Earned	**28.0**

Total Investment Income comprises Distributed Investment Income of £27.3m and Undistributed (but accrued) Investment Income of £0.7m as set out in the table below.

Analysis of Investment Income Generation

The table below highlights the underlying Earnings Per share for the last two financial years.

	FY2015/16 (£m)	FY2014/15 (£m)
Distributed Investment Income	27.3	11.0
Undistributed Investment Income*	0.7	10.1
Total Investment Income Earned	28.0	21.1
Group level Operating Costs	3.9	3.0
Group level Finance Costs	3.1	0.8
Total Underlying Earnings	21.0	17.3
Average Number of shares in year**	295,282,786	224,583,921
Underlying Earnings (pps)	7.10	7.71
Target Dividend (pps)	7.07	7.00
Target Dividend Distribution (£m)	20.9	15.3
Full Year Dividend Declared/Paid (pps)	7.25	7.25
Full Year Distribution (£m)	21.4	16.0
Reserves carried forward (£m)	0.8	1.3
Total Distributable Income	22.2	17.3

*Undistributed portfolio earnings reflects undistributed earnings retained within the SPVs as at 30 June 2016 less undistributed earnings as at 30 June 2015. The reduction from £10.1m in June 2015 to £0.7m in June 2016 reflects the portfolio's evolution to earning and distributing evenly over a 12 month rolling basis.

**Average number of shares in the year is calculated based on shares at the time dividends were declared.

MAINTENANCE AT BETINGAU

STRING INVERTER, ROMSEY

INVERTER SUBSTATION, ASHLAWN

Dividends declared in FY2015/16

Dividends	Date paid/ to be paid	Pence per share	Number of shares	FY 2015/16 (£ million)
1st Interim	15 Dec 15	3.25	278,417,224	9.1
2nd Interim	20 May 16	1.00	309,631,765	3.1
3rd Interim	9 Sep 16	1.50	309,631,765	4.6
4th Interim - Declared	4 Nov 16	1.50	309,631,765	4.6
Total		**7.25**	**309,631,765**	**21.4**

The Group has reserves of £0.8 million (0.26 pence per share), £1.3m (0.41 pence per share) as at 30 June 2015, which are available for future distributions.

3. COST ANALYSIS

A breakdown of the administrative expenses paid is provided below. Further details of the administrative expenses can be found in Note 5 of the consolidated financial statements.

Administrative expenses	Year ended 30 June 2016	% of NAV as at 30 June 2016	Year ended 30 June 2015	% of NAV as at 30 June 2015
Fees to Investment Adviser	£2,456,218	0.80%	£2,007,666	0.70%
Legal and professional fees	£75,806	0.02%	£46,674	0.02%
Administration fees	£268,144	0.09%	£287,424	0.10%
Directors' remuneration	£169,733	0.05%	£145,599	0.05%
Audit fees	£109,925	0.04%	£61,398	0.02%
Other expenses	£293,988	0.10%	£208,543	0.07%

Administrative expenses (continued)	Year ended 30 June 2016	% of NAV as at 30 June 2016	Year ended 30 June 2015	% of NAV as at 30 June 2015
Total recurring	**£3,373,814**	**1.10%**	**£2,757,304**	**0.96%**
Variable fees to Investment Adviser	£376,014	0.12%	-	-
Legal and professional fees	£78,165	0.03%	£229,260	0.08%
Administration fees	£18,172	0.01%	-	-
Non-audit fees	£12,938	0.00%	£10,661	0.00%
Listing fees	-	-	£8,307	0.00%
Other expenses	-	-	£16,553	0.01%
Total non-recurring	**£485,289**	**0.16%**	**£264,781**	**0.09%**

Non-audit fees excludes £46,575 (2015: £62,100) in relation to the placing and offer in December 2015 which were deducted from placing proceeds (see Note 5).

ON-GOING CHARGES

Ongoing charges is a measure of the day-to-day costs of managing the Group. It is expressed in terms of a percentage reduction in shareholder returns assuming markets remain static and the investment portfolio is not traded.

The fees the Investment Adviser receives are based on the NAV, at an effective rate of 0.80% over the year, and are in line with the growth in the investment portfolio and do not contain any variable fee element.

The table below reflects all costs the Company has incurred.

	Year ended 30 June 2016	Year ended 30 June 2015
Annualised on-going charges	£3,373,814	£2,764,879
Average NAV	£302,619,714	£217,442,315
On-going charges	**1.11%**	**1.27 %**

The ongoing charges ratio is calculated in accordance with the AIC recommended methodology, which excludes non-recurring costs and, unlike the recurring expenses of 1.10% of 30 June 2016 NAV reported in the Administrative Expenses table, uses the average rather than year end NAV.

The classification of recurring and non-recurring costs in this section is in accordance with the recommendations of the Association of Investment Companies (AIC). A more detailed analysis of the Group's financial performance can be found below in the consolidated financial statements.

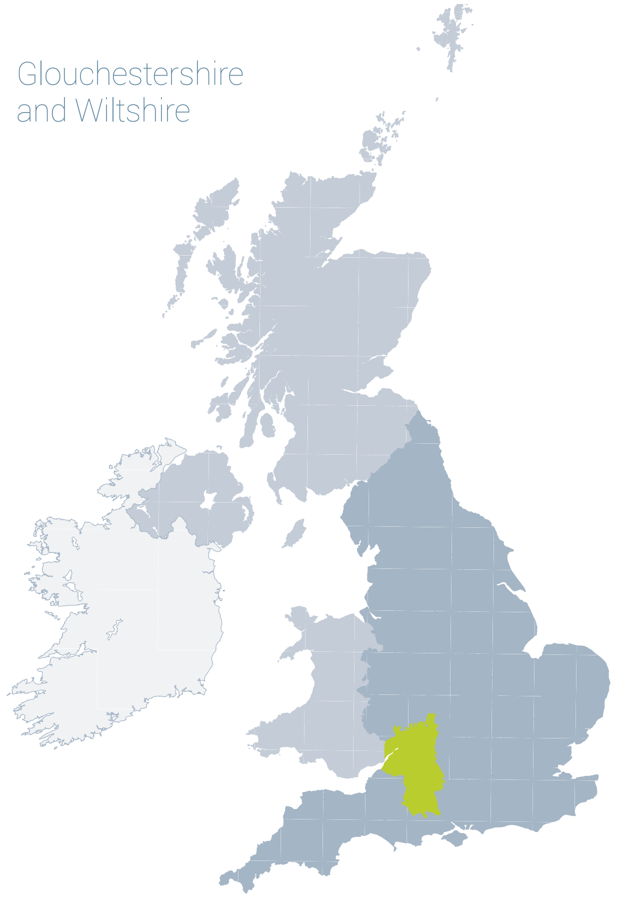
4. PORTFOLIO OF ASSETS

The Company's operating portfolio as at 30 June 2016 is shown here:

Plant	Total Investment Commitment (£m)	MWp	FY 2015/2016 Generation (MWh)	No. Months Generation
Hardingham	22.75	20.1	18,789	12
Goosewillow	19.01	16.9	15,851	12
North Beer	9.35	6.9	6,890	12
Hill Farm	17.30	15.2	13,265	12
Hall Farm	13.37	11.4	11,692	12
Saxley	7.00	5.9	5,575	12
Betingau	11.21	10.0	8,051	12
Sheppey	12.00	10.6	10,262	12
Pentylands	21.40	19.2	16,673	12
Durrants	6.45	5.0	4,704	12
Goshawk	2.01	1.1	1,042	12
Hoback	19.00	17.5	15,946	12
Capelands	8.62	8.4	8,133	12
Redlands	6.37	6.2	5,871	12
Ashlawn	7.60	6.6	6,583	12
Roves	14.00	12.7	11,606	12
Elms	32.75	28.9	25,505	12
West Raynham	55.87	50.0	49,222	12
Butteriss	2.40	0.8	591	11
Promothames	1.32	0.4	262	11
Salhouse	5.61	5.0	2,830	9
Trethosa	5.78	4.8	2,746	9
Southwick	61.04	47.9	24,907	6
Littlebourne	21.97	17.0	9,159	6
Pashley	15.39	11.5	6,635	6
Molehill	23.10	18.0	10,072	6
Frogs Loke	5.61	5.0	1,743	6
Bunns Hill	5.34	5.0	1,877	5
Folly Lane	5.28	4.8	2,279	4
Grange	5.40	5.0	1,839	4
Rookery	5.15	5.0	1,690	4
Tollgate	4.63	4.3	1,518	4
Romsey	5.81	5.0	1,726	4
Oulton	5.27	5.0	2,093	4
Burnaston	14.38	4.1	1,434	3
Total	479.5	401.2	309,061	

GRANGE

LOCATION	Newent
OWNERSHIP	100%
INVESTMENT DATE	February 2016
CAPACITY (MWp)	5.0
PANEL SUPPLIER	Canadian Solar
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.3 ROC



PENTYLANDS

LOCATION	Highworth
OWNERSHIP	100%
INVESTMENT DATE	February 2014
CAPACITY (MWp)	19.2
PANEL SUPPLIER	Astroenergy
EPC CONTRACTOR	Conergy
SUBSIDY VINTAGE	1.6 ROC

ROVES

LOCATION	Sevenhampton
OWNERSHIP	100%
INVESTMENT DATE	March 2015
CAPACITY (MWp)	12.7
PANEL SUPPLIER	Astroenergy
EPC CONTRACTOR	Wirsol Energy
SUBSIDY VINTAGE	1.4 ROC

ASHLAWN

LOCATION	Axbridge
OWNERSHIP	100%
INVESTMENT DATE	December 2014
CAPACITY (MWp)	6.6
PANEL SUPPLIER	Hanwha Q Cells
EPC CONTRACTOR	Parabel UK
SUBSIDY VINTAGE	1.4 ROC

REDLANDS

LOCATION	Bridgewater
OWNERSHIP	100%
INVESTMENT DATE	August 2014
CAPACITY (MWp)	6.2
PANEL SUPPLIER	S-Energy
EPC CONTRACTOR	Juwi Renewables
SUBSIDY VINTAGE	1.4 ROC

CAPELANDS

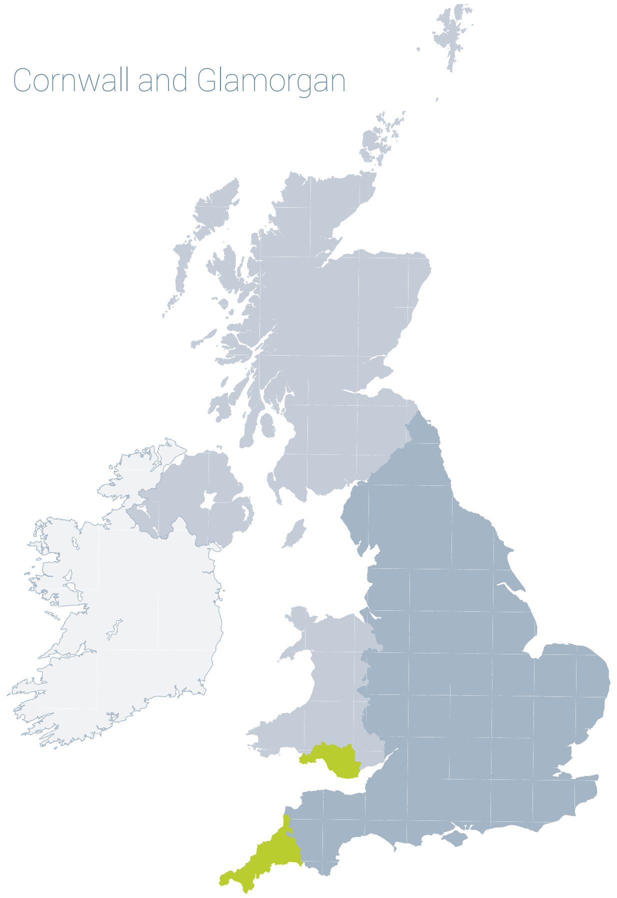
LOCATION	Barnstaple
OWNERSHIP	100%
INVESTMENT DATE	August 2014
CAPACITY (MWp)	8.4
PANEL SUPPLIER	S-Energy
EPC CONTRACTOR	Juwi Renewables
SUBSIDY VINTAGE	1.4 ROC

NORTH BEER

LOCATION	Launceston
OWNERSHIP	100%
INVESTMENT DATE	October 2013
CAPACITY (MWp)	6.9
PANEL SUPPLIER	Hareon
EPC CONTRACTOR	Parabel UK
SUBSIDY VINTAGE	2.0 ROC

TRETHOSA

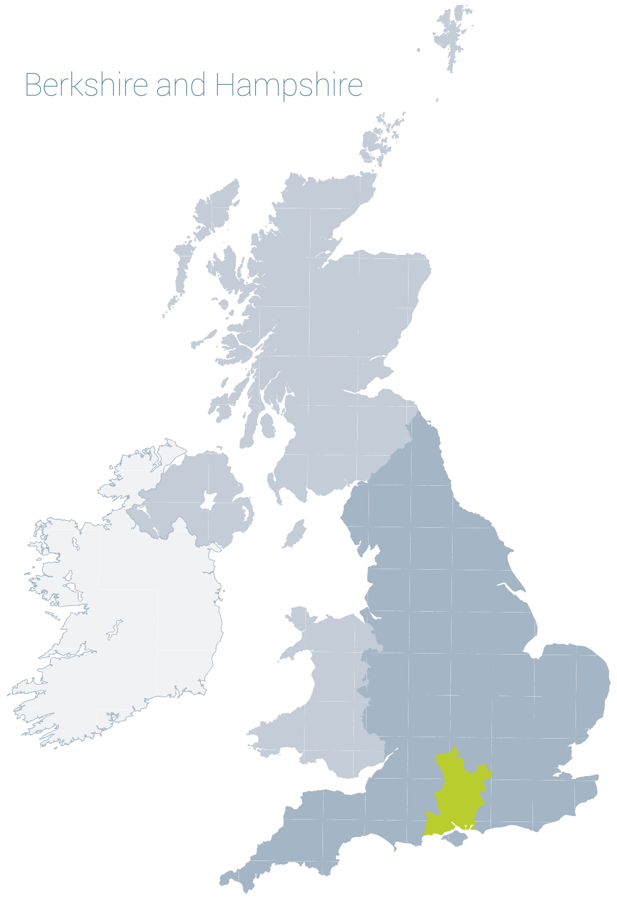
LOCATION	St Austell
OWNERSHIP	100%
INVESTMENT DATE	July 2015
CAPACITY (MWp)	4.8
PANEL SUPPLIER	REC
EPC CONTRACTOR	Wirsol Energy
SUBSIDY VINTAGE	FiT



BETINGAU

LOCATION	Swansea
OWNERSHIP	100%
INVESTMENT DATE	December 2013
CAPACITY (MWp)	10.0
PANEL SUPPLIER	Sharp / REC
EPC CONTRACTOR	Prosolia
SUBSIDY VINTAGE	1.6 ROC

Berkshire and Hampshire



SOUTHWICK

LOCATION	Fareham
OWNERSHIP	100%
INVESTMENT DATE	January 2016
CAPACITY (MWp)	47.9
PANEL SUPPLIER	JA Solar
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.4 ROC

PROMOTHAMES

LOCATION	9 Sites
OWNERSHIP	100%
INVESTMENT DATE	August 2015
CAPACITY (MWp)	0.4
PANEL SUPPLIER	Trina
EPC CONTRACTOR	British Gas
SUBSIDY VINTAGE	FiT

SAXLEY

LOCATION	Andover
OWNERSHIP	100%
INVESTMENT DATE	December 2013
CAPACITY (MWp)	5.9
PANEL SUPPLIER	Hanwha Q Cells
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.6 ROC

ROMSEY

LOCATION	Romsey
OWNERSHIP	100%
INVESTMENT DATE	February 2016
CAPACITY (MWp)	5.0
PANEL SUPPLIER	Canadian Solar
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.3 ROC

Derbyshire, Warwickshire and Lincolnshire

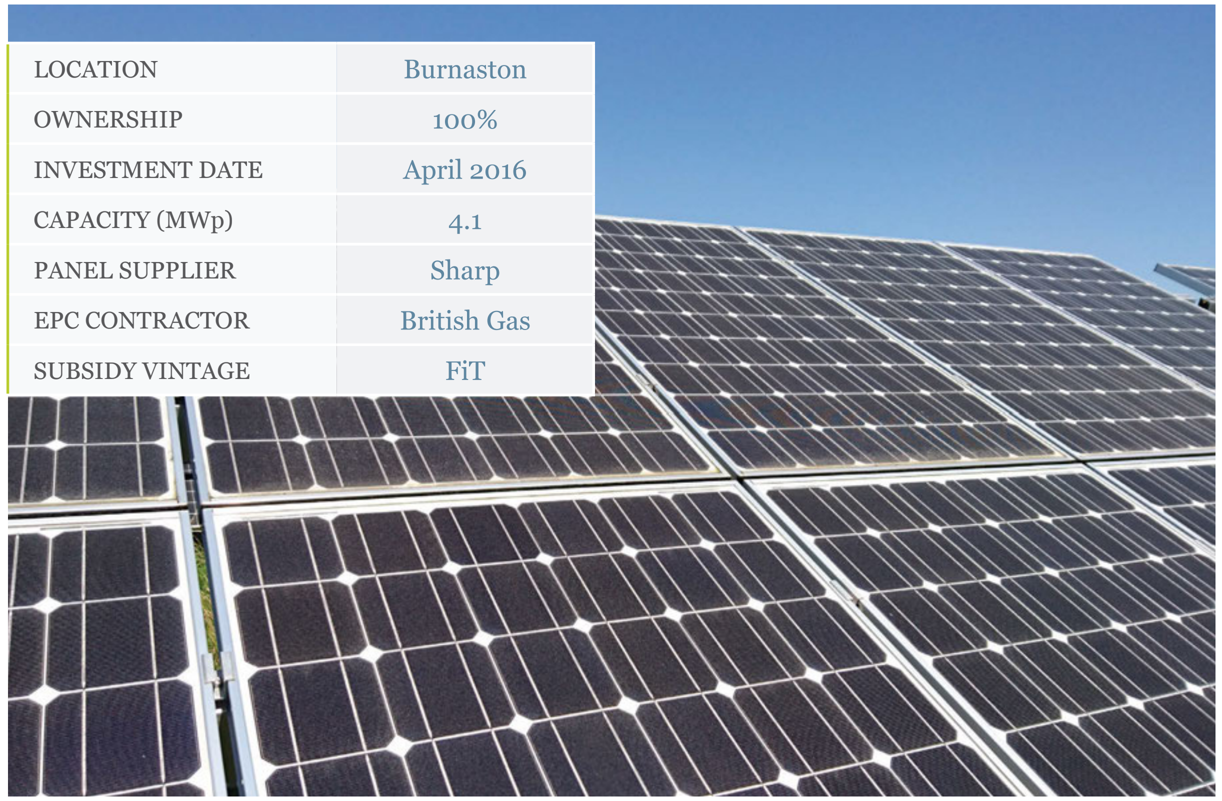
TOLLGATE

LOCATION	Lemington Spa
OWNERSHIP	100%
INVESTMENT DATE	January 2016
CAPACITY (MWp)	4.3
PANEL SUPPLIER	Canadian Solar
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.3 ROC

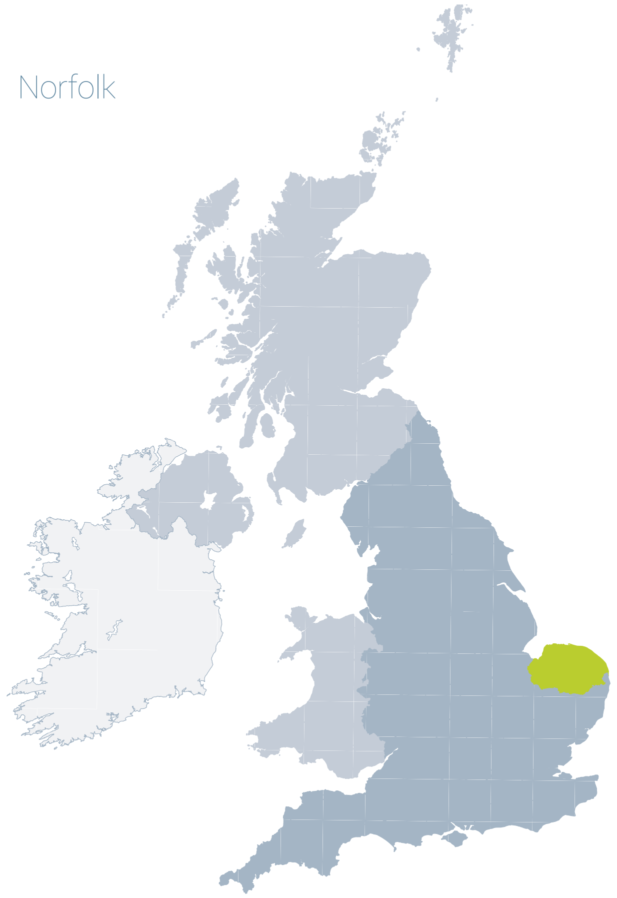
FOLLY LANE

LOCATION	Boston
OWNERSHIP	100%
INVESTMENT DATE	December 2015
CAPACITY (MWp)	4.8
PANEL SUPPLIER	Canadian Solar
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.3 ROC

BURNASTON



LOCATION	Burnaston
OWNERSHIP	100%
INVESTMENT DATE	April 2016
CAPACITY (MWp)	4.1
PANEL SUPPLIER	Sharp
EPC CONTRACTOR	British Gas
SUBSIDY VINTAGE	FiT



WEST RAYNHAM

LOCATION	West Raynham
OWNERSHIP	100%
INVESTMENT DATE	June 2015
CAPACITY (MWp)	50.0
PANEL SUPPLIER	Trina
EPC CONTRACTOR	MAETEL / ACS
SUBSIDY VINTAGE	1.4 ROC

HARDINGHAM

LOCATION	Wicklewood
OWNERSHIP	100%
INVESTMENT DATE	September 2013
CAPACITY (MWp)	14.9
PANEL SUPPLIER	Hanwha Q Cells
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.6 ROC

HARDINGHAM EXTENSION

LOCATION	Wicklewood
OWNERSHIP	100%
INVESTMENT DATE	November 2014
CAPACITY (MWp)	5.2
PANEL SUPPLIER	Hanwha Q Cells
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.4 ROC

HALL FARM

LOCATION	East Beckham
OWNERSHIP	100%
INVESTMENT DATE	December 2013
CAPACITY (MWp)	11.5
PANEL SUPPLIER	Hanwha Solar One
EPC CONTRACTOR	Ikaros Solar
SUBSIDY VINTAGE	1.6 ROC

SALHOUSE

LOCATION	Salhouse
OWNERSHIP	100%
INVESTMENT DATE	July 2015
CAPACITY (MWp)	5.0
PANEL SUPPLIER	REC
EPC CONTRACTOR	Wirsol Energy
SUBSIDY VINTAGE	1.3 ROC

BUNNS HILL

LOCATION	North Walsham
OWNERSHIP	100%
INVESTMENT DATE	December 2015
CAPACITY (MWp)	5.0
PANEL SUPPLIER	Neo Solar Europe
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.3 ROC

ROOKERY

LOCATION	Attleborough
OWNERSHIP	100%
INVESTMENT DATE	January 2016
CAPACITY (MWp)	5.0
PANEL SUPPLIER	Canadian Solar
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.3 ROC

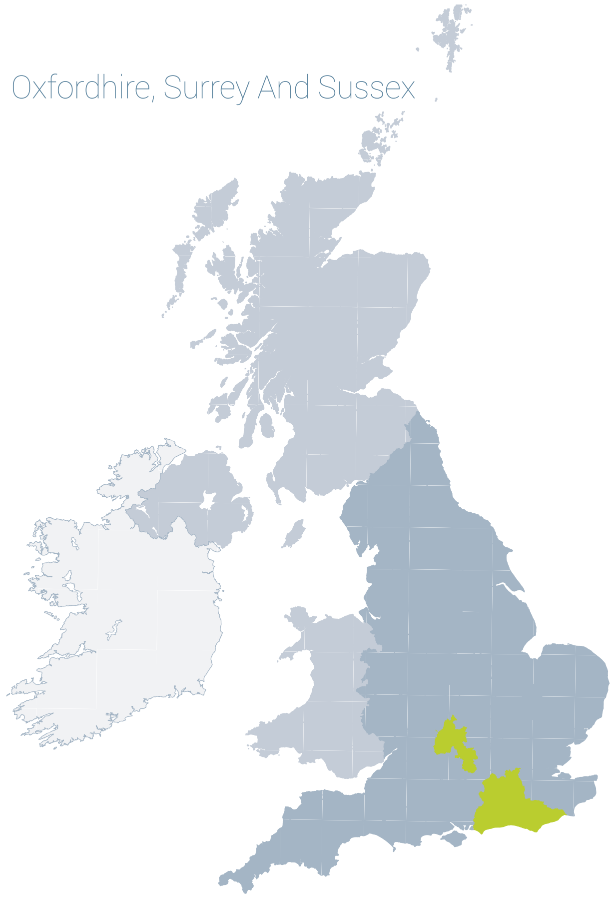
FROGS LOKE

LOCATION	North Walsham
OWNERSHIP	100%
INVESTMENT DATE	December 2015
CAPACITY (MWp)	5.0
PANEL SUPPLIER	Canadian Solar
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.3 ROC

OULTON

LOCATION	Oulton Airfield
OWNERSHIP	100%
INVESTMENT DATE	February 2016
CAPACITY (MWp)	5.0
PANEL SUPPLIER	Canadian Solar
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.3 ROC

Oxfordhire, Surrey And Sussex

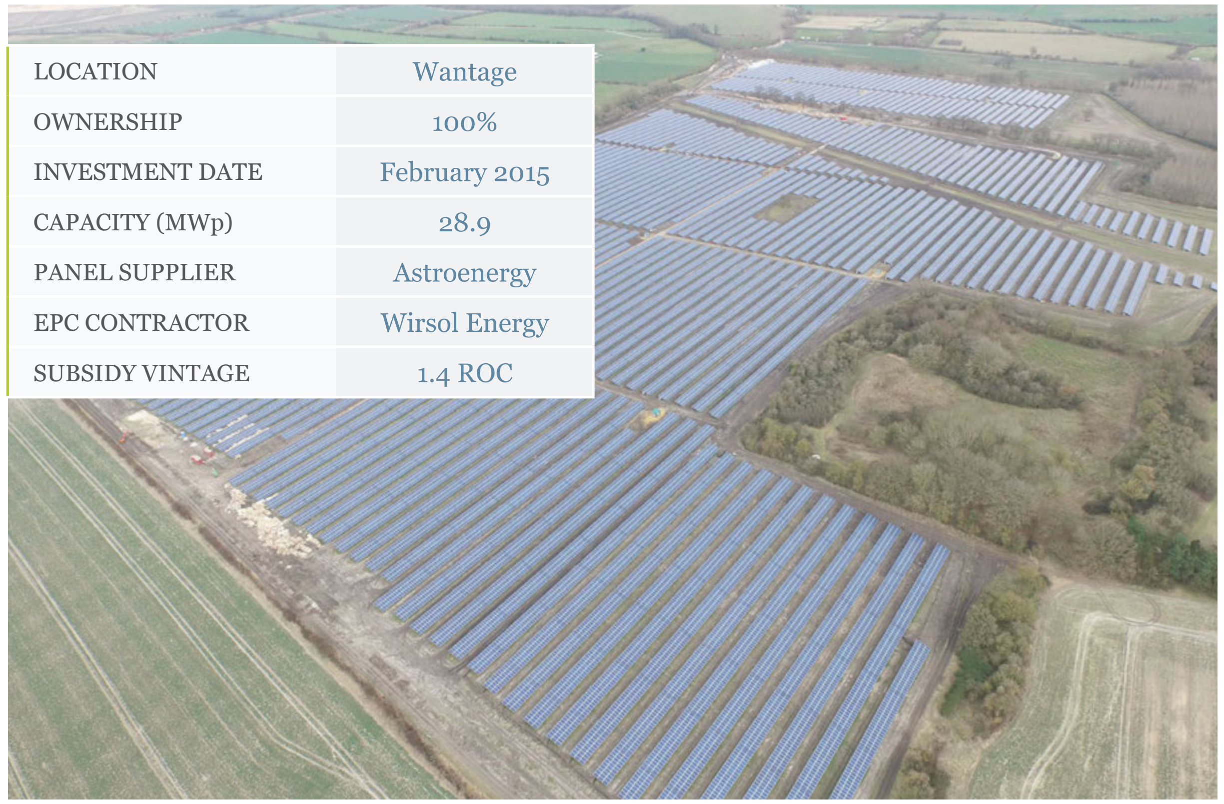


HILL FARM

LOCATION	Abingdon
OWNERSHIP	100%
INVESTMENT DATE	October 2013
CAPACITY (MWp)	15.2
PANEL SUPPLIER	Yingli
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.6 ROC

ELMS

LOCATION	Wantage
OWNERSHIP	100%
INVESTMENT DATE	February 2015
CAPACITY (MWp)	28.9
PANEL SUPPLIER	Astroenergy
EPC CONTRACTOR	Wirsol Energy
SUBSIDY VINTAGE	1.4 ROC



GOOSEWILLOW

LOCATION	Steventon
OWNERSHIP	100%
INVESTMENT DATE	Aug & Nov 2013
CAPACITY (MWp)	16.9
PANEL SUPPLIER	Trina
EPC CONTRACTOR	Ikaros Solar
SUBSIDY VINTAGE	1.6 ROC

BUTTERISS DOWNS

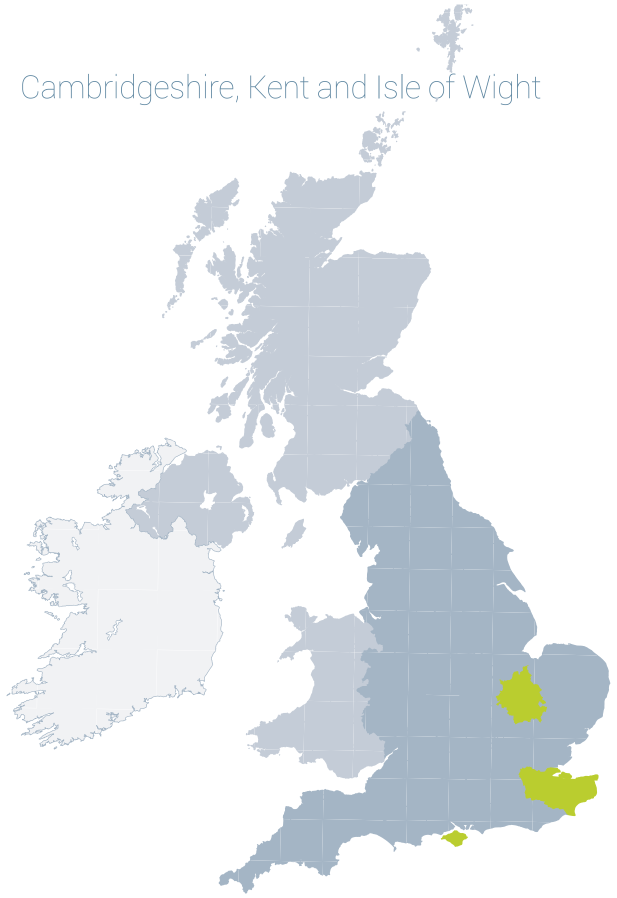
LOCATION	20 Sites
OWNERSHIP	100%
INVESTMENT DATE	August 2015
CAPACITY (MWp)	0.8
PANEL SUPPLIER	TRINA / LDK
EPC CONTRACTOR	British Gas
SUBSIDY VINTAGE	FiT

GOSHAWK

LOCATION	11 Sites
OWNERSHIP	100%
INVESTMENT DATE	September 2014
CAPACITY (MWp)	1.1
PANEL SUPPLIER	Trina / Suntech
EPC CONTRACTOR	British Gas
SUBSIDY VINTAGE	FiT

PASHLEY

LOCATION	Bexhill On Sea
OWNERSHIP	100%
INVESTMENT DATE	January 2016
CAPACITY (MWp)	11.5
PANEL SUPPLIER	Hanwha Solar One
EPC CONTRACTOR	Vogt Solar
SUBSIDY VINTAGE	1.4 ROC



DURRANTS

LOCATION	Newport
OWNERSHIP	100%
INVESTMENT DATE	September 2014
CAPACITY (MWp)	5.0
PANEL SUPPLIER	REC
EPC CONTRACTOR	REC Systems
SUBSIDY VINTAGE	FiT

HOBACK

LOCATION	Royston
OWNERSHIP	100%
INVESTMENT DATE	June 2014
CAPACITY (MWp)	17.5
PANEL SUPPLIER	Jinko Solar
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.4 ROC

SHEPPEY

LOCATION	Isle of Sheppey
OWNERSHIP	100%
INVESTMENT DATE	January 2014
CAPACITY (MWp)	10.6
PANEL SUPPLIER	Yingli
EPC CONTRACTOR	Solar Century
SUBSIDY VINTAGE	1.4 ROC

MOLEHILL

LOCATION	Herne Bay
OWNERSHIP	100%
INVESTMENT DATE	January 2016
CAPACITY (MWp)	18.0
PANEL SUPPLIER	Hanwha Solar One
EPC CONTRACTOR	Vogt Solar
SUBSIDY VINTAGE	1.4 ROC

LITTLEBOURNE

LOCATION	Canterbury
OWNERSHIP	100%
INVESTMENT DATE	January 2016
CAPACITY (MWp)	17.0
PANEL SUPPLIER	Hanwha Solar One
EPC CONTRACTOR	Vogt Solar
SUBSIDY VINTAGE	1.4 ROC

As at 30 June 2016, the Company had an operational portfolio of 73 PV plants, with a total capacity of 401.2 MWp.

Located across the south of England and Wales, the investments are geographically diverse, have been constructed by 11 experienced solar contractors and contain a diverse range of proven solar technologies and infrastructure.

Despite irradiation being 3.7% below expectations and availability being 0.6% below annual estimates (unplanned electricity grid and plants' outages in the period equated to a loss in generation of 5.1 GWh versus assumed allowance of 3.2 GWh) portfolio generation was only 2.5% below forecast (309.1 GWh versus 317.0 GWh), resulting from the assets performing above expectations (by 1.8%) in converting irradiation to electricity output (the 'operational performance').

Of the aforementioned availability losses (5.1GWh) a number have triggered the opportunity for insurance or damages recovery through the strong performance protections built into the project contractual structures. In total during the financial year the Company recovered performance liquidated damages (of £0.8m) and insurance claims (of £0.1m).

The Company remains protected by two-year performance warranties, applicable from each asset's provisional acceptance date, which provide contractual entitlement to recovery of damages as a result of operational under-performance against the contractual performance warranty.

The robust operational performance of the portfolio and the effective recovery of damages due from contractual protections highlights the success of our proactive approach to portfolio management and our effective engagement with the Company' asset manager, BSL, who through daily monitoring of the plants and constant contractor engagement have over the course of the year spent in excess of 5,800 hours analysing plant performance, 52 days assessing performance calculations at critical contractual milestones (PAC, 1st / 2nd year performance tests), and 21 weeks visiting and inspecting the condition of the equipment and maintenance of the sites.

In addition to the operational outperformance and recovery of liquidated damages mentioned respectively above, BSL have achieved notable successes in relation to the Company's portfolio throughout the last 12 months, such as the recovery of missing generation and the reduction of the duration of grid outages through active engagement with DNOs.

ACQUISITIONS IN PERIOD

During the 12 month period to June 2016, the Company has completed a significant £193.3 million phase of acquisitions, funded through a combination of equity raised in December 2015 and use of its Revolving Credit Facility.

The acquisitions made covered ten construction assets (eight contracted with Solar Century for a total of 38.9 MWp and two with Wirsol for a total of 9.8 MWp) as well as seven operational assets (for a total of 99.8 MWp). These acquisitions have enabled the Company to achieve a number of its original IPO objectives:

(i) a scale of operations which have given it the ability to secure market leading buying power and the potential for economies of scale. A prime example of this is the sector leading achievement post period end in securing of low cost long term structural debt which is the result of a strategy to focus on acquisition of unlevered assets to give maximum flexibility in structuring long term debt. The Company expects to further exploit this market scale advantage through future contracting of Operation & Maintenance and Power Purchase Agreements;

(ii) leverage within the Company through a two step process, commenced with the closing of the acquisitions and utilisation of a short term facility, which post period end has been replaced by long term structural debt. This leverage objective was anticipated at IPO in order to enable to Company to achieve its long term distribution and return objectives;

(iii) the diversification of the portfolio by location and equipment. By illustration the largest single asset exposure at June 30 2015 was 19.7% of GAV (by capacity), in the year this has been reduced to 12.5% of GAV.

The acquisitions have resulted in a material increase in scale of the Company's portfolio from 252.7 MWp at 30 June 2015 to 401.2 MWp as at 30 June 2016 with this increase in scale expected to be beneficial for the Company in facilitating economies of scale across future costs and potential PPA aggregation.

Details of the acquisitions made in the period are outlined below, all of which are 100% owned by BSIFL.

Salhouse, **Norfolk**
On 24 July 2015 terms were agreed with Wirsol Energy as EPC contractor to build a 5.0 MWp solar farm in Norfolk. The project became operational in October 2015 and has been accredited under the 1.3 ROC regime. The plant uses REC modules and Huawei inverters.

Trethosa, **Cornwall**
On 24 July 2015 terms were agreed with Wirsol Energy as EPC contractor to build a 4.8 MWp solar farm in Cornwall. The project became operational in October 2015 and has been accredited under the FiT regime, achieving a tariff of £61.6/MWh. The plant uses REC modules and Huawei inverters.

Butteriss Downs, **Oxfordshire** and
Promothames, **Berkshire & Hampshire**
On 21 August 2015 terms were agreed with private shareholders for a 100% subsidiary of BSIFIL to acquire two solar PV portfolio holding companies, projects Butteriss Downs, and Promothames. The two project holding companies hold a total of 29 operational solar PV plants located on, and connected to, industrial sites in the UK owned by Thames Water Utilities. The total installed capacity is 1.2 MWp, and the projects benefit from the FiT and PPA agreements with Thames Water where the power produced by the PV system is consumed by the site. Purchase of 100% of projects Butteriss Downs and Promothames completed on 21 August 2015. As Bluefield acted as the Investment Adviser to the seller as well as to the Company in the transaction, and Members or employees of Bluefield were both directors of BSIFIL, the purchaser vehicle and the target companies, the transaction was treated as a smaller related party transaction under UKLA Listing Rules. On this basis a Fair and Reasonable Opinion was sought and received from Numis Securities Limited before signing of the transaction (see Note 19). A third acquisition within this portfolio was contracted under a Sale & Purchase Agreement at the same time as the above transactions (Solar Photovoltaic SPV1 Ltd, the owner of a rooftop installation in Northants benefitting from the attractive 2011 FiT). This acquisition was not completed in the period due to the failure of the vendor to fulfil a condition precedent to the purchase but the transaction remains under review.

Frogs Loke, **Norfolk**
On 17 December 2015 terms were agreed with Solar Century as EPC contractor to build a 5.0 MWp solar farm in Norfolk. The project is operational and has been accredited under the 1.3 ROC regime. The plant uses Canadian Solar modules and SMA inverters.

Bunns Hill, **Norfolk**
On 18 December 2015 terms were agreed with Solar Century as EPC contractor to build a 5.0 MWp solar farm in Norfolk. The project is operational and has been accredited under the 1.3 ROC regime. The plant uses Neo Solar Europe modules and SMA inverters.

Folly Lane, **Lincolnshire**
On 17 December 2015 terms were agreed with Solar Century as EPC contractor to build a 4.8 MWp solar farm in Lincolnshire. The project is operational and has been accredited under the 1.3 ROC regime. The plant uses Canadian Solar modules and Huawei inverters.

Rookery, **Norfolk**
On 18 January 2016 terms were agreed with Solar Century as EPC contractor to build a 5.0 MWp solar farm in Norfolk. The project is operational and has been accredited under the 1.3 ROC regime. The plant uses Canadian Solar modules and SMA inverters.

Grange, **Gloucestershire**
On 21 January 2016 terms were agreed with Solar Century as EPC contractor to build a 5.0 MWp solar farm in Gloucestershire. The project is operational and has been accredited under the 1.3 ROC regime. The plant uses Canadian Solar modules and Huawei inverters.

Southwick, **Hampshire**
On 22 January 2016 terms were agreed with Primrose Solar to purchase a 47.9 MWp solar farm in Hampshire. The project became operational on 9 March 2015 and is accredited under the 1.4 ROC regime and benefits from attractively priced power purchase agreements with fixed offtake prices until early 2018. The EPC contractor is Solar Century. The plant uses JA Solar modules and Power One and ABB inverters.

Littlebourne, **Kent**
On 22 January 2016 terms were agreed with Primrose Solar to purchase a 17.0 MWp solar farm in Kent. The project became operational on 20 October 2014 and is accredited under the 1.4 ROC regime and benefits from attractively priced power purchase agreements with fixed offtake prices until early 2018. The EPC contractor is Vogt Solar. The plant uses Hanwha modules and Schneider and Conext inverters.

Pashley, **Sussex**
On 22 January 2016 terms were agreed with Primrose Solar to purchase an 11.5 MWp solar farm in Sussex. The project became operational on 13 February 2015 and is accredited under the 1.4 ROC regime and benefits from attractively priced power purchase agreements with fixed offtake prices until early 2018. The EPC contractor is Vogt Solar. The plant uses Hanwha modules and Schneider and Conext inverters

Molehill, **Kent**
On 22 January 2016 terms were agreed with Primrose Solar to purchase an 18.0 MWp solar farm in Kent. The project became operational on 24 March 2015 and is accredited under the 1.4 ROC regime and benefits from attractively priced power purchase agreements with fixed offtake prices until early 2018. The EPC contractor is Vogt Solar. The plant uses Hanwha modules and Schneider and Conext inverters.

Tollgate, **Warwickshire**
On 27 January 2016 terms were agreed with Solar Century as EPC contractor to build a 4.3 MWp solar farm in Warwickshire. The project became operational in March 2016 and has been accredited under the 1.3 ROC regime. The plant uses Canadian Solar modules and Huawei inverters.

Romsey, **Hampshire**
On 10 February 2016 terms were agreed with Solar Century as EPC contractor to build a 5.0 MWp solar farm in Hampshire. The project is operational and has been accredited under the 1.3 ROC regime. The plant uses Canadian Solar modules and Huawei inverters.

Oulton, **Norfolk**
On 10 February 2016 terms were agreed with Solar Century as EPC contractor to build a 5.0 MWp solar farm in Norfolk. The project is operational and has been accredited under the 1.3 ROC regime. The plant uses Canadian Solar modules and SMA inverters.

Burnaston, **Derbyshire**
On 15 April 2016 terms were agreed with private shareholders to purchase a 4.1 MWp solar farm in Derbyshire. The project became operational in July 2011 and is accredited under the FiT regime, achieving a tariff of £35.07/MWh. The EPC contractor is British Gas New Heating. The plant uses Sharp modules and SMA inverters.

There have been no further acquisitions post 30 June 2016.

5. POWER PRICES AND STRATEGY

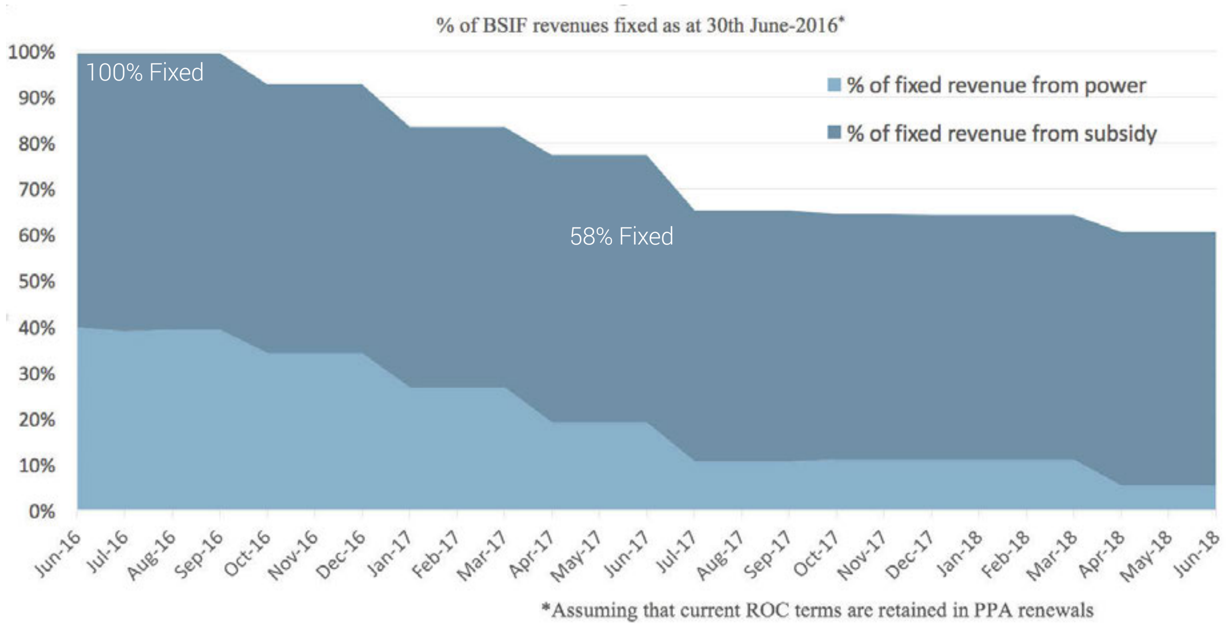
PPA STRATEGY

Over the period the Company maintained its strategy to fix the price of power sale contracts for individual assets for periods of 12 to 24 months.

Prices can be fixed up to 3 months in advance of the commencement of the fixing period and PPA counterparties are selected on a competitive basis but with a clear focus on achieving diversification of counterparty risk.

The Company has also continued to implement the approach of fixing 12 month power prices for 25% of the portfolio each quarter, in order to mitigate the Company's exposure to seasonality fluctuations and short-term events which have the potential to increase volatility on the price of electricity in the UK. The fixing period seeks to maximise potential revenues for the Company during its current acquisition phase, whilst spreading exposure to short-term power movements across the portfolio.

The combination of the renewal strategy applied during the period and the acquisition in January 2016 of c. 95 MWp of operational plants (c.25% of the portfolio) with 15 year PPAs with attractive fixed power prices until Q1 2018 means the Company is materially insulated from power price fluctuations over the next 12 months and, as shown by the graph below, has a price confidence level of respectively c. 91% to December 2016 and c. 79% to June 2017 over its revenue streams.



Following the successful re-financing of the Company's Revolving Credit Facility in September 2016, the Company is pleased to confirm that it has retained the flexibility to continue to procure short term PPA contracts between 12 and 24 months for the proportion of the portfolio not currently contracted under 15 year PPAs, as well as to remain able to take advantage of opportunities only available to owners who can commit significant tranches of capacity in order to maximise potential economies of scale.

Furthermore, retaining this flexibility means that the Company has the opportunity to regularly tender out a large portion of its power to ensure it always achieves the most competitive pricing and also avoids the greater discounts applied by offtakers when they are entering long term contracts.

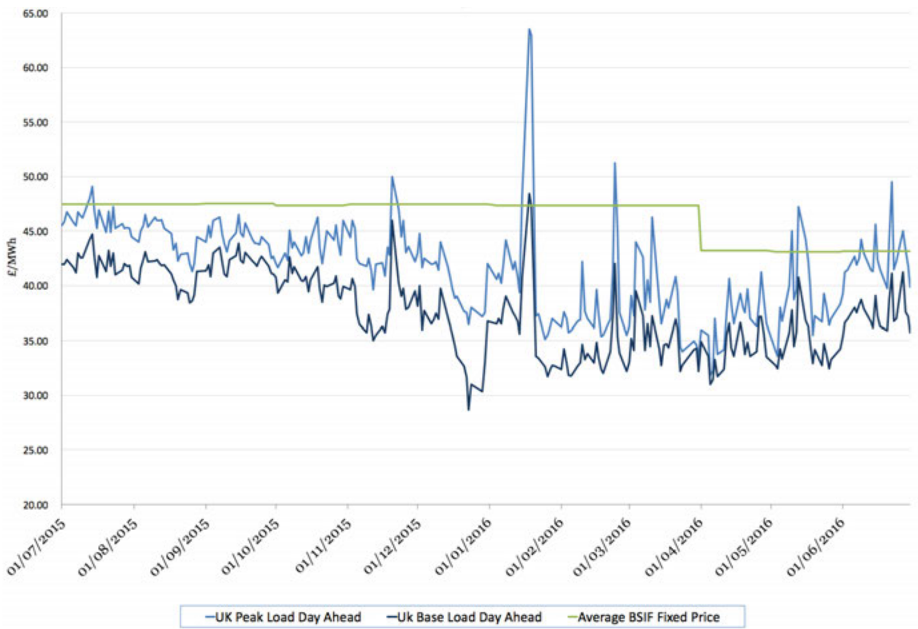
REVENUES AND POWER PRICE

The portfolio's revenue streams in the period show that the sale of electricity accounts for 39% of the Company's income. Regulated revenues from the sale of FiTs, ROCs and LECs accounted for 61%, although the contribution from LECs in the period only extended to August 2015, after which the government terminated the subsidy.

Despite a drop of 5.9% in market peak power prices over the period to 30 June 2016, the average power price achieved through the quarterly fixing across the portfolio, accounting for seasonality weighting, was £45.8 per MWh (2014/15: £47.7 per MWh).

Seasonally weighted average power price	Peak Load	Base Load	PPA
July-14 to June-15	44.5	40.5	47.7
July-15 to June-16	41.8	38.0	45.8
Delta	-5.9%	-6.1%	-4.0%

The graph below highlights the fluctuation of both Peak load (average £41.8/MWh) and Base load pricing (average £38.0/MWh) over the past 12 months against the Company's £45.8/MWh average fixed power price illustrating the positive result of the Company's strategy.



The Board appointed Cornwall Energy, a leading independent market intelligence adviser, to review existing PPA contracts and power sale strategies to provide feedback and insight. The findings of the review were positive across both the ROC capture rates and the prices achieved for the sale of power

5. NAV AND VALUATION OF THE PORTFOLIO

The Investment Adviser is responsible for advising the Directors in determining the Directors' Valuation and, when required, carrying out the fair market valuation of the Company's investments.

Valuations are carried out on a six monthly basis as at 31 December and 30 June each year and the Company has committed to procure a review of valuations by an independent expert not less than once every three years, most recently by EY for the year ending 30 June 2015.

As the portfolio comprises only non-market traded investments, the Investment Adviser has adopted valuation guidelines based upon the IPEV Valuation Guidelines as adopted by the European Venture Capital Association, application of which is considered consistent with the requirements of compliance with IAS 39 and IFRS 13.

Following consultation with the Investment Adviser, the Directors' Valuation adopted for the portfolio as at 30 June 2016 was £483.7 million, compared to £324.2 million as at 31 December 2015 and £296.8 million as at 30 June 2015.

A breakdown of the two key components of the Directors' valuations over the last 3 consecutive 6-month periods is shown below:

Valuation Component	Jun 16 (£m)	Dec 15 (£m)	Jun 15 (£m)
Portfolio DCF value	465.8	308.5	282.3
Projects at cost (amount invested)	0.0	10.2	0.0
Project Net Current Assets	17.9	5.5	14.5
Directors' Valuation	483.7	324.2	296.8

These items are outlined in the Portfolio valuation movement section.

CHANGES TO PORTFOLIO VALUATION METHODOLOGY

During the financial year there have been significant developments in both the Company and in the UK solar energy sector which have in particular included the following:

(i) introduction of long term leverage within valuation methodology and resulting impact on net equity cash flows or discount rates;

(ii) amendments to long term inflation assumptions;

(iii) significant movements in power price forecasts and differing approaches to adoption of those forecasts;

(iv) shift from investment in new build assets to assets with some operational record and adoption of different approaches to performance forecasting;

(v) evolution of operational costs giving rise to some cash flow enhancement;

(vi) consideration of extension of the operating life of assets beyond 25 years.

These developments have been reflected in the wider UK solar market with a number of major solar PV market participants announcing the closing of long term financing at relatively high levels of leverage as declines in gilt rates have reduced the cost of debt. In addition, regulatory changes ending ROC support for new build solar projects from April 2017 have reduced the availability of new build opportunities.

The significant and wide-ranging impacts of these factors both on cost of capital and cashflow expectations have created some uncertainties in the valuation approach taken by different market participants leading to difficulties in benchmarking valuation approaches. On this basis the Investment Adviser and the Directors have, in determining the Portfolio Valuation, sought to take full consideration of both the public and private sector developments as well as considering precedent market transactions and set out in the following paragraphs an explanation of our portfolio valuation assumptions.

Discounting Methodology

The Directors' Valuation is based upon the discounting of the net unlevered, project cash flows of each investment held by the Company irrespective of whether the investment has project leverage or not. This approach of discounting the unlevered cash flows has been applied, consistently with the approach taken in every previous Directors' Valuation, and is intended to avoid asset valuations being distorted by different debt sizing or amortisation profiles. Having discounted the unlevered project cash flows, to establish a 'willing buyer – willing seller' enterprise valuation or 'gross asset value' the project level debt (if any) is deducted to establish the 'equity value'.

Understanding whether the cash flow being discounted is the unlevered project cash flow, or only the after-debt service, equity cash flow is critical in making any comparison between discount rates, since unlevered project cash flows are normally discounted using a WACC while equity cash flows should be discounted at an equity discount rate, including an appropriate risk premium. Discounting unlevered cash flows using a WACC avoids changes to discount rates for different projects based on actual leverage and facilitates valuation comparisons across projects within a portfolio and with peer group projects. When discounting an equity cash flow it is critical when using leveraged cash flows to also take account of the level of leverage in the project with higher equity discount rates being applied to highly levered projects. In practice it is notable that only one of the Company's investments has any project level financing.

Discount Rate

The Directors' Valuation applies a WACC discount rate of 6.6%, unchanged from the discount rate applied in the December 2015 Interim Statements. This discount rate does not incorporate any tax shield from leverage (which is instead adjusted within the forecast portfolio cash flow) and is based upon an assumed 'optimal' leverage for a solar asset portfolio of 30%, which is consistent with the Company's stated long term leverage target of 25-35%. The discount rate is derived from an assumed market cost of equity of 7.5% and an assumed market cost of debt of 4.5%. For clarity, as set out above, the cash flows to which this WACC discount rate is applied are unlevered and therefore do not build in any debt profiling assumptions.

The assumed 'optimal' leverage implied by the discount rate of 6.6% should be considered to impact upon the determination of the equity discount rate. It is the Investment Adviser's experience that net equity return requirements of investors in operational solar projects on an unlevered basis are in the range of 6.5-7.0%, based upon comparable transactions in the market. Notably this is a lower unlevered equity discount rate than in previous years reflecting both a drop in risk free rates and increased investor appetite for operational solar assets at lower return levels. At the other end of the spectrum it's the Investment Adviser's experience that the net equity return requirements of investors in operational projects for solar projects which have market standard levels of project financing (60-80% leverage) would be higher at a rate of return of 8.0-9.0%. On a market basis the Investment Adviser therefore considers that an equity discount rate of 7.5% is consistent with an assumed 'optimal leverage' of 30%. The equity discount rate of 7.5% implies a risk premium over the 10 year gilt rate of 6.6% which is 1.1% higher than the implied risk premium applied in the Interim Statements.

The 4.5% assumed cost of debt utilised in part to determine the WACC discount rate of 6.6% is also unchanged from the level applied in the December 2015 Interim Statements. In practice this cost of debt (pre-tax shield) now appears conservative given recently announced rates for higher levels of leverage seen in both the public and private markets for UK solar assets, which have been 4% and below. The Company's recently announced refinancing has secured funds for the Company for 18 years at a cost of finance on £121.5 million fixed component at all in 2.875%.

The Directors expect to consider the application of a possible alternative cost of debt for the Company in future valuations but have not applied it to the 30 June 2016 valuation on the basis that long term debt was not in place at the time and debt markets remain unpredictable pending the agreed terms for the UK's exit from the European Community.

Terminal Value

As a result of some move within the sector to extend the assumed asset life of solar assets beyond 25 years the Investment Advisor and Directors considered whether extending the assumed asset life was appropriate for the Director's Valuation. The ROC and FiT support from which the Company's portfolio benefits lasts for 20 years from the commissioning of a plant and planning permission by standard is granted for 25 years. While we believe that there will be opportunities to extend asset life, and lease contracts within the portfolio largely provide for this, it was considered far too early within the asset life to incorporate extension to cashflows beyond the previously assumed 25 years.

Irradiation and Plant Performance

The valuation of solar assets is normally made based upon either warranted performance ratios (the level of efficiency with which a solar plant converts irradiation into exported kWh, against which the contractor pays damages during the first 2 years if the plant underperforms) or on the 'expected' or 'design' performance ratio determined by an independent technical adviser. Technical advisers determine these performance ratios based upon the specific design tolerances and standards of equipment utilised within a site, as well as applying loss factors for more uncertain impacts such as soiling of modules or shading. Actual plant performance can vary year-on-year as a result of ambient temperatures and seasonality and in the Investment Adviser's opinion such actual performance ratios, if higher than the independent adviser level, should not be adopted until proven over a number of years. The Company's plant performance has indeed exceeded expectations during the financial year, but we believe it is premature to include this outperformance in the portfolio valuation. In cases of underperformance it may be appropriate to adopt these levels earlier if the underperformance results from a design factor which cannot be remedied. As a result of this position, the Directors' Valuation applies only the independent technical adviser performance ratios. In the case of the portfolio these average 83.2% on a weighted average basis by MWp installed, in line with those recommended by the Lenders' technical adviser.

Consistent with the application of technical adviser determined performance forecasts, the Portfolio Valuation also applies irradiation forecasts determined by an independent technical adviser using a number of historical databases. This data is collected by the database providers through different sources, both satellite and ground based, and according to varying methodologies. In the Investment Adviser's experience the typical deviation between the highest and lowest irradiation measure for a site is approximately 10%, meaning that a valuation adopting the highest irradiation database only could derive a revenue forecast up to 10% ahead of those which applied other databases. In accordance with industry standard practice, the technical adviser projection for irradiation for each site is based upon a blended average of these, thus avoiding distortion of a single database. Notably the forecast applied in the Directors' Valuation is also the forecast adopted by lenders to the Company in order to size their debt and calculate covenant compliance. In no circumstances would the Company adopt higher irradiation expectations based on short term weather patterns.

Power Price

The Directors' Valuations have consistently been based on the forecast power curve, without adjustments or uplifts, from one leading independent power price forecaster. The Investment Adviser believes this is the purist way to apply future power prices within its valuations and that this prevents any valuation movement distortion (positive or negative) that could arise if a blended or adjusted approach to forecast curves was applied. The forecast used within the latest Directors' Valuation was released in April 2016 and implies a capture rate of £37.0/MWh in 2016 (compared to achieved average rate of £45.5/MWh in the financial year) and a CAGR over the 25 year forecast of 2.3%.

The impact of the April 2016 power curve, compared to the April 2015 curve used in the Directors' Valuation in June 2015, was a reduction in the value of the portfolio by £35.4 million. The discounted cash flow for each project applies the contractually fixed power price applicable to each solar PV asset until the end of the fixed period, and thereafter the independent forecast price. As in previous valuation cycles the short-term pricing within the energy price forecast used was compared by the Investment Adviser to PPA prices achievable in the market for its solar assets and considered to accurately reflect the market without discount or premium.

The updated power forecast released in July 2016 indicates an uplift to the PPA rate of 7.0% for 2016 and a CAGR over the 25 year forecast of 2.3%. but in line with valuation policy the Company has not yet adopted this curve.

Regulated Revenues

The contracted regulatory regime applicable for each plant is subject to an annual RPI indexation from 1st April each year. On ROC assets, as the ROCs must be sold in order to monetise the revenues (as opposed to FiT which is received in full), a 'capture rate' must be discounted from the regulated ROC value.

In addition to the base value (buyout value) of ROCs, ROC value is also derived from the so-called 'recycle'. This is assumed to be 10% of the buyout value for the purposes of valuation, based upon a regulatory stated objective to create a 10% shortfall in supply of ROCs.

Whilst in practice over the last two years the Company has received no benefit from ROC recycle (due to the short term over supply of ROCs the recycle value has been zero) from 2017 no new ROC assets can be accredited and as a result it is our expectation that the level of available ROCs should fall in line with regulators' stated targets. As such, whil our forecast cash flow assumption is ahead of the level seen in the financial year due to recent oversupply, meaning the regulator's target shortfall was not achieved, our forecast cash flow assumes that the regulator will over the life achieve their target.

Operating Costs

The Company assumes that all costs increase annually in line with RPI, with the exception of O&M where, following the expiry of the current contracts, pricing levels are benchmarked to the most up to date expectation of market rates. The forecast cash flow also allows for equipment replacement reserves in accordance with the recommendation of the Lenders' technical adviser. The costs assumed in the forecast are in line with the lenders financial forecast.

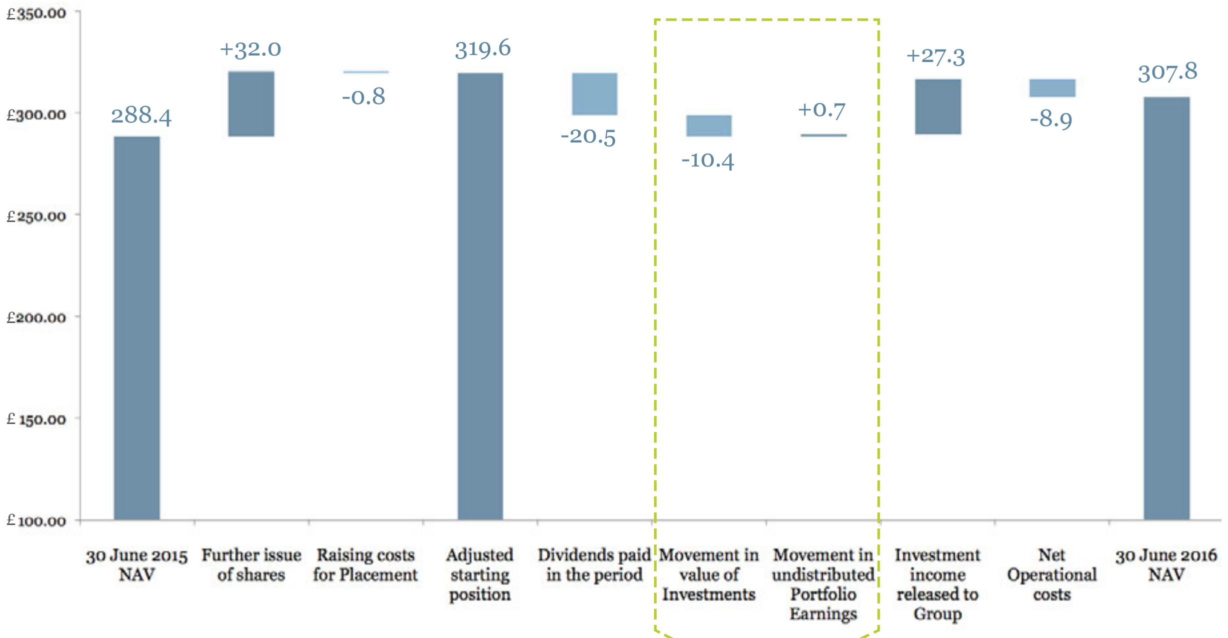
NAV MOVEMENT

The Company issued shares to the value of £32.0 million (gross) and paid total dividends of £20.5 million in the year to 30 June 2016. These dividends represent a total of 3 pence per share for the third and fourth interim dividends in respect to the period ending 30 June 2015 (which when combined with earlier interim dividends provide a total of dividend for the 2014/15 financial year of 7.25 pence per share), and a total of 4.25 pence per share as a first and second interim dividend in respect of the current reporting period.

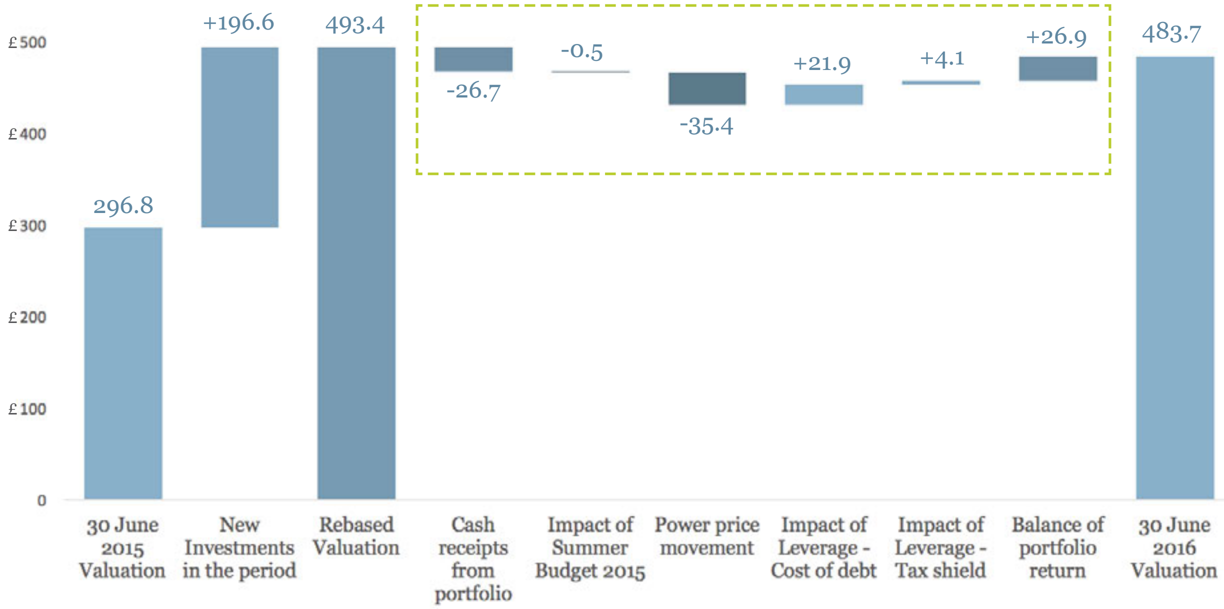
Adjusting the 30 June 2015 NAV of £288.4 million for the net contribution of shares raised in the period (£32.0million) and the dividends paid in the period (£20.5 million), the uplift in the NAV of the Company during the year was £8.0 million, or 2.60%.

A breakdown in the movement of the NAV (£ million) of the Company over the period and how this interacts with the movement in the valuation of the portfolio is illustrated in the charts below.

NAV Bridge – 30 June 2015 to 30 June 2016



Portfolio Valuation Bridge – 30 June 2015 to 20 June 2016



PORTFOLIO VALUATION MOVEMENT

		(£million)	As % of rebased valuation
30 June 2015 Valuation		**296.8**	
New Investments	196.6		
Rebased Valuation		493.4	
Cash receipts from portfolio	-26.7		-5.4%
Impact of Summer Budget 2015	-0.5		-0.1%
Power Price Movement	-35.4		-7.2%
Impact of leverage – Cost of debt	21.9		4.4%
Impact of leverage – Tax shield	4.1		0.8%
Balance of portfolio return	26.9		5.4%
30 June 2016 Valuation		**483.7**	**-2.1%**

Each movement between the re-based valuation and the 30 June 2016 valuation is considered in turn below:

Cash receipts from the Portfolio

This movement reflects the cash payments made from the underlying project companies up to BSIFL and BSIF to enable the companies to settle operating costs and distribution commitments as they fall due.

Impact of Summer Budget 2015

On 8 July 2015, the UK Government announced the removal of the Climate Change Levy exemption for renewably sourced electricity from August 2015 and a reduction in future corporation tax rates to 19% from April 2017 and 18% from April 2020.

The impact of these changes on the valuation of the portfolio as at 30 June 2016 is a reduction of £0.5 million to the portfolio value. The minimal impact is due to the fact the Directors' Valuation as at 30 June 2015 assumed LECs would apply for only a further 5 years. As a result, the impact of the loss of LECs on the Directors' Valuation is limited to a £4.1 million reduction. In the same Summer Budget the Chancellor announced a reduction in corporation tax to 18%, to apply from 2020,which has partially offset the impact iof loss of LECs.

Power Price Movement

During the period power prices have continued to fall, with a number of power forecasters reducing their wholesale power price projections. The Company's independent forecaster released an updated forecast in April 2016 and this updated forecast has been applied to the Directors' Valuation. The impact of the application of the new forecast power prices, against those applied in the 30 June 2015 annual accounts, was a reduction in value of £35.4 million.

The discounted cash flow for each project applies the contractually fixed power price applicable to each solar PV asset until the end of the fixed period, and thereafter the independent forecast price.

Impact of Leverage

As discussed in the Changes to Portfolio Methodology section above, during the period a number of announcements of large UK solar portfolio transactions funded materially by debt occurred. In addition, there has been an increase in the number of solar market participants accessing acquisition finance and in the size of facilities that are being secured. The recent increase of the Company's own RCF to £200 million, and subsequent refinancing with Aviva Investors is a good example. In addition the independent portfolio valuation obtained by the Company in 2015 incorporated at blended WACC to reflect global market practice. It is the Directors' view that to reflect UK market activity accurately the unlevered cash flows of the Company's portfolio should be valued on the basis of a WACC incorporating the cost of both equity and debt, calculated on a modest level of long-term leverage, consistent with the stated Company strategy and market activity.

The WACC applied to the project cash flows applies an assumed cost of debt of 4.5% at an assumed leverage of 30%. Combined with the assumed 7.5% cost of equity this gives rise to a 6.6% discount rate.

The impact of the shift from the 30 June 2015 valuation basis of zero leverage to 30% assumed leverage, applied through a reduction in discount rate to 6.6%, is an uplift to the portfolio valuation of £21.9 million with the impact of the tax shield adding a further uplift of £4.1 million.

Balance of Portfolio Return

The balance of portfolio return is comprised of the contribution from the unwinding of the discount rate and changes to the long- term level of asset management costs and revaluation of assets purchased in period from cost to DCF.

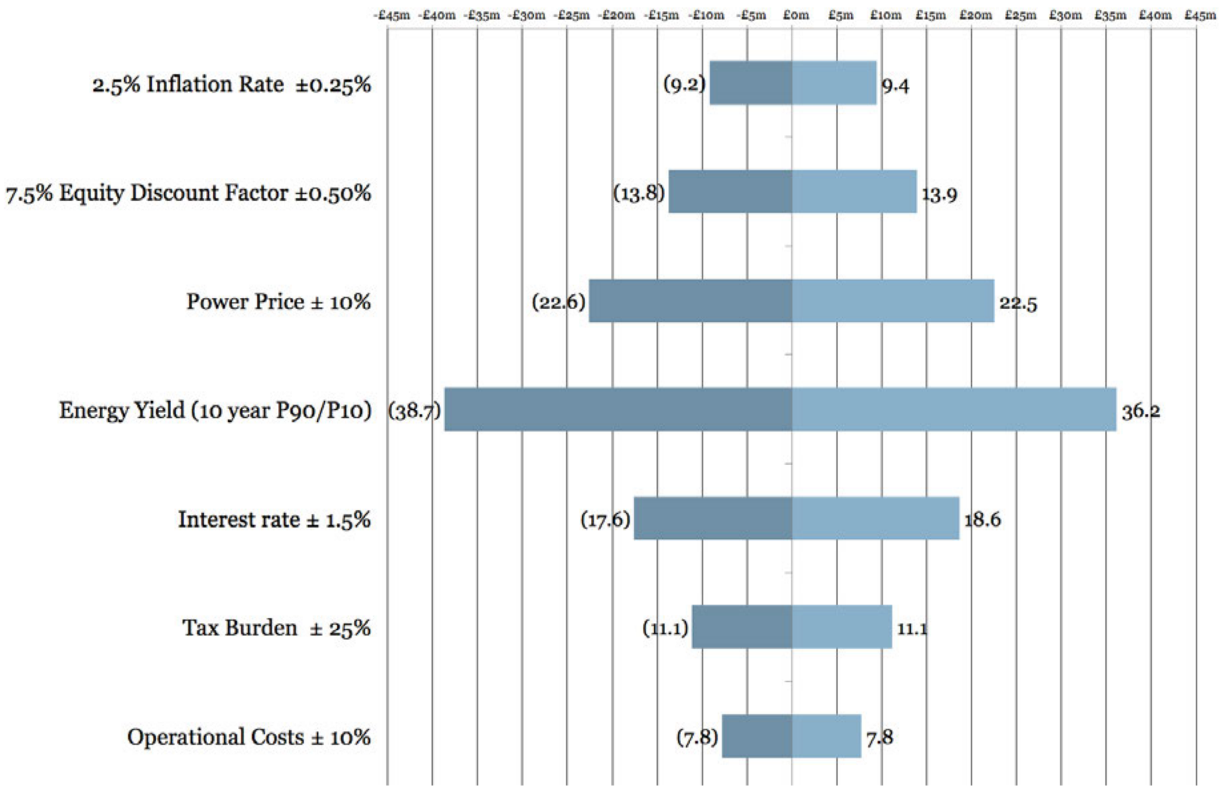
Other Assumptions

Consistent with previous Directors' Valuations, the valuation assumes a terminal value of zero for all projects within the portfolio 25 years after their commencement of operation. There have been no material changes to assumptions regarding the future performance or cost optimisation of the portfolio when compared to the EY valuation and Directors 30 June 2015 Valuation. On the basis of these key assumptions the Directors believe there remains further potential for NAV enhancement based upon long-term proof of plant performance and through potential for future extension of asset life.

The assumptions set out in this section will remain subject to review by the Investment Adviser and the Directors and may give rise to a revision of valuation approach in future reports.

VALUATION SENSITIVITIES

Valuation sensitivities are set out in tabular form in Note 10 of the financial statements. The following diagram reviews the sensitivity of the closing valuation to the key assumptions underlying the discounted cash-flow valuation.



6. FINANCING

AS AT 30 JUNE 2016

On 11 June 2014, the Group entered into an agreement with RBS for the provision of a floating rate acquisition facility of up to £50 million. This Revolving Credit Facility (RCF) had a margin of 2.25% over LIBOR and was due to expire on 10 June 2017. Under the RCF terms, the interest rate was required to be fixed for each 3 or 6 month period based on the libor rate at such time.

The Facility was drawn to the extent of £32.8 million in the year and repaid with part of the proceeds from the Placement in December 2015.

On 25 January 2016 the Company announced that an amended and restated facility agreement related to the RCF, provided by RBS and Investec, had been agreed, which increased the funds available from £50 million under the original acquisition facility up to a total of £200 million.

The restated facility agreement was provided in three tranches; Tranche A £50 million, Tranche B £100 million and Tranche C £50 million with an overall blended rate of 2.05% over LIBOR and are due to expire as described in note 7.

As at 30 June 2016 the restated facility balance drawn was £180.4m.

POST PERIOD END RE-FINANCING

In September 2016 the Company completed the financial close of a £187 million long-term debt facility (the "Long-Term Facility") and a £30 million short-term revolving credit facility (the "RCF"). The facilities fully refinance the short-term £200 million amended and restated facility agreement with RBS and Investec.

Aviva Investors Long-Term Facility

The Long-Term Facility will be provided by Aviva Investors in two tranches. The first is a £121.5 million fixed-rate long-term facility and second is a £65.5 million index-linked long-term facility. Both are fully amortising over 18 years, which matches the average remaining life of the Company's regulated revenues.

The Long-Term Facility is held by the Company's wholly-owned subsidiary, Bluefield SIF Investments Ltd, which maximises transparency, offers improved portfolio management flexibility and reduces costs compared to using project-level debt.

The Company has elected to structure its Long-Term Facility as fully amortising over the 18-year tenor with no short-term or bullet maturity components.

RBS Revolving Credit Facility

The RCF will be provided by RBS to Bluefield SIF Investments Ltd and has a three-year term on a constant margin of 2.00% over LIBOR.

Both the RCF and the Long-Term Facility are secured upon a selection of the Company's investment portfolio.

Loan	Amount	Tenor	Amortisation / Bullet	Cost	Interest rate exposure during 18 year tenor	Bullet repayment exposure during 18 year tenor	Inflation linkage
Fixed	£121.5 million	18 years and 3 months	Fully amortising over 18 years	All in cost of 287.5bps	Zero	Zero	N/A
Index-Linked	£65.5 million	18 years and 3 months	Fully amortising over 18 years	RPI plus 70bps	Zero	Zero	Retail Price Index

7. MARKET DEVELOPMENTS

- Total UK solar capacity as of 30 June 2016 stood at 11GWp.
- Approximately 2.2 GWp was commissioned between July 2015 and June 2016, a 25% rise.
- The UK continues to lead growth in Europe in 2016, for the third year in a row.
- 51% of UK commissioned utility-scale solar plants fall in the range 1-5 MW, and make up 23% of total utility-scale solar project by capacity.
- The top 10 PV asset owners accounted for 4.1 GWp at the end of March 2016.
- The Company continues to maintain its strong position within the UK solar market, rising from 6th to the 4th largest solar asset owner.

Capacity accredited under the Renewables Obligation stood at 5.2 GWp, representing 50% of total solar capacity and 2% of all installations. Capacity accredited under the Feed in Tariff stood at 3.6 GW representing 34.5% of total solar capacity and 84% of all installations.

8. REGULATORY ENVIRONMENT

CLOSURE OF THE RENEWABLES OBLIGATION

Solar PV projects, grid connected after 31 March, 2017, will not be eligible for subsidy under the RO Scheme. DECC released a consultation dated 22 July 2015 in respect of the closure of the RO scheme for solar PV projects having a capacity of 5 MWp or less.

Following the consultation period, DECC released a response which confirms the changes proposed in the consultation. The changes confirmed by the response are set out below:

- The RO scheme, as proposed on 22 July 2015, closed for ground-mounted solar PV projects having a capacity of 5MWp or less from 1 April 2016.
- A grace period arrangement is in place for developers who have made a significant financial commitment on or before 22 July 2015 and those that experience grid delay beyond their control. Projects that meet at least one of the grace period criteria (as set out below) will be protected from the early closure of the RO scheme and given until 31 March 2017 to accredit.

No further accreditation was possible for new solar PV projects irrespective of the capacity from 1 April 2016, unless they qualify for grace period, in which case they have until 31 March 2017 to accredit.

UK EUROPEAN UNION MEMBERSHIP REFERENDUM ("BREXIT")

The electorate of the UK voted to leave the European Union at a referendum on the 23rd June 2016. The Investment Adviser believes in the medium to longer term this will not result in any material impact on the UK solar market, nor the Company. Rather than the EU shaping energy policy, the opposite has been historically true. For instance, the EU directive on unbundling the electricity sector originated from the UK. Although the result frees the UK government from its EU-set renewable obligations, the UK is still bound by national and international renewable obligations, including the 2008 Climate Change Act. As such, we believe that a low carbon and renewable energy agenda will remain a key part of UK policy.

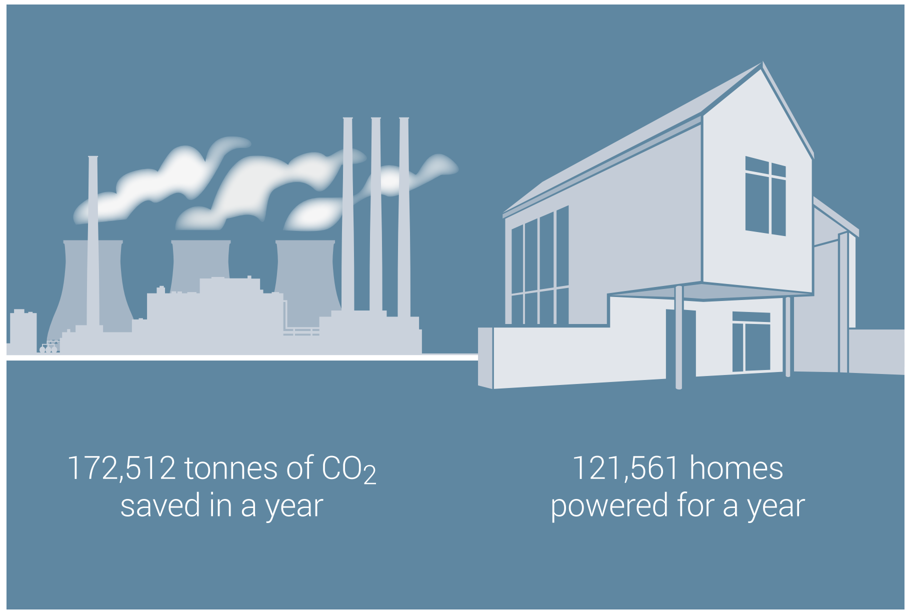
July 2016 saw DECC being dissolved and its roles merged with the Department of Business, Innovation and Skills into a new Department for Business, Energy & Industrial Strategy (BEIS). The Investment Adviser will continue to monitor any policy changes resultant from the BEIS.

9. ENVIRONMENTAL SOCIAL GOVERNANCE

As a solar energy infrastructure investor the Investment Adviser is conscious of the Company's environmental and social impact. The production of renewable energy equates to a significant amount of CO2 emissions saved, representing a sustainable and ethical investment; however the Investment Adviser also considers its impact on the biodiversity and the local community surrounding its assets.

ENVIRONMENTAL IMPACT

Approximately 25 acres of land is required for every 5 megawatts (MW) of installation, enough to power 1,515 homes based on average annual consumption figures for a house of 3,300 kWh of electricity (source DECC, Ofgem). For every 5MW installed, this is a saving of 2,150 tonnes of CO2. Based on these figures the portfolio capacity of 401.2MW as at 30 June 2016 will power the equivalent of 121,561 homes for a year and save 172,512 tonnes of CO2.



BIODIVERSITY

During the year to 30 June 2017 the Investment Adviser plans to identify a strategy to develop biodiversity across all locations of the portfolio. For many assets this is already in action due to contractual obligations to support the natural habitat of the asset sites. This can include planting wild flowers naturally found in the area to ensuring there is a presence of bird boxes across the site.

The Investment Adviser intends to implement this approach across all its sites, which requires an evaluation of each site. In evaluating the sites the Investment Adviser expects to establish a standard of biodiversity across the portfolio, whilst still considering the individual natural ecosystems at each asset site.

The Investment Adviser has also been approached by a UK listed global real estate services provider, in collaboration with one of the UK's leading universities, to take part in a research project which aims to determine and quantify the link between solar park pollinators/biodiversity and the benefits to agriculture and food production on the surrounding land through novel DNA sequencing of collected bee pollen.

A Proof of Concept study was carried out in June 2016 at three sites within the portfolio. The first two sites have benefited from a wild flower meadow seed mix whilst the third represented a solar park with a standard grass mix. The project is proposed to be carried out during the 2017 pollination season which runs from April to June. The core sites are likely to be the same sites, plus one other non-wild flower meadow site. It is envisaged that the results of this work would be published in a reputable journal. It is hoped that this work will help wild flower meadows to become the de-facto standard for new solar schemes and retroactively applied to existing schemes.

SHEEP GRAZING

Many sites within the portfolio support sheep grazing, illustrating that solar farms can support profitable farming and is also a cost-effective way of managing grassland in solar farms while increasing its conservation value.

COMMUNITY BENEFITS

The Investment Adviser supports community benefit schemes across its portfolio, assisting in the support and development of the local communities surrounding the asset sites.

The portfolio assets make donations of £63,000 per annum to community benefit schemes for local councils and parishes to use for charitable, educational, environmental, amenity or other appropriate purposes within the areas of the community.

An additional donation was also made during the year by our subsidiary, Hardingham, donating £10,000 to the Hardingham Memorial Hall Fund for a children's play area.

Bluefield Partners LLP
3 October 2016

REPORT OF THE DIRECTORS

The Directors hereby submit the annual report and consolidated financial statements of the Group for the year ended 30 June 2016.

GENERAL INFORMATION

The Company is a non-cellular company limited by shares incorporated in Guernsey under the Companies (Guernsey) Law, 2008 on 29 May 2013. The Company's registration number is 56708, and it has been registered and is regulated by the GFSC as a registered closed-ended collective investment scheme. The Company's Ordinary Shares were admitted to the Premium Segment of the Official List and to trading on the Main Market of the London Stock Exchange as part of its initial public offering which completed on 12 July 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Group is to invest in a portfolio of large scale UK based solar energy infrastructure assets.

The Company's objective was to target a dividend of 7 pence per Ordinary Share in respect of its second financial year ended 30 June 2015, with the intention of the dividend rising annually in line with UK RPI thereafter. The dividend target for its third financial year ended 30 June 2016 is 7.07 pence per Ordinary Share.

BUSINESS REVIEW

A review of the Group's business and its likely future development is provided in the Chairman's Statement on pages 9 to 13, Strategic Report on pages 17 to 29 and in the Report of the Investment Adviser on pages 31 to 65.

LISTING REQUIREMENTS

The Company has complied with the applicable Listing Rules throughout the year.

RESULTS AND DIVIDENDS

The results for the year are set out in the consolidated financial statements on pages 93 to 99.

On 28 July 2015, the Board declared a third interim dividend of £4,176,258, in respect of year ending 30 June 2015, equating to 1.50 pence per Ordinary Share (third interim dividend in respect of the year ending 30 June 2014: Nil), which was paid on 21 August 2015 to shareholders on the register on 7 August 2015.

On 1 October 2015, the Board declared a fourth and final dividend of £4,176,258, in respect of year ending 30 June 2015, equating to 1.50 pence per Ordinary Share (fourth and final dividend in respect of the year ending 30 June 2014: Nil), which was paid on 30 October 2015 to shareholders on the register on 9 October 2015.

On 26 October 2015, the Board declared a first interim dividend of £9,048,562, in respect of year ending 30 June 2016, equating to 3.25 pence per Ordinary Share (first interim dividend in respect of the year ending 30 June 2015: £4,904,809), which was paid on 15 December 2015 to shareholders on the register as at 13 November 2015.

On 26 April 2016, the Board declared a second interim dividend of £3,096,318, in respect of year ending 30 June 2016, equating to 1.00 penny per Ordinary Share (second interim dividend in respect of the year ending 30 June 2015: £2,784,172), which was paid on 20 May 2016 to shareholders on the register as at 6 May 2016.

SHARE CAPITAL

On 4 December 2015, the Company issued 31,000,000 new Ordinary Shares following a placing and offer subsequent to the authority granted by the shareholders at the EGM held on 17 November 2015. These shares were issued at a price of £1.02 per Ordinary Share, raising gross proceeds of £31,620,000.

On 29 February 2016, the Company issued 214,541 new Ordinary Shares to the Investment Adviser in respect of the variable fee for the financial year ended 30 June 2015.

The Company has one class of Ordinary Shares. The issued nominal value of the Ordinary Shares represents 100% of the total issued nominal value of all share capital. Under the Company's Articles, on a show of hands, each Shareholder present in person or by proxy has the right to one vote at general meetings. On a poll, each Shareholder is entitled to one vote for every share held.

Shareholders are entitled to all dividends paid by the Company and, on a winding up, providing the Company has satisfied all of its liabilities, the shareholders are entitled to all of the surplus assets of the Company. The Ordinary Shares have no right to fixed income.

SHAREHOLDINGS OF THE DIRECTORS

The Directors of the Company and their beneficial interests in the shares of the Company as at 30 June 2016 are detailed below:

Director	Ordinary Shares of £1 each held 30 June 2016	% holding at 30 June 2016	Ordinary Shares of £1 each held 30 June 2015	% holding at 30 June 2015
John Rennocks*	356,713	0.12	255,805	0.09
John Scott	276,176	0.09	276,176	0.10
Paul Le Page	70,000	0.02	70,000	0.03
Laurence McNairn	441,764	0.14	441,764	0.16

* including shares held by spouse and adult children

DIRECTORS' AUTHORITY TO BUY BACK SHARES

The Directors believe that the most effective means of minimising any discount to NAV which may arise on the Company's share price is to deliver strong, consistent performance from the Company's investment portfolio in both absolute and relative terms. However, the Board recognises that wider market conditions and other considerations will affect the rating of the Ordinary Shares in the short term and the Board may seek to limit the level and volatility of any discount to NAV at which the Ordinary Shares may trade. The means by which this might be done could include the Company repurchasing its Ordinary Shares. Therefore, subject to the requirements of the Listing Rules, the Law, the Articles and other applicable legislation, the Company may purchase Ordinary Shares in the market in order to address any imbalance between the supply of and demand for Ordinary Shares or to enhance the NAV of Ordinary Shares.

In deciding whether to make any such purchases the Directors will have regard to what they believe to be in the best interests of shareholders and to the applicable Guernsey legal requirements which require the Directors to be satisfied on reasonable grounds that the Company will, immediately after any such repurchase, satisfy a solvency test prescribed by the Law and any other requirements in its Articles. The making and timing of any buybacks will be at the absolute discretion of the Board and not at the option of the shareholders. Any such repurchases would only be made through the market for cash at a discount to NAV.

On incorporation the Company passed a written resolution granting the Directors general authority to purchase in the market up to 14.99% of the Ordinary Shares in issue immediately following Admission. A resolution to renew such authority was passed by shareholders at the AGM held on 17 November 2015. Therefore, authority was granted to the Directors to purchase in the market up to 14.99% of the Ordinary Shares in issue immediately following the AGM held on 17 November 2015 at a price not exceeding the higher of (i) 5% above the average mid-market values of Ordinary Shares for the five Business Days before the purchase is made or (ii) the higher of the last independent trade or the highest current independent bid for Ordinary Shares. The Directors intend to seek renewal of this authority from the shareholders at the next AGM scheduled to be held on 17 November 2016.

Pursuant to this authority, and subject to the Law and the discretion of the Directors, the Company may purchase Ordinary Shares in the market on an ongoing basis with a view to addressing any imbalance between the supply of and demand for Ordinary Shares.

Ordinary Shares purchased by the Company may be cancelled or held as treasury shares. The Company may borrow and/or realise investments in order to finance such Ordinary Share purchases.

The Company did not purchase any Ordinary Shares for treasury or cancellation during the period.

DIRECTORS' & OFFICERS' LIABILITY INSURANCE

The Company maintains insurance in respect of directors' and officers' liability in relation to their acts on behalf of the Company. Insurance is in place, having been renewed on 12 July 2016.

SUBSTANTIAL SHAREHOLDINGS

As at 28 September 2016, the Company had been notified, in accordance with chapter 5 of the Disclosure and Transparency Rules, of the following substantial voting rights over 3% as shareholders of the Company.

Shareholder	Shareholding	% Holding
The Bank of New York (Nominees) Limited	48,844,986	15.78
BNY (OCS) Nominees Limited	25,368,176	8.19
Nortrust Nominees Limited TDS Acct	23,232,402	7.50
Nutraco Nominees UKREITS Acct	16,616,868	5.37
Aurum Nominees Limited C012471 Acct	16,092,098	5.20
BNY (OCS) Nominees Limited UKREITS Acct	9,991,010	3.23
HSBC Global Custody Nominee (UK) Limited 813764 Acct	9,705,983	3.13

The Directors confirm that there are no securities in issue that carry special rights with regards to the control of the Company. There have been no changes that have been notified to the Company with respect to the substantial shareholdings since 30 June 2016.

INDEPENDENT AUDITOR

KPMG has been the Company's external Auditor since the Company's incorporation. A resolution will be proposed at the forthcoming AGM to re-appoint them as Auditor and authorise the Directors to determine the Auditor's remuneration for the ensuing year.

The Audit Committee will periodically review the appointment of KPMG and the Board recommends their appointment. Further information on the work of the Auditor is set out in the Report of the Audit Committee on pages 83 to 87.

ARTICLES OF INCORPORATION

The Company's Articles may be amended only by special resolution of the shareholders.

GOING CONCERN

At 30 June 2016, the Company had invested in 73 solar plants, committing £478.1 million. During the year, the Company entered into a revised credit facility increasing the funds available from £50 million under the original revolving loan facility to £200 million. As at 30 June 2016 £180.4 million was drawn down, leaving £19.6 million available. In accordance with the terms of this facility £50.0 million is to be repaid on 20 January 2017. Post year-end, this facility has been replaced by a long term financing arrangement and new RCF, as described particularly in the Chairman's Statement and in the report of the Investment Adviser. These resources, together with the net income generated by the acquired projects are expected to allow the Company to meet its liquidity needs for the payment of operational expenses, dividends and acquisition of new solar assets. The Company expects to comply with the covenants of its long-term loan and revolving credit facility.

The Directors, in their consideration of going concern, have reviewed comprehensive cash flow forecasts prepared by the Investment Adviser, future projects in the pipeline and the performance of the current solar plants in operation and, at the time of approving the consolidated financial statements, have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Group. The Directors have concluded that it is appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements.

INTERNAL CONTROLS REVIEW

Taking into account the information on principal risks and uncertainties provided on pages 26 to 28 of the strategic report and the ongoing work of the Audit Committee in monitoring the risk management and internal control systems on behalf of the Board, the Directors

- are satisfied that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; and
- have reviewed the effectiveness of the risk management and internal control systems and no significant failings or weaknesses were identified

FAIR, BALANCED AND UNDERSTANDABLE

The Board has considered whether the Annual Report is fair, balanced and understandable, taking into account the commentary and tone and whether it includes the requisite information needed for shareholders to assess the Company's business model, performance and strategy. In addition the Board also questioned the Investment Adviser on information included and excluded from the Annual Report, and considered whether the narrative at the front of the report is consistent with the financial statements. As a result of this work, each of the Board members considers that the Annual Report is fair, balanced and understandable and includes the requisite information needed for shareholders to assess the Company's business model, performance and strategy.

FINANCIAL RISKS MANAGEMENT POLICIES AND PROCEDURES

Financial Risks Management Policies and Procedures are disclosed in Note 18.

PRINCIPAL RISK AND UNCERTAINTIES

Principal Risk and Uncertainties are discussed in the Strategic Report on pages 26 to 29.

SUBSEQUENT EVENTS

Post year-end, on 11 August 2016, the Board declared a third interim dividend of £4,644,476, in respect of the year ending 30 June 2016, equating to 1.50 pence per Ordinary Share (third interim dividend in respect of the period ending 30 June 2015: £4,176,258), which was paid on 9 September 2016 to shareholders on the register on 19 August 2016.

Post year end, on 30 September 2016, the Board approved a fourth interim dividend, in respect of year ending 30 June 2016, of 1.50 pence per Ordinary Share (fourth interim dividend in respect of the period ending 30 June 2015: 1.5 pence per Ordinary Share), which will be payable on 4 November 2016 with an associated ex-dividend date of 13 October 2016.

Declaration of the fourth dividend brings total dividends in respect of 2016 to 7.25 p which exceeds the target for the year and triggers payment of a variable fee to the Investment Adviser. This is reflected in administrative expenses and other reserves.

Post year end, on 27 September 2016, £187 million long term financing was agreed with Aviva Investors. This is held at the Company level in two tranches, a £121.5 million fixed price loan at 2.875% interest and a £65.5 million index linked element at 70 basis points linked to RPI. The loans are for 18 years and are fully amortising. A new RCF was arranged at the same time. This is discussed further in the Chairman's Statement and the Investment Adviser's Report.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on 17 November 2016 at Lefebvre Place, Lefebvre Street, St Peter Port, Guernsey. Details of the resolutions to be proposed at the AGM, together with explanations, will appear in the Notice of Meeting to be distributed to shareholders together with this Annual Report.

Members of the Board will be in attendance at the AGM and will be available to answer shareholder questions.

By order of the Board

John Rennocks
Chairman
3 October 2016

BOARD OF DIRECTORS

JOHN RENNOCKS (CHAIRMAN)

John Rennocks is a non-executive director of Greenko Group plc, a developer and operator of hydro and wind power plants in India, that has recently sold all its operating assets, and Chairman of Utilco Emerging Markets, an investor in infrastructure and related assets in emerging markets. He has broad experience in emerging energy sources, support services and manufacturing. Mr Rennocks previously served as a non-executive deputy chairman of Inmarsat plc, a non-executive director of Foreign & Colonial Investment Trust plc, as well as several other public and private companies, and as Executive Director-Finance for Smith & Nephew plc, Powergen plc and British Steel plc/Corus Group plc. Mr Rennocks is a Fellow of the Institute of Chartered Accountants of England and Wales.

JOHN SCOTT (SENIOR INDEPENDENT DIRECTOR)

John Scott is a former investment banker who spent 20 years with Lazard and is currently a director of several investment trusts. Mr Scott has been Chairman of Scottish Mortgage Investment Trust PLC since December 2009 and Chairman of Impax Environmental Markets plc since May 2014; he has also been Chairman of Alpha Insurance Analysts since April 2013. Until the company's sale in March 2013, he was Deputy Chairman of Endace Ltd of New Zealand and in November 2012 he retired after 12 years as a non-executive director of Miller Insurance. He has an MA in Economics from Cambridge University and an MBA from INSEAD; he is also a Fellow of the CII and of the CISI.

PAUL LE PAGE (CHAIRMAN OF THE AUDIT COMMITTEE)

Paul Le Page is a director of FRM Investment Management Guernsey Limited, Man Fund Management Guernsey Limited and Man Group Japan Limited which are subsidiaries of Man Group Plc. He is responsible for managing hedge fund portfolios, and is a director of a number of group funds. Mr Le Page is currently Audit Committee Chairman for UK Mortgages Limited and was formerly a Director of, and Audit Committee Chairman for, Cazenove Absolute Equity Limited and Thames River Multi Hedge PCC Limited. He has extensive knowledge of, and experience in, the fund management and the hedge fund industry. Prior to joining FRM, he was an Associate Director at Collins Stewart Asset Management from January 1999 to July 2005, where he was responsible for managing the firm's hedge fund portfolios and reviewing fund managers. He joined Collins Stewart in January 1999 where he completed his MBA in July 1999. He originally qualified as a Chartered Electrical Engineer after a 12-year career in industrial research and development, latterly as the Research and Development Director for Dynex Technologies (Guernsey) Limited, having graduated from University College London in Electrical and Electronic Engineering in 1987.

LAURENCE MCNAIRN

Laurence McNairn was appointed as a non-executive director of the Company on 1 July 2013 and is a member of The Institute of Chartered Accountants of Scotland. He is an executive director of Heritage International Fund Managers Limited, the Company's Administrator and Secretary. He joined the Heritage Group in 2006 and prior to this worked for the Baring Financial Services Group in Guernsey from 1990.

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The Directors are responsible for preparing the annual report and consolidated financial statements in accordance with applicable law and regulations.

The Law requires the Directors to prepare financial statements for each financial year. Under the Listing Rules, the Directors have elected to prepare the financial statements in accordance with IFRS. Under the 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 profit or loss of the Group for that period. In preparing these consolidated financial statements, the Directors are required to:

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

The Directors confirm that they have complied with the above requirements in preparing the consolidated financial statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Group and enable them to ensure that the consolidated financial statements comply with the Law.

They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

So far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 249 of the Law (as amended).

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Paul Le Page
Director
3 October 2016

Laurence McNairn
Director
3 October 2016

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL REPORT

Each of the Directors, whose names are set out on page 72 in the Report of the Directors section of the annual report, confirms that to the best of their knowledge that:

- the consolidated financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and its subsidiary included in the consolidation taken as a whole;
- the Management Report (comprising Chairman's Statement, Strategic Report and Report of the Investment Adviser) includes a fair review of the development and performance of the business and the position of the Company and its subsidiary included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties faced on pages 27 to 28; and
- the Directors are responsible for preparing the annual report in accordance with applicable law and regulations.

Having taken advice from the Audit Committee, the Directors consider the annual report and consolidated financial statements, taken as a whole, as fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

By order of the Board

Paul Le Page
Director
3 October 2016

Laurence McNairn
Director
3 October 2016

CORPORATE GOVERNANCE REPORT

The Directors recognise the importance of sound corporate governance, particularly the requirements of the AIC Code.

The Company has been a member of the AIC since 15 July 2013. The Directors have considered the principles and recommendations of the AIC Code by reference to the AIC Guide. The AIC Code, as explained by the AIC Guide, provides a 'comply or explain' code of corporate governance and addresses all the principles set out in the UK Code as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies such as the Company. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), provides better information to shareholders.

The GFSC issued a Guernsey Code which came into effect on 1 January 2012. The introduction to the Guernsey Code states that "Companies which report against the UK Code or the AIC Code of Corporate Governance are also deemed to meet this Code". Therefore, AIC members which are Guernsey-domiciled and which report against the AIC Code are not required to report separately against the Guernsey Code.

The AIC Code and AIC Guide are available on the AIC's website (**www.theaic.co.uk**). The UK Code is available from the FRC's website (**www.frc.org.uk**).

Throughout the year ended 30 June 2016, the Company has complied with the recommendations of the AIC Code and the provisions of the UK Code, except to the extent highlighted below.

Provision A.2.1 of the UK Code requires a chief executive to be appointed, however, as an investment company, the Company has no employees and therefore has no requirement for a chief executive. As all the Directors including the Chairman are non-executive and independent of the Investment Adviser, the Company has not established a nomination committee, remuneration committee or a management engagement committee, which is not in accordance with provisions B.2.1 and D.2.1 of the UK Code, and Principle 5 of the AIC Code respectively. The Board is satisfied that as a whole, any relevant issues can be properly considered by the Board. The absence of an internal audit function is discussed in the Report of the Audit Committee on page 86.

The Board monitors developments in corporate governance to ensure the Board remains aligned with best practice, especially with respect to the increased focus on diversity. The Board acknowledges the importance of diversity, including gender (as stated in Principle 6 of the AIC Code), for the effective functioning of the Board and commits to supporting diversity in the boardroom. It is the Board's ongoing aspiration to have a well-diversified representation. The Board also values diversity of business skills and experience because Directors with diverse skill sets, capabilities and experience gained from different geographical and professional backgrounds enhance the Board by bringing a wide range of perspectives to the Company. The Board is satisfied with the current composition and functioning of its members.

THE BOARD

The Directors' details are listed on page 72 which set out the range of investment, financial and business skills and experience represented.

John Rennocks, John Scott and Paul Le Page were appointed on 12 June 2013 and Laurence McNairn was appointed 1 July 2013. The Board appointed John Scott as Senior Independent Director effective from 10 December 2013 to fulfil any function that is deemed inappropriate for the Chairman to perform.

All Directors shall retire and submit themselves for election at the next AGM of the Company, due to take place on 17 November 2016. The Company's Articles specify that each Director shall retire and seek re-election at each subsequent AGM of the Company at least every three years. However, in accordance with corporate governance best practice, all Directors are to be re-elected annually.

Any Director who is elected or re-elected at that meeting is treated as continuing in office throughout. If he is not elected or re-elected, he shall retain office until the end of the meeting or (if earlier) when a resolution is passed to appoint someone in his place or when a resolution to elect or re-elect the Director is put to the meeting and lost.

The Board are of the opinion that members should be re-elected because they believe that they have the right skills and experience to continue to serve the Company. As recommended in Principle 4 of the AIC Code, the Board has considered the need for a policy regarding tenure of service. However, the Board believes that any decisions regarding tenure should consider the need for maintaining knowledge, experience and independence, and to balance this against the need to periodically freshen the Board composition in order to have the appropriate mix of skills, experience, age and length of service.

The Board intends to meet at least four times a year in Guernsey with unscheduled meetings held where required to consider investment related or other issues. In addition, there is regular contact between the Board, the Investment Adviser and the Administrator. Furthermore, the Board requires to be supplied in a timely manner with information by the Investment Adviser, the Company Secretary and other advisers in a form and of a quality appropriate to enable it to discharge its duties.

The Company has adopted a share dealing code for the Board and will seek to ensure compliance by the Board and relevant personnel of the Investment Adviser with the terms of the share dealing code and the recently updated EU Market Abuse Regulations.

DIRECTORS' REMUNERATION

The Chairman is entitled to an annual remuneration of £55,000, with effect from 12 June 2015 (2015: £50,000). The other Directors are entitled to an annual remuneration of £33,000, with effect from 12 June 2015 for Paul Le Page and John Scott and with effect from 1 July 2015 for Laurence McNairn (2015: £30,000). Paul Le Page receives an additional annual fee of £5,500, with effect from 12 June 2015 (2015: £5,000) for acting as Chairman of the Audit Committee. The Board will review all Directors' remuneration annually.

The remuneration earned by each Director in the past two financial years was as follows:

Director	2016	2015
John Rennocks	£55,083	£50,260
John Scott	£33,052	£30,157
Paul Le Page	£38,553	£35,182
Laurence McNairn	£33,045	£30,000

The total Directors' fees expense for the year amounted to £159,733 (2015: £145,599). As disclosed in Note 19, John Scott and John Rennocks are Directors of, and have received remuneration in respect of, BSIFIL.

On 12 July 2013, 290,000 Ordinary Shares were issued to the Directors in lieu of a cash payment for Directors' fees for the first two years. The release of this prepayment completed in June 2015 and Directors are now paid in cash.

All of the Directors are non-executive and each is considered independent for the purposes of Chapter 15 of the Listing Rules.

In accordance with Article 22 of AIFMD, the Company shall disclose the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIFM to its staff, and number of beneficiaries, and, where relevant, carried interest paid by the AIF. As the Company is categorised as an internally managed Non-EU AIFM for the purposes of the AIFMD, Directors' remuneration reflects this amount.

DUTIES AND RESPONSIBILITIES

The Board has overall responsibility for optimising the Company's success by directing and supervising the affairs of the business and meeting the appropriate interests of shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring the protection of investors. A summary of the Board's responsibilities is as follows:

- statutory obligations and public disclosure;
- strategic matters and financial reporting;
- investment strategy and management;
- risk assessment and management including reporting, compliance, governance, monitoring and control; and
- other matters having a material effect on the Company.

The Directors have access to the advice and services of the Administrator, who is responsible to the Board for ensuring that Board procedures are followed and that it complies with the Law and applicable rules and regulations of the GFSC and the LSE. Where necessary, in carrying out their duties, the Directors may seek independent professional advice and services at the expense of the Company.

The Company maintains appropriate Directors' and Officers' liability insurance in respect of legal action against its Directors on an ongoing basis.

The Board's responsibilities for the annual report are set out in the Directors' Responsibilities Statement on page 73. The Board is also responsible for issuing appropriate half-yearly financial reports and other price-sensitive public reports.

The attendance record of the Directors for the year to 30 June 2016 is set out below:

Director	Scheduled Board Meetings (max 4)	Ad-hoc Board Meetings (max 12)	Audit Committee Meetings (max 6)
John Rennocks	3	-	3
John Scott	4	1	5
Paul Le Page	4	12	6
Laurence McNairn	4	11	6

Twelve ad-hoc Board Meetings were held during the period to formally review and authorise each investment made by the Company, to discuss placing of Ordinary Shares and to consider interim dividends, amongst other items.

It should be noted that Mr Rennocks and Mr Scott are ordinarily resident in the United Kingdom and, as a result, are not permitted to participate in Board Meetings from the United Kingdom in accordance with the Article 29.2 of the Company's Articles of Incorporation. As such, Mr Rennocks and Mr Scott have participated in all, or the majority, of Meetings at which they have been permitted to participate during the year. It should be noted that Mr Rennocks and Mr Scott actively communicate their views on any matters to be discussed at ad-hoc Board Meetings to their fellow Directors, Mr Le Page and Mr McNairn, ahead of such meetings.

The Board believes that, as a whole, it comprises an appropriate balance of skills, experience, age, knowledge and length of service. The Board also believes that diversity of experience and approach, including gender diversity, amongst Board members is of great importance and it is the Company's policy to give careful consideration to issues of Board balance when making new appointments. With any new Director appointment to the Board, induction training will be provided by an independent service provider at the expense of the Company.

Performance Evaluation

In accordance with Principle 7 of the AIC Code, the Board is required to undertake a formal and rigorous evaluation of its performance on an annual basis. A formal evaluation of the performance of the Board as a whole, and the Chairman, is in progress as at the date of this report. The evaluation is undertaken utilising self-appraisal questionnaires and is followed by a detailed discussion of the outcomes which include assessment of the Directors' continued independence.

COMMITTEES OF THE BOARD

Audit Committee

The Board established an Audit Committee in 2013. It is chaired by Paul Le Page and at the date of this report comprised all of the Directors set out on page 3. The report of the role and activities of this committee and its relationship with the Auditor is contained in the Report of the Audit Committee on pages 76 to 80. The Committee operates within clearly defined terms of reference which are available on the Company's website (www.bluefieldsif.com).

INTERNAL CONTROL & FINANCIAL REPORTING

The Directors acknowledge that they are responsible for establishing and maintaining the Group and Company's system of internal control and reviewing its effectiveness. Internal control systems are designed to manage rather than eliminate the failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements or loss.

The Directors review all controls including operations, compliance and risk management. The key procedures which have been established to provide internal control are:

- the Board has delegated the day–to-day operations of the Group and Company to the Administrator and Investment Adviser; however, it remains accountable for all of the functions it delegates;
- the Board clearly defines the duties and responsibilities of the Group and Company's agents and advisers and appointments are made by the Board after due and careful consideration. The Board monitors the ongoing performance of such agents and advisers;
- the Board monitors the actions of the Investment Adviser at regular Board meetings and is also given frequent updates on developments arising from the operations and strategic direction of the underlying investee companies; and
- the Administrator provides administration and company secretarial services to the Company.
- The Administrator maintains a system of internal control on which it reports to the Board.

The Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator and Investment Adviser, including their own internal controls and procedures, provide sufficient assurance that a sound system of risk management and internal control, which safeguards shareholders' investment and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary, as explained on page 86.

The systems of control referred to above are designed to ensure effectiveness and efficient operation, internal control and compliance with laws and regulations. In establishing the systems of internal control, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and costs of control. It follows therefore that the systems of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss.

The Company has delegated the provision of all services to external service providers whose work is overseen by the Board at its quarterly meetings. Each year a detailed review of performance pursuant to their terms of engagement will be undertaken by the Board.

INVESTMENT ADVISORY AGREEMENT

In accordance with Listing Rule 15.6.2(2)R, the Directors formally appraise the performance and resources of the Investment Adviser.

The Investment Adviser is led by its managing partners, James Armstrong, Mike Rand and Giovanni Terranova, who founded the Bluefield business in 2009 following their prior work together in European solar energy. The Investment Adviser's team have a combined record, prior to and including Bluefield Partners LLP, of investing more than £1 billion in solar PV projects. The managing partners have been involved in over £479 million of solar PV deals in the UK since December 2011 and over £1 billion of solar PV transactions in the UK and Europe since 2008. The Investment Adviser's non-executive team includes William Doughty, the founding CEO of Semperian; Dr. Anthony Williams, the former chair of the Risk Committee for the Fixed Income, Currencies & Commodities Division, and Partner at Goldman Sachs & Co; and Jon Moulton, the current chairman of Better Capital and former managing partner and founder of Alchemy Partners.

In view of the resources of the Investment Adviser and the Group's investment performance for the period, in the opinion of the Directors the continuing appointment of the Investment Adviser is in the interests of the shareholders as a whole.

DEALINGS WITH SHAREHOLDERS

The Board welcomes shareholders' views and places great importance on communication with its shareholders. The Company's AGM will provide a forum for shareholders to meet and discuss issues with the Directors of the Company. Members of the Board will also be available to meet with shareholders at other times, if required. In addition, the Company maintains a website which contains comprehensive information, including regulatory announcements, share price information, financial reports, investment objectives and strategy and information on the Board.

PRINCIPAL RISKS AND UNCERTAINTIES

Each Director is aware of the risks inherent in the Company's business and understands the importance of identifying, evaluating and monitoring these risks. The Board has adopted procedures and controls that enable it to manage these risks within acceptable limits and to meet all of its legal and regulatory obligations.

The Board considers the process for identifying, evaluating and managing any significant risks faced by the Company on an ongoing basis and these risks are reported and discussed at Board meetings. It ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all applicable local and international laws and regulations are upheld.

The Company's principal risks and uncertainties are discussed in detail on pages 27 to 28 of the Strategic Report. The Company's financial instrument risks are discussed in Note 18 to the consolidated financial statements.

The Company's principal risk factors are fully discussed in the Company's Prospectus, available on the Company's website **(www.bluefieldsif.com)** and should be reviewed by shareholders.

CHANGES IN REGULATION

The Board monitors and responds to changes in regulation as it affects the Group and its policies. A number of changes to regulation occurred during the period.

ALTERNATIVE INVESTMENT FUND MANAGEMENT DIRECTIVE

The AIFMD, which was implemented across the EU 22 July 2013 with the transition period ending 22 July 2014, aims to harmonise the regulation of AIFMs and imposes obligations on managers who manage or distribute AIFs in the EU or who market shares in such funds to EU investors.

After seeking professional regulatory and legal advice, the Company was established in Guernsey as a self-managed Non-EU AIF. Additionally, the Company has taken advice on and implemented sufficient and appropriate policies and procedures that enable the Board to fulfil its role in relation to portfolio management and the management of risk. The Company is therefore categorised as an internally managed Non-EU AIFM for the purposes of the AIFMD and as such neither it nor the Investment Adviser is required to seek authorisation under the AIFMD.

The marketing of shares in AIFs that are established outside the EU (such as the Company) to investors in that EU member state is prohibited unless certain conditions are met. Certain of these conditions are outside the Company's control as they are dependent on the regulators of the relevant third country (in this case Guernsey) and the relevant EU member state entering into regulatory co-operation agreements with one another.

Currently, the NPPR provides a mechanism to market Non-EU AIFs that are not allowed to be marketed under the AIFMD domestic marketing regimes. The Board is utilising NPPR in order to market the Company, specifically in the UK pursuant to regulations 57, 58 and 59 of the UK Alternative Investment Fund Managers Regulations 2013. The Board is working with the Company's advisers to ensure the necessary conditions are met, and all required notices and disclosures are made under NPPR. Eligible AIFMs will be able to continue to use NPPR until at least 2018, and during 2016 NPPR will be the sole regime available to market in the EEA.

Any regulatory changes arising from implementation of AIFMD (or otherwise) that limit the Company's ability to market future issues of its shares may materially adversely affect the Company's ability to carry out its investment policy successfully and to achieve its investment objective, which in turn may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Ordinary Shares.

The Board, in conjunction with the Company's advisers, will continue to monitor the development of AIFMD and its impact on the Company.

FOREIGN ACCOUNT TAX COMPLIANCE ACT AND COMMON REPORTING STANDARD

The Company is registered under FATCA and continues to comply with FATCA and the Common Reporting Standard's requirements to the extent relevant to the Company.

NON-MAINSTREAM POOLED INVESTMENT

On 1 January 2014 FCA rules relating to the restrictions on the retail distribution of unregulated collective investment schemes and close substitutes came into effect.

The Board has been advised that the Company would qualify as an investment trust if it was resident in the UK, and therefore the Board believes that the retail distribution of its shares should be unaffected by the changes. It is the Board's intention that the Company will make all reasonable efforts to conduct its affairs in such a manner that its shares can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules relating to non-mainstream investment products.

By order of the Board

Paul Le Page
Director
3 October 2016

Laurence McNairn
Director
3 October 2016

REPORT OF THE AUDIT COMMITTEE

The Audit Committee, chaired by Paul Le Page and comprising all of the Directors set out on page 3, operates within clearly defined terms of reference (which are available from the Company's website) and includes all matters indicated by Disclosure and Transparency Rule 7.1 and the AIC Code. Appointments to the Audit Committee shall be for a period of up to three years, extendable for one or further three-year periods. It is also the formal forum through which the Auditor will report to the Board of Directors.

The Audit Committee will meet no less than twice a year, and at such other times as the Audit Committee shall require, and will meet the Auditor at least twice a year. Any member of the Audit Committee may request that a meeting be convened by the Company Secretary. The Auditor may request that a meeting be convened if they deem it necessary. Any Director who is not a member of the Audit Committee, the Administrator and representatives of the Investment Adviser shall be invited to attend the meetings as the Directors deem appropriate.

The Board has taken note of the requirement that at least one member of the Committee should have recent and relevant financial experience and is satisfied that the Committee is properly constituted in that respect, with two of its members who are chartered accountants and two members with an investment background.

RESPONSIBILITIES

The main duties of the Audit Committee are:

- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
- reporting to the Board on the appropriateness of the Board's accounting policies and practices including critical judgement areas;
- reviewing the valuation of the Group's investments prepared by the Investment Adviser or independent valuation agents, and making a recommendation to the Board on the valuation of the Group's investments;
- meeting regularly with the Auditor to review their proposed audit plan and the subsequent audit report and assess the effectiveness of the audit process and the levels of fees paid in respect of both audit and non-audit work;
- making recommendations to the Board in relation to the appointment, re-appointment or removal of the Auditor and approving their remuneration and the terms of their engagement;
- monitoring and reviewing annually the Auditor's independence, objectivity, expertise, resources, qualification and non-audit work;
- considering annually whether there is a need for the Company to have its own internal audit function;
- keeping under review the effectiveness of the accounting and internal control systems of the Company;
- reviewing and considering the UK Code, the AIC Code, the FRC Guidance on Audit Committees and the Company's institutional investors' commitment to the UK Stewardship code; and
- reviewing the risks facing the Company and monitoring the risk matrix.

The Audit Committee is required to report formally to the Board on its findings after each meeting on all matters within its duties and responsibilities.

The Auditor is invited to attend the Audit Committee meetings as the Directors deem appropriate and at which they have the opportunity to meet with the Committee without representatives of the Investment Adviser or the Administrator being present at least once per year.

FINANCIAL REPORTING

The primary role of the Audit Committee in relation to the financial reporting is to review with the Administrator, Investment Adviser and the Auditor the appropriateness of the interim and annual consolidated financial statements, concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements have been applied or there has been discussion with the Auditor;
- whether the annual report and consolidated 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
- any correspondence from regulators in relation to the Group's financial reporting.

To aid its review, the Audit Committee considers reports from the Administrator and Investment Adviser and also reports from the Auditor on the outcomes of their half-year review and annual audit. Like the Auditor, the Audit Committee seeks to display the necessary professional scepticism their role requires.

MEETINGS

The Committee has met formally on six occasions in the year covered by this report. The matters discussed at those meetings were:

- consideration and agreement of the terms of reference of the Audit Committee for approval by the Board ;
- review of the Group's risk matrix;
- review of the accounting policies and format of the financial statements;
- review and approval of the audit plan of the Auditor and timetable for the interim and annual consolidated financial statements;
- review the valuation policy and methodology of the Group's investments applied in the interim and annual consolidated financial statements;
- detailed review of the interim and annual report and consolidated financial statements;
- assessment of the effectiveness of the external audit process as described below; and
- a review of the process used to determine the viability of the company .

The Audit Committee chairman or other members of the Audit Committee appointed for the purpose, shall attend each AGM of the Company, prepared to respond to any shareholder questions on the Audit Committee's activities.

PRIMARY AREA OF JUDGEMENT

The Audit Committee determined that the key risk of misstatement of the Group's consolidated financial statements is the fair value of the SPV investments, in the context of the high degree of judgement involved in the assumptions and estimates underlying the discounted cash-flow calculations.

As outlined in Note 10 of the consolidated financial statements, the fair value of investments as at 30 June 2016 was £483,730,343 (2015: £296,827,336). Market quotations are not available for these investments so their valuation is undertaken using a discounted cash-flow methodology. The Directors have also considered transactions in similar assets but as these are few in number they have relied primarily on DCF methodology for these valuations. Significant inputs such as the discount rate, rate of inflation and the amount of electricity the solar assets are expected to produce are subjective and include certain assumptions. As a result, this requires a series of judgements to be made as explained in Note 3 in the consolidated financial statements.

The valuation of the Company's portfolio of solar assets as at 30 June 2016 has been determined by the Board of Directors based on information provided by the Investment Adviser.

The Audit Committee also reviewed and suggested factors that could impact the Company's portfolio valuation and its related sensitivities to the carrying value of the investments as required in accordance with IPEV Valuation Guidelines.

INVESTMENT ENTITIES (AMENDMENTS TO IFRS 10, IFRS 12 AND IAS 27)

As noted in the Group's consolidated financial statements for the period from 29 May 2013 to 30 June 2014, the Group had early adopted IFRS 10 'Consolidated Financial Statements' including the Amendments and the Company consolidates its results with BSIFIL. This treatment is based on an exception to the requirement for mandatory non-consolidation under IFRS 10 for investment entities.

As the Company is an investment entity and BSIFIL is a subsidiary providing investment services to the Company, consolidation is required.

Monies transferred to BSIFIL from the underlying SPVs, which are not consolidated, are accounted for on a cash basis. The current assets and liabilities of the SPVs make up part of their overall fair value.

On 18 December 2014, the IASB issued further amendments to IFRS 10 (Investment Entities: Applying the Consolidation Exception Amendments) which may have a material impact on the preparation and presentation of the Group accounts as they have clarified the scope of the exceptions to mandatory non-consolidation. The Consolidation Exception Amendments are mandatory for annual periods beginning on or after 1 January 2016. The Board expects BSIFIL to be classified as an Investment Entity and the presentation of the financial statements will change. The implication of this change is that BSIFIL, the Company's single, direct subsidiary through which investments are purchased, which is currently consolidated on a line-by-line basis into the Company's financial statements, would no longer be consolidated but rather measured at fair value. Whilst this change does not affect the Group's Net Assets, BSIFIL's cash, debt and working capital balances would now be included in the fair value of investments as opposed to their respective category in the Statement of Financial Position.

RISK MANAGEMENT

The Company's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Committee. The work of the Audit Committee is driven primarily by the Group's assessment of its principal risks and uncertainties as set out on pages 26 to 28 of the Strategic Report, and it receives reports from the Investment Adviser and Administrator on the Group's risk evaluation process and reviews changes to significant risks identified.

INTERNAL AUDIT

The Audit Committee considers at least once a year whether or not there is a need for an internal audit function. Currently it does not consider there to be a need for an internal audit function, given that there are no employees in the Company and all outsourced functions are with parties who have their own internal controls and procedures.

EXTERNAL AUDIT

KPMG has been the Company's external Auditor since the Company's inception.

The Auditor is required to rotate the audit partner every five years. The current partner is in his third year of tenure. There are no contractual obligations restricting the choice of external auditor and the Company will put the audit services contract out to tender at least every ten years. In line with the FRC's recommendations on audit tendering, this will be considered further when the audit partner rotates every five years. Under the Companies Law the reappointment of the external Auditor is subject to shareholder approval at the AGM.

The objectivity of the Auditor is reviewed by the Audit Committee which also reviews the terms under which the external Auditor may be appointed to perform non-audit services. The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the Auditor, with particular regard to any non-audit work that the Auditor may undertake. In order to safeguard Auditor independence and objectivity, the Audit Committee ensures that any other advisory and/or consulting services provided by the external Auditor does not conflict with its statutory audit responsibilities. Advisory and/or consulting services will generally only cover reviews of interim financial statements, tax compliance and capital raising work. Any non-audit services conducted by the Auditor outside of these areas will require the consent of the Audit Committee before being initiate

The external Auditor may not undertake any work for the Group in respect of the following matters: preparation of the financial statements, provision of investment advice, taking management decisions or advocacy work in adversarial situations.

The Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the Auditor, with particular regard to the level of non-audit fees. During the year, KPMG was engaged to provide reporting accountant services in relation to the second prospectus and a review of the Group's interim information. Total fees paid amounted to £145,437 for the year ended 30 June 2016 (30 June 2015: £134,159) of which £98,862 related to audit and audit related services to the Group (30 June 2015: £61,398) and £46,575 in respect of non-audit services (30 June 2015: £72,761).

Notwithstanding such services, most of which have arisen in connection with the Company's share placings in November 2014 and December 2015, the Audit Committee considers KPMG to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit as appropriate safeguards are in place.

To fulfil its responsibility regarding the independence of the Auditor, the Audit Committee has considered:

- discussions with or reports from the Auditor describing its arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the Auditor and arrangements for ensuring the independence and objectivity and robustness and perceptiveness of the Auditor and their handling of key accounting and audit judgements.

To assess the effectiveness of the Auditor, the Committee has reviewed:

- the Auditor's fulfilment of the agreed audit plan and variations from it;
- discussions or reports highlighting the major issues that arose during the course of the audit;
- feedback from other service providers evaluating the performance of the audit team;
- arrangements for ensuring independence and objectivity; and
- robustness of the Auditor in handling key accounting and audit judgements.

The Audit Committee is satisfied with KPMG's effectiveness and independence as Auditor, having considered the degree of diligence and professional scepticism demonstrated by them. Having carried out the review described above and having satisfied itself that the Auditor remains independent and effective, the Audit Committee has recommended to the Board that KPMG be reappointed as Auditor for the year ending 30 June 2017.

The Chairman of the Audit Committee will be available at the AGM to answer any questions about the work of the Committee.

On behalf of the Audit Committee

Paul Le Page

Chairman of the Audit Committee

3 October 2016

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Bluefield Solar Income Fund Limited.

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

Opinion on financial statements

We have audited the consolidated financial statements (the "financial statements") of Bluefield Solar Income Limited (the "Company") and its subsidiary (together, the 'Group') for the year ended 30 June 2016 which comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union ('EU'). In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 June 2016 and of its total comprehensive income for the year ended 30 June 2016;

- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU; and

- comply with the Companies (Guernsey) Law, 2008.

OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

The risks of material misstatement detailed in this section of this report are those risks that we have deemed, in our professional judgment, to have had the greatest effect on: the overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team. Our audit procedures relating to these risks were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of these risks, and we do not express an opinion on these individual risks.

In arriving at our audit opinion above on the financial statements, the risk of material misstatement that had the greatest effect on our audit was as follows:

Valuation of the Special Purpose Vehicle ("SPV") Investments (£483,730,343)

Refer to page 85 of the Report of the Audit Committee, Note 2(k)(i) accounting policies and Note 10 disclosures

- **The risk** –The Group measures its SPV investments at fair value based on unleveraged cash flows of the underlying solar projects discounted using a portfolio weighted average cost of capital. The valuations are performed using forecast cash flows generated by each solar project over a long-term period and by selecting key assumptions such as discount rates, base energy yield assumptions, electricity price forecasts, operating costs, leverage and macroeconomic assumptions such as inflation and tax rates. The valuations are adjusted for other specific assets and liabilities of the SPVs.

  The assessment of long-term term forecasts and the selection of appropriate assumptions surrounding uncertain future events, as set out in the key judgments and estimates section of the financial statements, are key judgments made by the Directors. There is a risk that changes to forecast cash flows and the selection of different assumptions may result in a materially different valuation.

- **Our response** – Our audit procedures with respect to the valuation of the SPV investments included, but were not limited to, meeting with the Investment Adviser and Directors to observe the design and implementation of the Board's challenge and approval process of the key assumptions made within the valuation models which were prepared by the Investment Adviser.

  With the assistance of our own valuation specialist, we challenged the key assumptions for the discount rate, base energy yield assumptions, electricity price forecasts, leverage and operating costs, which included analysing macroeconomic data (including inflation and tax forecasts) and observable market data to perform benchmarking to listed peers.

  We assessed the key project specific inputs into the cash flow projections, focusing on the significant changes for existing projects since the previous reporting period or from the date of acquisition for newly acquired projects, to corroborate key contracted revenues and costs with reference to underlying contracts, agreements, management information and, if available, historical data.

  We have considered the adequacy of the Group's disclosures in accordance with IFRS 13 (see note 10) including the use of estimates and judgments in arriving at fair value. We also considered the disclosure of the degree of sensitivity when a reasonably possible change in a key assumption which could give rise to a change in the fair value of the SPV investments.

OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality is a term used to describe the acceptable level of precision in financial statements. Auditing standards describe a misstatement or an omission as "material" if it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The auditor has to apply judgment in identifying whether a misstatement or omission is material and to do so the auditor identifies a monetary amount as "materiality for the financial statements as a whole".

The materiality for the financial statements as a whole was set at £4,925,000. This has been calculated using a benchmark of the Group's total assets (of which it represents approximately 1%) which we believe is the most appropriate benchmark as total assets are considered to be one of the principal considerations for members of the Company in assessing the financial performance of the Group.

We agreed with the audit committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £246,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

The Group audit team performed the audit of the Group as if it was a single operating entity based on the aggregated set of financial information for the Group. The audit was performed using the materiality levels set out above and covered 100% of total Group income, 100% of Group total comprehensive income before taxation and 100% of total Group assets and liabilities.

Our assessment of materiality has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

Whilst the audit process is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather we plan the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant depth of work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the Responsible Individual, to subjective areas of the accounting and reporting process.

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

DISCLOSURES OF PRINCIPAL RISKS

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' longer term viability statement on page 29 concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the company's continuing in operation over the three year period ending 30 June 2019; or

- the disclosures in note 2b of the financial statements concerning the use of the going concern basis of accounting.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under International Standards on Auditing [ISAs] (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy; or
- the Report of the Audit Committee does not appropriately address matters communicated by us to the audit committee.

Under the Companies (Guernsey) Law, 2008, we are required to report to you if, in our opinion:

- the Company has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement on pages 75 to 81 relating to the Company's compliance with the eleven provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

SCOPE OF REPORT AND RESPONSIBILITIES

The purpose of this report and restrictions on its use by persons other than the Company's members as a body.

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008 and, in respect of any further matters on which we have agreed to report, on terms we have agreed with the Company. 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 & auditor

As explained more fully in the Directors' Responsibilities Statement set out on Page 73, 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 ISAs (UK and Ireland). Those standards require us to comply with the UK Ethical Standards for Auditors.

Neale D Jehan

For and on behalf of **KPMG** Channel Islands Limited**,** Chartered Accountants and Recognised Auditors, Guernsey
3 October 2016

The maintenance and integrity of the Bluefield Solar Income Fund Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements or audit report since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

NON-CURRENT ASSETS	Note	30 June 2016 (£)	30 June 2015 (£)
Financial assets held at fair value through profit or loss	10	483,730,343	296,827,336
Trade and other receivables	12	1,137,255	244,444
Total non-current assets		**484,867,598**	**297,071,780**
CURRENT ASSETS			
Trade and other receivables	12	2,558,646	2,880,513
Cash and cash equivalents	13	2,774,930	13,273,472
Total current assets		**5,333,576**	**16,153,985**
TOTAL ASSETS		**490,201,174**	**313,225,765**

NON-CURRENT LIABILITIES	Note	30 June 2016 (£)	30 June 2015 (£)
Interest bearing borrowings	7 / 14	130,380,000	18,900,000
Total non-current liabilities		**130,380,000**	**18,900,000**
CURRENT LIABILITIES			
Interest bearing borrowings	14	50,000,000	-
Other payables and accrued expenses	14	2,068,636	5,934,898
Total current liabilities	13	**52,068,636**	**5,934,898**
TOTAL LIABILITIES		**182,448,636**	**24,834,898**
NET ASSETS		**307,752,538**	**288,390,867**

EQUITY	Note	30 June 2016 (£)	30 June 2015 (£)
Share capital		307,985,091	276,959,370
Other reserves		167,201	-
Retained reserves		(399,754)	11,431,497
TOTAL EQUITY	16	**307,752,538**	**288,390,867**

SHARES	Note	Per Share	Per Share
Number of Ordinary Shares in issue at year end	16	309,631,765	278,417,224
Net asset value per Ordinary Share (pence)	9	99.39	103.58

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 3 October 2016 and signed on their behalf by:

Paul Le Page
Director
3 October 2016

Laurence McNairn
Director
3 October 2016

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

INCOME	Note	Year ended 30 June 2016 (£)	Year ended 30 June 2015 (£)
Income	4	3,658,088	1,901,662
Interest income from cash and cash equivalents		10,899	165,413
Total Income		**3,668,987**	**2,067,075**
Net gains on financial assets held at fair value through profit or loss	10	13,924,317	17,472,883
Operating income		**17,593,304**	**19,539,958**
EXPENSES	**Note**	**30 June 2016 (£)**	**30 June 2015 (£)**
Administrative expenses	5	3,859,103	3,022,085
Transaction costs	6	1,882,950	571,576
Operating expenses		**5,742,053**	**3,593,661**
OPERATING PROFIT		**11,851,251**	**15,946,297**
	Note	30 June 2016 (£)	30 June 2015 (£)
Finance costs	7	3,185,107	795,538
Total comprehensive income before tax		**8,666,144**	**15,150,759**
Taxation	8	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**8,666,144**	**15,150,759**
ATTRIBUTABLE TO	**Note**	**30 June 2016 (£)**	**30 June 2015 (£)**
Owners of the Company		8,666,144	15,150,759
EARNINGS PER SHARE:	**Note**	**30 June 2016 (p)**	**30 June 2015 (p)**
Basic and diluted (pence)	15	2.92	6.71

All items within the above statement have been derived from continuing activities. The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Number of Ordinary Shares	Share capital (£)	Other reserves	Retained earnings (£)	Total equity (£)
Shareholders' equity at 1 July 2015		**278,417,224**	**276,959,370**	**-**	**11,431,497**	**288,390,867**
SHARES ISSUED DURING THE PERIOD						
30,098,639 Ordinary Shares issued via placing	16	30,098,639	30,700,612	-	-	30,700,612
901,361 Ordinary Shares issued via offer	16	901,361	919,388	-	-	919,388
Share issue costs	16	-	(803,092)	-	-	(803,092)
214,541 Ordinary Shares issued in settlement of variable fee	16	214,541	208,813	-	-	208,813
Ordinary shares to be issued in settlement of variable fee	16	-	-	167,201	-	167,201
Dividends paid	16 / 17	-	-	-	(20,497,395)	(20,497,395)
Total comprehensive income for the period		-	-	-	8,666,144	8,666,144
Shareholders' equity at 30 June 2016		**309,631,765**	**307,985,091**	**167,201**	**(399,754)**	**307,752,538**

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Number of Ordinary Shares	Share capital (£)	Other reserves	Retained earnings (£)	Total equity (£)
Shareholders' equity at 1 July 2014		**143,426,684**	**140,837,766**	**-**	**6,838,253**	**147,676,019**
SHARES ISSUED DURING THE PERIOD						
120,000,000 Ordinary Shares issued via placing	16	120,000,000	123,000,000	-	-	123,000,000
7,500,000 Ordinary Shares issued via placing	16	7,500,000	7,687,500	-	-	7,687,500
Share issue costs	16	-	(2,291,852)	-	-	(2,291,852)
Shares issued as consideration for SPV investment	16	7,490,540	7,725,956	-	-	7,725,956
Dividends paid	16 / 17	-	-	-	(10,557,515)	(10,557,515)
Total comprehensive income for the period		-	-	-	15,150,759	15,150,759
Shareholders' equity at 30 June 2015		**278,417,224**	**276,959,370**	**-**	**11,431,497**	**288,390,867**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

CASH FLOWS FROM OPERATING ACTIVITIES	Note	Year ended 30 June 2016 (£)	Year ended 30 June 2015 (£)
Total comprehensive income for the year		8,666,144	15,150,759
ADJUSTMENTS			
Increase in trade and other receivables		(570,944)	(2,005,316)
Increase in other payables and accrued expenses		1,148,338	69,230
Performance fee settled by issuance of shares	16	208,813	-
Movement in other reserves relating to Investment Adviser shares	16	167,201	-
Net gains on financial assets held at fair value through profit or loss10	10	(13,924,317)	(17,472,883)
Finance expense on revolving loan facility	7	2,287,032	96,592
NET CASH INFLOW GENERATED FROM OPERATING ACTIVITIES		**(2,017,733)**	**(4,161,618)**

CASH FLOWS FROM INVESTING ACTIVITIES	Note	Year ended 30 June 2016 (£)	Year ended 30 June 2015 (£)
Purchase of financial asset at fair value through profit or loss	10	(201,650,408)	(140,101,912)
Cancellation of loan by SPV		-	670,000
Receipts from SPV investments held at fair value through profit or loss	10	23,657,118	8,938,331
NET CASH USED IN INVESTING ACTIVITIES		**(177,993,290)**	**(130,493,581)**

CASH FLOW FROM FINANCING ACTIVITIES	Note	Year ended 30 June 2016 (£)	Year ended 30 June 2015 (£)
Proceeds from issue of Ordinary Shares	16	31,620,000	130,687,500
Issue costs paid	16	(803,092)	(2,291,852)
Dividends paid	17	(20,497,395)	(10,557,515)
Drawdown on revolving loan facility	14	193,580,000	38,400,000
Repayment of revolving loan facility - Capital	14	(32,100,000)	(19,500,000)
Repayment of revolving loan facility - Interest	7	(2,287,032)	(96,592)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**169,512,481**	**136,641,541**

Net (decrease)/ increase in cash and cash equivalents		(10,498,542)	1,986,342
Cash and cash equivalents at the start of the year		13,273,472	11,287,130
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13	**2,774,930**	**13,273,472**

At 30 June 2015 purchase of financial assets at fair value through profit and loss excludes an accrued amount of £5,014,599 and £7,725,956 where consideration for a SPV investment was settled in shares.

At 30 June 2015 proceeds from issue of Ordinary Shares excludes £7,725,956 in respect of shares issued as consideration for a SPV investment

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1. GENERAL INFORMATION

The Company is a non-cellular company limited by shares and was incorporated in Guernsey under the Law on 29 May 2013 with registered number 56708 as a closed-ended investment company. It is regulated by the GFSC.

The consolidated financial statements for the year ended 30 June 2016 comprise the financial statements of the Company and its wholly owned subsidiary, BSIFIL, as at 30 June 2016.

The investment objective of the Group is to provide shareholders with an attractive return, principally in the form of income distributions, by investing via SPVs into a portfolio of large scale UK based solar energy infrastructure assets.

The Group has appointed Bluefield Partners LLP as its Investment Adviser.

2. ACCOUNTING POLICIES

a) Basis of preparation

The consolidated financial statements included in this annual report have been prepared in accordance with IFRS and the DTRs of the UK FCA.

These consolidated financial statements have been prepared under the historical cost convention with the exception of financial assets measured at fair value through profit or loss, and in accordance with the provisions of the Companies Law.

The principal accounting policies adopted are set out below.

Standards and Interpretations in issue and not yet effective:

New Standards		Effective date
IFRS 9	Financial Instruments	1 January 2018

Revised and amended standards		Effective date
IFRS 10	Investment Entities: Applying the Consolidation Exception	1 January 2016

The Group has not early adopted these standards. The Board is considering the impact of IFRS 9. In respect of the IFRS 10 amendments it is expected that future financial statements will be prepared on an unconsolidated basis.

b) Going concern

At 30 June 2016, the Company had invested in 73 solar plants, committing £478.1 million. During the year, the Company entered into a revised credit facility increasing the funds available from £50 million under the original revolving loan facility to £200 million. As at 30 June 2016 £180.4 million was drawn down leaving £19.6 million available. In accordance with the terms of this facility £50.0 million is to be repaid on 20 January 2017. Post year-end, this facility has been replaced by a long term financing arrangement and new RCF as described particularly in the Chairman's Statement and in the report of the Investment Adviser. These resources, together with the net income generated by the acquired projects, are expected to allow the Company to meet its liquidity needs for the payment of operational expenses, dividends and acquisition of new solar assets. The Company expects to comply with the covenants of its long term loan and its revolving credit facility.

The Directors, in their consideration of going concern, have reviewed comprehensive cash flow forecasts prepared by the Investment Adviser, future projects in the pipeline and the performances of the current solar plants in operation and, at the time of approving the consolidated financial statements, have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Group. The Directors have concluded that it is appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements.

c) Accounting for subsidiaries

The Board has determined that the Company has all the elements of control as prescribed by IFRS 10 in relation to all its subsidiaries as the Company is effectively the sole shareholder in all the subsidiaries, is exposed and has rights to the returns of all subsidiaries and has the ability either directly or through the Investment Adviser to affect the amount of its returns from all subsidiaries.

The amendments to IFRS 10, IFRS 12 and IAS 27 were endorsed by the EU on 20 November 2013, and had an effective date of 1 January 2014 with early adoption permitted. The Amendments introduced an exception to the principle that controlled subsidiaries should be consolidated. It defined an investment entity and required a parent that is an investment entity to measure its subsidiaries at fair value through profit or loss in accordance with IAS 39 'Financial Instruments: Recognition and Measurement', rather than consolidate the results of the subsidiaries on a line by line basis.

The Directors have assessed the position of the Group and are of the opinion that the Group has all the typical characteristics of an investment entity and the three essential criteria specified in the standard.

The three essential criteria are such that the entity must:

- obtain funds from one or more investors for the purpose of providing these investors with professional investment management services;
- commit to its investors that its business purpose is to invest its funds solely for returns from capital appreciation, investment income or both; and
- measure and evaluate the performance of substantially all of its investments on a fair value basis.

In respect of the first essential criterion, typically an investment entity would have several investors who pool their funds to gain access to investment management services and investment opportunities that they might not have had access to individually. In accordance with the Company's Prospectus, typical investors of the Company are generally institutional and sophisticated investors due to the high capital costs, potential risk of capital loss, limited liquidity of the underlying solar assets, long-term nature of these assets and regulatory issues. The Company, being listed on the Main Market of the London Stock Exchange, attracts investment from a diverse group of external shareholders.

In respect of the second criterion, consideration is also given to the time horizon of an investment. An investment entity should not hold its investments indefinitely but should have an exit strategy for their realisation. As the Group invests in underlying solar assets that have an expected life of 25 years and as the solar assets are expected to have no residual value after their 25 year life, the Directors consider that this demonstrates a clear exit strategy from these investments.

In respect of the third criterion, the Group measures and evaluates the performance of all of its investments on a fair value basis. Subsidiaries are consolidated into the consolidated financial statements when they provide investment management services to the Company while all other subsidiaries and investments are held at fair value through profit or loss (see Note 2 (k)(i)).

As such, the Directors have concluded that the Group satisfies the criteria as disclosed above to be regarded as an investment entity for the year ended 30 June 2016.

Consolidated subsidiary

The Company makes its investments in the SPVs through its subsidiary, BSIFIL, in which it is the sole shareholder. The Amendments require a subsidiary of an investment entity that provides services that relate to the investment entity's activities to be consolidated. The Board assessed the function of BSIFIL and maintains that it provides investment related services because such services are an extension of the operations of the Company. As such at 30 June 2016, the Company consolidates the results of BSIFIL which leads to BSIFIL's investments in the SPVs being represented as financial assets held at fair value through profit or loss on the consolidated statement of financial position date.

Where necessary, adjustments have been made to the financial statements of BSIFIL to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The results of BSIFIL during the year are included in the consolidated statement of comprehensive income for the year. BSIFIL results for the year ended 30 June 2016 have been included by reference to management accounts drawn in line with the Group's reporting period.

On 18 December 2014, the IASB issued further amendments to IFRS 10 (the Consolidation Exception Amendments) which may have a material impact on the preparation and presentation of the Group accounts as they have clarified the scope of the exceptions to mandatory non-consolidation. The Consolidation Exception Amendments have been issued and are effective for annual periods beginning on or after 1 January 2016. The Board's expectation is that these amendments will apply to its financial statements in future, which will be prepared on a non-consolidated basis.

Unconsolidated subsidiaries

The Group has not consolidated its equity interests in the SPVs that invest in the solar projects. Accordingly, the Group's equity interests in the SPVs are held for investment purposes and not as operating vehicles and therefore it is the Group's interest in the SPVs which constitute its investment assets, rather than each SPV's investment in the solar project itself.

Note 11 discloses the financial support provided by the Group to the unconsolidated SPV investments.

d) Functional and presentation currency

These consolidated financial statements are presented in Sterling, which is the functional currency of the Company as well as the presentation currency. The Group's funding, investments and transactions are all denominated in Sterling.

e) Income

Consultancy services fee income is recognised on an accruals basis.

Interest income on cash and cash equivalents is recognised on an accruals basis using the effective interest rate method.

f) Expenses

Operating expenses are the Group's costs incurred in connection with the ongoing administrative costs and management of the Group's investments. Operating expenses are accounted for on an accruals basis.

Transaction costs arising from the acquisition of the Group's investments that are recurring in nature and that would not be recovered on the subsequent sale of the investment in an orderly transaction (such as legal fees relating to due diligence and technical reviews of the solar farms) are expensed in the consolidated statement of comprehensive income. Transaction costs that are intrinsically linked to the value of the investments (such as legal fees relating to the contracts on the construction and maintenance of solar assets, stamp duty fees relating to the leases on the solar farms, insurance during construction and technical due diligence on construction) are included in the cost of the financial assets held at fair value through profit or loss at the period end. All transaction costs relating to uncompleted investment projects are expensed to the consolidated statement of comprehensive income.

g) Finance costs

Finance costs are recognised in the consolidated statement of comprehensive income in the period to which they relate on an accruals basis using the effective interest rate method. Arrangement fees for finance facilities are amortised over the expected life of the facility.

h) Dividends

Dividends paid are disclosed in equity. Dividends approved by the Board prior to a year-end are disclosed as a liability. Dividends declared and approved are charged against equity. A corresponding liability is recognised for any unpaid dividends prior to year end. Dividends approved but not declared will be disclosed in the notes to the consolidated financial statements.

i) Segmental reporting

IFRS 8 'Operating Segments' requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

The Board has considered the requirements of IFRS 8 'Operating Segments', and is of the view that the Group is engaged in a single segment of business, being investment mainly in UK solar energy infrastructure assets via SPVs, and mainly in one geographical area, the UK, and therefore the Group has only a single operating segment.

The Board, as a whole, has been determined as constituting the chief operating decision maker of the Group. The key measure of performance used by the Board to assess the Group's performance and to allocate resources is the total return on the Group's NAV, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in these consolidated financial statements.

The Board of Directors has overall management and control of the Group and will always act in accordance with the investment policy and investment restrictions set out in the Company's latest Prospectus, which cannot be radically changed without the approval of shareholders. The Board of Directors has delegated the day-to-day implementation of the investment strategy to its Investment Adviser but retains responsibility to ensure that adequate resources of the Group are directed in accordance with their decisions. Although the Board obtains advice from the Investment Adviser, it remains responsible for making final decisions in line with the Company's policies and the Board's legal responsibilities.

j) Taxation

Current tax is the expected tax payable on the taxable income for the period, using tax rates that have been enacted or substantively enacted by the date of the consolidated statement of financial position.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, except for deferred income tax assets which are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credit or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted "in use" basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the reporting date and the tax system elected by the Company.

BSIFIL is registered for UK VAT purposes with HM Revenue & Customs. Recoverable VAT is included within receivables at year end.

k) Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group offsets financial assets and financial liabilities if the Group has a legally enforceable legal right to offset the recognised amounts and interests and intends to settle on a net basis or realise the asset and liability simultaneously.

Financial assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All financial assets are initially measured at fair value.

The Group has not classified any of its financial assets as 'held to maturity' or as 'available for sale'. The Group's financial assets comprise of only financial assets held at fair value through profit or loss, cash and loans and receivables.

i) Financial assets held at fair value through profit or loss.

- Classification - The Group has been classified as an investment entity and as such its investments in the SPVs are held at fair value through profit or loss and measured in accordance with the requirements of IAS 39 (see Note 2 (c)).

- Recognition - Investments made by the Group in the SPVs are initially recognised at transaction price on the day the loan commitment is drawn down. Transaction costs arising from the acquisition of the investments in the SPVs that are recurring in nature and that would not be expected to be recovered on a subsequent sale of the investment are expensed to the consolidated statement of comprehensive income. However, 'one-off' transaction costs that are incurred by or on behalf of the SPVs in order to create future cash-flows are intrinsically linked to the value of the investments and as such are included in the cost of the financial assets held at fair value through profit or loss (see Note 2 (f)).

- Measurement - Subsequent to initial recognition, the investments in the SPVs are measured at each subsequent reporting date at fair value. Gains and losses resulting from the revaluation of investments in the SPVs are recognised in the consolidated statement of comprehensive income (see Note 10). The Group has elected to recognise all gains and losses from financial assets held at fair value through profit or loss as a single line in profit and loss. Fair value is determined on an unleveraged, discounted cash-flow basis in accordance with the IPEV Valuation Guidelines recognising any other assets and liabilities of the SPV.

ii) Derecognition of financial assets. A financial asset (in whole or in part) is derecognised either:

- when the Group has transferred substantially all the risks and rewards of ownership; or

- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or

- when the contractual right to receive cash-flow has expired.

iii) Cash and cash equivalents comprise cash on hand and short-term deposits with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Other receivables including VAT recoverable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition, and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Financial liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics.

All financial liabilities are initially recognised at fair value net of transaction costs incurred. All purchases of financial liabilities are recorded on trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values.

The Group's financial liabilities consist of only financial liabilities measured at amortised cost.

i) Financial liabilities measured at amortised cost

These include trade payables, borrowings and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

ii) Derecognition of financial liabilities.

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to profit and loss.

l) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs. Direct issue costs include those incurred in connection with the placing and admission which include fees payable under the Placing Agreement, legal costs and any other applicable expenses.

m) Share based payments

Directors' fees

As disclosed in Note 19, the Directors elected to receive their Directors' fees for the first two years, from the date of their appointment, through an issue of Ordinary Shares, which were allotted and issued at the initial issue price. For all Directors this two year period had completed by 30 June 2015 and Directors are now remunerated for their services in cash.

Investment Adviser's variable fee

The Group recognises the variable fee for the services received in a share-based payment transaction as the Group becomes liable to the variable fee on an accruals basis. The variable fee will be accrued in the accounting period in which the Company exceeds its target distribution as per the Investment Advisory Agreement (see Note 5). A corresponding increase in equity is recognised when payment for the variable fee is made in an equity settled share based payment transaction based on the fair value of the services provided.

3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The preparation of the consolidated financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The area involving a high degree of judgement or complexity or area where assumptions and estimates are significant to the consolidated financial statements has been identified as the risk of misstatement of the valuation of the SPV investments (see Note 10). Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

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

Following the adoption of the Amendments, the Board has determined, and continues to hold the view, that the Company satisfies the criteria to be regarded as an investment entity and that the Company, together with BSIFIL, which also serves as a holding company for the Group's investments in the SPVs, provides investment related services. This determination involves a degree of judgement due to the complexity within the wider structure of the Group and the investments in the SPVs (see Note 2 (c)). As disclosed in Note 2 (c), the Board has determined the unit of account to be the Group's interest in the SPV rather than the SPV's investments in the solar projects. Additionally, as the investments in the SPVs consist of both debt and equity investments, judgement has been applied to the unit of account for the measurement of these investments.

On 18 December 2014, the IASB issued further amendments to IFRS 10 (Investment Entities: Applying the Consolidation Exception) which may have a material impact on the preparation and presentation of the Group accounts as they have clarified the scope of the exceptions to mandatory non-consolidation. The Consolidation Exception Amendments are mandatory for annual periods beginning on or after 1 January 2016. The Company continues to consolidate its results with BSIFIL in these financial statements. The Board however expects BSIFIL to be classified as an Investment Entity. In this case the presentation of the financial statements will change. The implication of this change is that BSIFIL, the Company's single, direct subsidiary through which investments are purchased, which is currently consolidated on a line-by-line basis into the Company's financial statements, would no longer be consolidated but rather measured at fair value. Whilst this change does not affect the Group's Net Assets, BSIFIL's cash, debt and working capital balances would now be included in the fair value of investments as opposed to their respective category in the Statement of Financial Position.

The Group continues to consolidate BSIFIL and holds all SPV investments at fair value. The net assets of BSIFIL, which at 30 June 2016 principally comprise cash and working capital balances in addition to the SPV investments, would be required to be included in the carrying value of the financial assets held at fair value through profit or loss. This change would not materially affect the Group's net assets. At 30 June 2016, BSIFIL's cash and working capital balances are not included in the fair value of the financial assets held at fair value through profit or loss and are presented within the Group's net assets.

4. INVESTMENT INCOME

	Year ended 30 June 2016 (£)	Year ended 30 June 2015 (£)
Consultancy services fee income (Note 19)	2,564,937	1,901,662
Monitoring fee in relation to loans supplied (Note 19)	1,093,151	-
	3,658,088	**1,901,662**

BSIFIL has entered into consultancy agreements with each SPV for the provision of ongoing ad hoc advisory services in the management, administration and operation of each SPV. The consultancy services fee income is charged according to hourly rates and agreed from time to time between BSIFIL and each SPV.

BSIFIL also provided monitoring and loan administration services to SPVs, for which an annual fee is charged, payable in arrears. The fee recorded in 2016 also reflects fees in respect of 2014 and 2015 due to amendments to some contracts. Fees in respect of 2014 and 2015 have been paid.

Generation income earned by the solar plants within each SPV is included in the fair value calculation of each SPV entity as described in Note 10.

5. ADMINISTRATIVE EXPENSES

	Year ended 30 June 2016 (£)	Year ended 30 June 2015 (£)
Investment advisory fees (including technical services fee)	2,832,232	2,007,666
Legal and professional fees	153,971	275,934
Administration fees	286,316	287,424
Directors' remuneration	169,733	145,599
Audit fees	109,925	61,398
Non-audit fees*	12,938	10,661
Broker fees	50,009	52,032
Regulatory Fees	37,809	25,511
Registrar fees	29,719	25,177
Insurance	62,368	56,891
Listing fees	18,068	18,004
Other expenses	96,015	55,788
	3,859,103	**3,022,085**

*Note: 2016 excludes £46,575 of non-audit fees in relation to the placing and offer in December 2015 which were deducted from the placing proceeds. 2015 excluded £62,100 of non-audit fees in relation to the placing in November 2014, which likewise were deducted from the placing proceeds

Investment Advisory Agreement

The Group and the Investment Adviser have entered into an Investment Advisory Agreement, dated 24 June 2013, pursuant to which the Investment Adviser has been given overall responsibility for the non-discretionary management of the Group's (and any of the Group's SPVs) assets (including uninvested cash) in accordance with the Group's investment policies, restrictions and guidelines. Under the terms of the Investment Advisory Agreement, the Investment Adviser is entitled to a combination of a base fee and variable fee. The base fee is payable quarterly in arrears in cash, at a rate equivalent to 1% per annum of the NAV up to and including £100,000,000, 0.80% per annum of the NAV above £100,000,000 and up to and including £200,000,000 and 0.60% per annum of the NAV above £200,000,000. The base fee will be calculated on the NAV reported in the most recent quarterly NAV calculation as at the date of payment. The variable fee is based on the following:

(i) if in any year (excluding the Company's first financial year), the Company exceeds its distribution target of 7 pence per Ordinary Share per year which will rise with the annual RPI in 2016 and onwards, the Investment Adviser will be entitled to a variable fee equal to 30% of the excess, subject to a maximum variable fee in any year equal to 1% of the NAV as at the end of the relevant financial year. The variable fee shall be satisfied either by the issue of Ordinary Shares to the Investment Adviser at an issue price equal to the prevailing NAV per Ordinary Share; acquisition of Ordinary Shares held in treasury; or purchase of Ordinary Shares in the market. The Ordinary Shares issued to the Investment Adviser will be subject to a three year lock-up period, with one-third of the relevant shares becoming free from the lock-up on each anniversary of their issue.

(ii) if in any year (excluding the Company's first financial year), the Company fails to achieve its distribution target of 7 pence per Ordinary Share per year which will rise with the annual RPI in the third year, the Investment Adviser will repay its base fee in proportion by which the actual annual distribution per Ordinary Share is less than the target distribution, subject to a maximum repayment in any year equal to 35% of the base fee calculated prior to any deduction being made. The repayment will be split equally across the four quarters in the following financial year and will be set off against the quarterly management fees payable to the Investment Adviser in that following financial year.

On 11 June 2014, BSIFIL entered into a Technical Services Agreement with the Investment Adviser, with a retrospective effective date of 25 June 2013 in order to delegate the provision of the consultancy services to the Investment Adviser in its capacity as technical adviser to the SPVs. On the same date, 11 June 2014, the Group entered into a base fee offset arrangement agreement, whereby the aggregate technical services fee and base fee payable (under the Investment Advisory Agreement) shall not exceed the base fee that would otherwise have been payable to the Investment Adviser in accordance with the Investment Advisory Agreement had no fees been payable under Technical Services Agreement.

In the event that the Investment Adviser becomes liable to pay the variable fee repayment amount, the Investment Adviser shall be liable to pay such amount regardless of whether or not the base fee previously paid to it under the Investment Advisory Agreement had been reduced by virtue of the application of the set off arrangements as outlined on the base fee offset arrangement agreement dated 11 June 2014.

The fees incurred for the period and the amount outstanding at the period end have been disclosed in Note 19.

Administration Agreement

The Administrator has been appointed to provide day-to-day administration and company secretarial services to the Company, as set out in the Administration Agreement dated 24 June 2013.

Under the terms of the Administration Agreement, the Administrator is entitled to an annual fee, at a rate equivalent to 10 basis points of NAV up to and including £100,000,000, 7.5 basis points of NAV above £100,000,000 and up to and including £200,000,000 and 5 basis points of the NAV above £200,000,000, subject to a minimum fee of £100,000 per annum. The fees are for the administration, accounting, corporate secretarial services, corporate governance, regulatory compliance and stock exchange continuing obligations provided to the Company. In addition, the Administrator will receive an annual fee of £5,000 and £2,500 for the provision of a compliance officer and money laundering reporting officer respectively.

The Administrator will also be entitled to an investment related transaction fee charged on a time spent basis, which is capped at a total of £5,000 per investment related transaction. All reasonable costs and expenses incurred by the Administrator in accordance with this agreement are reimbursed to the Administrator quarterly in arrears.

The fees incurred for the period and the amount outstanding at the period end have been disclosed in Note 19.

6. TRANSACTION COSTS

	Year ended 30 June 2016 (£)	Year ended 30 June 2015 (£)
Completed investment acquisitions	1,869,214	614,546
Other investment acquisitions	13,736	(42,970)
	1,882,950	**571,576**

7. FINANCE COSTS

	Year ended 30 June 2016 (£)	Year ended 30 June 2015 (£)
Arrangement fees	659,524	266,667
Loan facility fees	238,551	432,279
Loan interest	2,287,032	96,592
	3,185,107	**795,538**

On 11 June 2014, the Group entered into a three-year revolving acquisition facility for up to £50 million with RBS, which expires on 10 June 2017. This facility has been secured against the Group's assets through a debenture agreement entered into as part of the facility. This facility includes a working capital element and will provide the Group with a flexible source of funding to make additional acquisitions of solar energy assets in the UK. The facility is subject to an interest rate margin over LIBOR of 2.25% and an arrangement fee of 1.6% over the total commitment, secured against the Group's existing assets (see Note 10). The arrangement fee is to be amortised over the three year term of the loan facility. The Group is required to meet certain financial covenants, the most significant of which is maintaining a forecast and historic interest cover ratio above 3.5:1 and a leverage ratio of not greater than 0.35:1.

On 21 January 2016 the original three-year revolving acquisition facility detailed above was amended and restated. The revised credit facility increases the funds available from £50 million to £200 million and is being provided by RBS and Investec. At 30 June 2016, the Group had drawn down an amount totalling £180.4 million on this facility (2015: £18.9 million on the original facility). The facility is divided into three tranches, the details of which are shown below:

	Tranche A	Tranche B	Tranche C
Amount	£50m	£100m	£50m
Type	Term Loan	Term Loan	Revolving Facility
Margin (over LIBOR)	190 bps	210 bps	210 bps
Tenor	20 January 2017	30 September 2017	30 September 2017

As at 30 June 2016 £272.6 million of the Group's assets have been pledged as security against the Group's revised credit facility. At 30 June 2015 £111.8 million of the Group's assets had been pledged as security against the Group's original three-year revolving acquisition facility.

Leverage as at 30 June 2016 is 37.17% (2015: 6.15%) calculated by the commitment method and 37.38% (2015: 6.43%) calculated by the gross method.

Post year end, on 27 September 2016, £187 million long term financing was agreed with Aviva Investors. This is held at the Company level in two tranches, a £121.5 million fixed price loan at 2.875% interest and a £65.5 million index linked element at 70 basis points linked to RPI. The loans are for 18 years and are fully amortising.

8. TAXATION

The Company has obtained exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 for which it pays an annual fee of £1,200 (2015: £1,200) (included within regulatory fees).

The income from the Company's investments is not subject to any further tax in Guernsey although the subsidiary and underlying SPVs, as UK based entities, are subject to the current prevailing UK corporation tax rate. The standard rate of UK corporation tax is 20%. This is due to decrease to 19% in 2017 and to 18% by 2020.

At the year end, BSIFIL had taxable profits of £23,297,344 (2015: £12,944,738) which are expected to be offset against the taxable losses of the underlying SPVs through group relief. As a result, the tax charge for the period shown in the consolidated statement of comprehensive income is nil.

9. NET ASSET VALUE PER ORDINARY SHARE

The calculation of NAV per Ordinary Share is based on NAV of £307,752,538 (2015: £288,390,867) and the number of shares in issue at 30 June 2016 of 309,631,765 (2015: 278,417,224) Ordinary Shares.

10. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group's accounting policy on the measurement of these financial assets is discussed in Note 2 (k) and below.

	Year ended 30 June 2016 (£)	Year ended 30 June 2015 (£)
Opening balance (Level 3)	296,827,336	136,120,317
Additions	196,635,808	152,842,467
Cancellation of loan by SPV	-	(670,000)
Change in fair value of financial assets held at fair value through profit or loss	(9,732,801)	8,534,552
Closing balance (Level 3)	**483,730,343**	**296,827,336**

Analysis of net gains and losses on financial assets held at fair value through profit or loss (per consolidated statement of comprehensive income)

Change in fair value of financial assets held at fair value through profit or loss	Year ended 30 June 2016 (£)	Year ended 30 June 2015 (£)
Total unrealised gain in fair value of financial assets held at fair value through profit or loss	6,505,412	9,124,540
Total unrealised loss in fair value of financial assets held at fair value through profit or loss	(16,238,213)	(589,988)
	(9,732,801)	8,534,552
Receipts from SPV investments held at fair value through profit or loss	23,657,118	8,938,331
	13,924,317	**17,472,883**

As at 30 June 2016 £272.6 million of the Group's assets have been pledged as security against the Group's revised credit facility. At 30 June 2015 £111.8 million of the Group's assets had been pledged as security against the Group's original three-year revolving acquisition facility (see Note 7).

Fair value measurements

IFRS 13 'Fair Value Measurement' requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

The fair value hierarchy has the following levels:

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

The determination of what constitutes 'observable' requires significant judgement by the Group. The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The only financial instruments carried at fair value are the SPV investments held by the Group, which are fair valued at each reporting date. The Group's investments have been classified within Level 3 as the SPV investments are not traded and contain unobservable inputs (see Note 2 (k)).

Transfers during the period

There have been no transfers between levels during the year ended 30 June 2016. Any transfers between the levels will be accounted for on the last day of each financial period. Due to the nature of the investments, these are always expected to be classified as Level 3.

Valuation methodology and process

The Directors base the fair value of the investments in the SPVs held by the Group on information received from the Investment Adviser. Fair value is calculated on an unleveraged, discounted cash-flow basis in accordance with the IPEV Valuation Guidelines. The Investment Adviser produces fair value calculations on a semi-annual basis as at 30 June and 31 December each year. However, in every third year the Board will have an external valuation performed by an experienced independent third party. Such an external valuation was undertaken by an independent valuer for the year ended 30 June 2015.

The Board reviews and considers the fair value arrived at by the valuer before incorporating into the fair value of the investments adopted by the Group. As all the underlying solar plants are fully operational, the discounted cash-flow technique was applied in appraising each SPV's solar project. This method identifies the inputs that have the most significant impact on the carrying value of the investments which include the discount rate, electricity price forecasts, the amount of electricity the solar assets are expected to produce and inflation rate on related costs.

The Directors have satisfied themselves as to the Group's valuation policy, valuation methodology, discount rates and key assumptions applied.

The key inputs to the valuation are the discount rate, power price forecasts, level of leverage and inflation rate. Original discount rates applied when the solar assets were first purchased could change due to factors such as a material change in long term inflation expectations or risk-free rates; a change in risk perception of solar assets or the regulation supporting solar assets; or a change in the nature of capital available within the industry (for example, large scale institutional investors with a low cost of capital may drive the reduction in the cost of capital for solar assets). As a result, the discount rates are subjective and an alternative assumption may result in a different rate.

Judgement is used by the Board in arriving at the appropriate WACC used by the Group.

The Board's selection of an equity discount rate reflects the fact that during the period, whilst power prices have decreased the acquisition prices of income generating assets have remained stable in the experience of the Investment Adviser. The Directors, therefore, do not consider there to be a significant change in the sector and have chosen to apply the same equity discount rate as at 30 June 2015 and 31 December 2015 of 7.5%.

The Company's business plan at the time of the IPO, and recent prospectus of 26 October 2015, noted that the Company intends to use long-term structured debt as well as equity with a target long-term leverage of 25-35% of GAV. Accordingly, the Group has assumed 30% debt with an interest rate of 4.5% - this is based on taking a prudent view of current market conditions. A 18 year maturity is assumed for debt. These together give a WACC of 6.60%. The inclusion of debt in the generation of a WACC was first applied to the valuation for the Company's Interim financial statements at 31 December 2015.

Long term power price forecasts are obtained from a leading power forecaster, which are reviewed and adjusted by the valuer, as required, in order to align these with the fixed power prices which would currently be achieved on the power purchasing agreements that the SPVs have entered into.

Related revenue (for associated FiTs and ROCs benefits) and costs (for the construction and maintenance of the solar assets) may not stay constant in real terms over the life of the solar assets due to inflation rates. The Group assumes an inflation rate of 2.5% (30 June 2015: 2.5%).

Long term irradiation forecasts based on a number of long term irradiation databases utilising both ground- and satellite-based measurements have been provided by a leading solar PV technical adviser in the UK market. The Investment Adviser has relied on this data and, where applicable, the performance ratio warranted by the contractors. Base energy yield assumptions are P50 (50% probability of exceedence) (30 June 2015: P50).

Each investment is subject to full UK corporate taxation at the prevailing rate with the tax shield being limited to the applicable capital allowances from the Group's SPV investments.

Sensitivity analysis

The table below analyses the sensitivity of the fair value of investments to an individual input, while all other variables remain constant. The Board considers the changes in inputs to be within a reasonable expected range based on their understanding of market transactions. This is not intended to imply that the likelihood of change or that possible changes in value would be restricted to this range.

		30 JUNE 2016		30 JUNE 2015	
Input	Change in input	Change in fair value of investments (£)	Change in NAV per share (pence)	Change in fair value of investments (£)	Change in NAV per share (pence)
Discount rate	+ 0.5%	(13,800,000)	(4.48)	(11,800,000)	(4.20)
	- 0.5%	13,900,000	4.52	12,100,00	4.30
Cost of debt	+1.5%	(17,600,000)	(5.72)	-	-
	-1.5%	18,600,000	6.04	-	-
Power prices	+10%	22,500,000	7.31	15,300,000	5.50
	-10%	(22,600,000)	(7.34)	(15,300,00)	(5.50)
Inflation rate	+ 0.25%	9,400,000	3.05	6,000,000	2.20
	- 0.25%	(9,200,000)	(2.99)	(5,900,000)	(2.11)
Energy yield	10 year P90	(38,700,000)	(12.58)	(26,100,00)	(9.40)
	10 year P10	36,200,000	11.76	26,000,000	9.40
Operational costs	+10%	(7,800,000)	(2.53)	(6,700,000)	(2.40)
	-10%	7,800,000	2.53	6,700,000	2.40
Tax Rate	+25%	(11,100,000)	(3.61)	(9,700,000)	(3.50)
	-25%	11,100,000	3.61	9,700,000	3.50

11. FINANCIAL SUPPORT TO UNCONSOLIDATED SPV INVESTMENTS

The following table shows the SPV investments of the Group which have not been consolidated in the preparation of these consolidated financial statements as the Group has adopted the investment entity exemption referred to Note 2 (c):

Project	SPV Investments	Date of investment	Site location	Ownership Interest
Goosewillow	ISP (UK) 1 Limited	5 August 2013	Oxfordshire	100%
Hardingham	Hardingham Solar Limited	30 August 2013 / 19 November 2014	Norfolk	100%
North Beer	North Beer Solar Limited	10 October 2013	Cornwall	100%
Hill Farm	HF Solar Limited	21 October 2013	Oxfordshire	100%
Saxley	Saxley Solar Limited	19 December 2013	Hampshire	100%
Betingau	Betingau Solar Limited	23 December 2013	Glamorgan	100%
Hall Farm	Hall Solar Limited	24 December 2013	Norfolk	100%
Sheppey	Sheppey Solar Limited	18 February 2014	Kent	100%
Pentylands	Solar Power Surge Limited	4 March 2014	Wiltshire	100%
Hoback	Hoback Solar Limited	17 June 2014	Cambridgeshire	100%
Capelands	Capelands Solar Farm Limited	25 July 2014	Devon	100%
Redlands	Redlands Solar Farm Limited	25 July 2014	Somerset	100%
L&P Solar	Bluefield L&P Solar Limited*	9 October 2014	Various	100%
Ashlawn	Ashlawn Farm Limited	3 December 2014	Somerset	100%
Rove	WEL Solar Park 1 Limited	23 December 2014	Wiltshire	100%
Elms	WEL Solar Park 2 Limited	11 February 2015	Oxfordshire	100%
West Raynham	West Raynham Solar Limited	26 March 2015	Norfolk	100%
Trethosa	Trethosa Solar Limited	24 July 2015	Cornwall	100%
Salhouse	Salhouse Solar Limited	24 July 2015	Norfolk	100%
Rhydy Pandy (see Note 19)	Bluefield Peregrine Limited and Bluefield Kite Limited	21 August 2015	Various	100%
Frogs Loke	Frogs Loke Solar Limited	17 December 2015	Norfolk	100%
Folly Lane	Folly Lane Solar Limited	17 December 2015	Lincolnshire	100%
Bunns Hill	Bunns Hill Solar Limited	18 December 2015	Norfolk	100%
Rookery	Rookery Solar Limited	18 January 2016	Norfolk	100%
Grange	Grange Solar Limited	31 January 2016	Gloucestershire	100%
Tollgate	Tollgate Solar Limited	27 January 2016	Warwickshire	100%
Mikado 1	Southwick Solar Farm Limited**	22 January 2016	Hampshire	100%
Mikado 2	Littlebourne Solar Farm Limited, Pashley Solar Farm Limited, Molehill PV Farm Limited	22 January 2016	Kent and Sussex	100%
Romsey	Romsey Solar Limited	10 February 2016	Hampshire	100%
Oulton	Oulton Solar Limited	10 February 2016	Norfolk	100%
Burnaston (see Note 19)	Bluefield Harrier Limited***	15 April 2016	Derby	100%

* Bluefield L&P Solar includes underlying SPVs; KS SPV5 Limited and Bluefield Goshawk Limited.

** Southwick Solar Farm Limited is the corporate member of Welborne Energy LLP.

*** Bluefield Harrier Limited includes the underlying SPV New Energy Business Solar Limited.

The Group has advanced the following shareholder loans to the SPVs, the loans are subject to an interest rate of 7% per annum, are unsecured and repayable no later than 25 years from the date the respective loan agreements were entered into:

As at 30June 2016

Project	SPV Investments	Equity	Shareholder loan	Project investment commitment**	Outstanding commitment 30 June 2016
Hill Farm	HF Solar Limited	1	17,249,999	17,250,000	-
Hardingham	Hardingham Solar Limited	1	22,649,999	22,650,000	-
Betingau	Betingau Solar Limited	1	11,154,999	11,155,000	12,555
Goosewillow	ISP (UK) 1 Limited	10	18,909,990	18,910,000	-
Hall Farm	Hall Solar Limited	1,316,592	12,003,479	13,320,071	4,008
North Beer	North Beer Solar Limited	1,000	9,299,000	9,300,000	-
Saxley	Saxley Solar Limited	1	6,949,999	6,950,000	-
Sheppey	Sheppey Solar Limited	1	11,949,999	11,950,000	-
Pentylands	Solar Power Surge Limited	780,143	20,569,990	21,350,133	-
Hoback	Hoback Solar Limited	1,731,800	17,218,200	18,950,000	-
L&P *	Bluefield L&P Solar Limited	3,653,624	4,591,313	8,244,937	-
Capelands	Capelands Solar Farm Limited	100	8,569,900	8,570,000	-
Redlands	Redlands Solar Farm Limited	100	6,319,900	6,320,000	-
Ashlawn	Ashlawn Farm Limited	1	7,549,999	7,550,000	-
Rove	WEL SolarPark 1 Limited	1	13,949,999	13,950,000	-
Elms	WEL Solar Park 2 Limited	2	32,699,999	32,700,001	-
West Raynham	West Raynham Solar Limited	7,012,275	47,332,744	55,545,019	-
Trethosa	Trethosa Solar Limited	3	5,724,997	5,725,000	-
Salhouse	Salhouse Solar Limited	100	5,557,900	5,558,000	-
Rhydy Pandy (see Note 19)	Bluefield Peregrine Limited and Bluefield Kite Limited	1	4,199,999	4,200,000	-
Frogs Loke	Frogs Loke Solar Limited	748,210	4,813,790	5,562,000	74,650
Bunns Hill	Bunns Hill Solar Limited	1	5,290,999	5,291,000	207,312
Folly Lane	Folly Lane Solar Limited	1	5,233,999	5,234,000	164,290
Rookery	Rookery Limited	1	5,103,252	5,103,253	202,150
Grange	Grange Limited	495,001	4,864,280	5,359,282	96,574
Tollgate	Tollgate Solar Limited	1	4,584,344	4,584,345	172,818
Mikado 1	Southwick Solar Farm Limited	3,026,254	57,433,562	60,459,816	-
Mikado 2	Littlebourne Solar Farm Limited, Pashley Solar Farm Limited, Molehill PV Farm Limited	2,906,292	57,017,853	59,924,145	-
Romsey	Romsey Limited	1	5,761,372	5,761,373	227,455
Oulton	Oulton Solar Limited	1	5,218,098	5,218,099	-
Burnaston (see Note 19)	Bluefield Harrier Limited	6,230,308	8,019,693	14,250,001	22,092
		27,901,828	**448,993,647**	**478,095,475**	**1,183,904**

* See Notes 16 and 19
** Project Investment Commitment excludes transaction costs incurred by Bluefield SIF Investments Ltd.

11. FINANCIAL SUPPORT TO UNCONSOLIDATED SPV INVESTMENTS (CONTINUED)

As at 30June 2015

Project	SPV Investments	Equity	Shareholder loan	Project investment commitment*	Outstanding commitment 30 June 2015
Hill Farm	HF Solar Limited	1	17,249,999	17,250,000	-
Hardingham	Hardingham Solar Limited	1	22,649,999	22,650,000	-
Betingau	Betingau Solar Limited	1	11,154,999	11,155,000	12,434
Goosewillow	ISP (UK) 1 Limited	10	18,909,990	18,910,000	-
Hall Farm	Hall Solar Limited	1,316,592	12,003,479	13,320,071	-
North Beer	North Beer Solar Limited	1,000	9,299,000	9,300,000	-
Saxley	Saxley Solar Limited	1	6,949,999	6,950,000	-
Sheppey	Sheppey Solar Limited	1	11,949,999	11,950,000	-
Pentylands	Solar Power Surge Limited	780,143	20,569,990	21,350,133	133
Hoback	Hoback Solar Limited	1,731,800	17,218,200	18,950,000	1,688
L&P	Bluefield L&P Solar Limited	3,653,624	4,591,313	8,244,937	-
Capelands	Capelands Solar Farm Limited	100	8,569,900	8,570,000	-
Redlands	Redlands Solar Farm Limited	100	6,319,900	6,320,000	-
Ashlawn	Ashlawn Farm Limited	1	7,549,999	7,550,000	-
Rove	Wel Solar Park 1 Limited	1	13,949,999	13,950,000	-
Elms	Wel Solar Park 2 Limited	2	32,699,998	32,700,000	-
West Raynham	West Raynham Solar Limited	5,014,600	45,228,599	50,243,199	5,285,454
		12,497,978	**266,865,362**	**279,363,340**	**5,299,709**

* Project Investment Commitment excludes transaction costs incurred by Bluefield SIF Investments Ltd.

The Group's SPVs are committed to pay amounts equal to the loan commitment to meet working capital requirements and payments for the turnkey EPC contracts entered into with the contractors for the design and construction of the solar plants. At 30 June 2016, the amounts drawn down by the SPVs are not equal to the loan commitment due to timing differences, which will be settled in due course.

12. TRADE AND OTHER RECEIVABLES

NON-CURRENT ASSETS	Year ended 30 June 2016 (£)	Year ended 30 June 2015 (£)
Prepayments:		
Arrangement fees (Note 7)	196,429	244,444
Arrangement costs (Note 7)	35,957	-
Costs associated with long-term debt financing (Note 7)	904,869	-
	1,137,255	**244,444**

CURRENT ASSETS	Year ended 30 June 2016 (£)	Year ended 30 June 2015 (£)
Income receivable from consultancy services & monitoring fees (see Note 4)	1,157,034	541,893
Short term loan to SPV	-	1,656,105
VAT receivable	64,678	300,057
Interest receivable	109	100
Trade debtors	28,599	40,175
Other receivables	24,135	2,681
Prepayments:		
Arrangement fees on loan facilities (Note 7)	1,030,159	266,667
Arrangement costs on loan facilities (Note 7)	188,136	-
Costs associated with long-term debt financing	48,693	-
Insurance	241	54,609
Other	16,862	18,226
	2,558,646	**2,880,513**

The short term loan to SPV in 2015 related to a payment of VAT by BSIFL on behalf of the West Raynham project was payable on demand and has been repaid in the current year.

BSIFIL had been engaged with HM Revenue and Customs regarding the recovery of VAT however on 16 July 2015 HMRC confirmed that they no longer wished to challenge BSIFIL's VAT recovery status.

There are no material past due or impaired receivable balances outstanding at the year end.

The Directors consider that the carrying amount of all receivables approximates to their fair value.

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash held by the Group and short-term bank deposits held with maturities of up to three months. The carrying amounts of these assets approximate their fair value.

CASH AND CASH EQUIVALENT	Year ended 30 June 2016 (£)	Year ended 30 June 2015 (£)
Committed	2,383,904	10,300,054
Uncommitted	391,026	2,973,418
	2,774,930	**13,273,472**

Committed cash & cash equivalents consist of amounts expected to be utilised to meet the Group's commitments.

14. INTEREST BEARING BORROWINGS, OTHER PAYABLES AND ACCRUED EXPENSES

NON-CURRENT LIABILITIES	Year ended 30 June 2016 (£)	Year ended 30 June 2015 (£)
Opening balance	18,900,000	-
Drawdown during the period	143,580,000	38,400,000
Repaid during the period	(32,100,000)	(19,500,000)
	130,380,000	**18,900,000**

As disclosed in Note 7, on 21 January 2016 the Group entered into a revised credit facility for up to £200 million, of which £180.4 million had been drawn down at the year end. £50.0 million is repayable within 12 months and is reflected within current liabilities.

CURRENT LIABILITIES INTEREST BEARING BORROWINGS	Year ended 30 June 2016 (£)	Year ended 30 June 2015 (£)
Opening balance	-	-
Drawdown during the period	50,000,000	-
Repaid during the period	-	-
	50,000,000	-

OTHER PAYABLES AND ACCRUED EXPENSES	Year ended 30 June 2016 (£)	Year ended 30 June 2015 (£)
Deferred consideration – SPV investment	-	5,014,599
Investment advisory fees	201,601	573,432
Legal and professional fees	-	14,688
Administration fees	66,130	56,707
Audit fees	96,000	55,000
Other payables	242,768	220,472
Costs associated with long-term debt financing	900,840	-
Acquisition expenses	561,297	-
	2,068,636	**5,934,898**

The deferred consideration for SPV investment payable at 30 June 2015 related to the West Raynham project. This was paid on 3 July 2015.

The Group has financial risk management policies in place to ensure that all payables are paid within the agreed credit period. The Board of Directors considers that the carrying amount of all payables approximates to their fair value.

15. EARNINGS PER SHARE

	Year ended 30 June 2016 (£)	Year ended 30 June 2015 (£)
Profit attributable to shareholders of the Company	£8,666,144	£15,150,759
Weighted average number of Ordinary shares in issue	296,449,672	225,817,646
Basic and diluted earnings from continuing operations and profit for the year (pence)	**2.92**	**6.71**

For the calculation of Earnings per Share at 30 June 2016 the shares earned by the Investment Adviser but not yet issued have been included in the calculation of the weighted average number of shares based upon them being issued at the end of the year in which they were earned.

16. SHARE CAPITAL

The authorised share capital of the Company is represented by an unlimited number of Ordinary Shares of no par value which, upon issue, the Directors may designate into such classes and denominated in such currencies as they may determine.

NUMBER OF ORDINARY SHARES	Year ended 30 June 2016 (number)	Year ended 30 June 2015 (number)
Opening balance	278,417,224	143,426,684
Shares issued as consideration for SPV investment (Notes 11, 19)	-	7,490,540
Shares issued for cash	31,000,000	127,500,000
Share issued as settlement of variable fee	214,541	-
Closing balance	**309,631,765**	**278,417,224**

SHAREHOLDERS' EQUITY	Year ended 30 June 2016 (£)	Year ended 30 June 2015 (£)
Opening balance	288,390,867	147,676,019
Shares issued as consideration for SPV investment (Notes 11, 19)	-	7,725,956
Shares issued for cash	31,620,000	130,687,500
Share issue costs	(803,092)	(2,291,852)
Share issued as settlement of variable fee	208,813	-
Shares to be issued as settlement of variable	167,201	-
Dividends paid	(20,497,395)	(10,557,515)
Retained earnings	8,666,144	15,150,759
Closing balance	**307,752,538**	**288,390,867**

On 4 December 2015, the Company issued 31,000,000 new Ordinary Shares following a placing and offer subsequent to the authority granted by the shareholders at the EGM held on 17 November 2015. These shares were issued at a price of £1.02 per Ordinary Share, raising gross proceeds of £31,620,000.

On 29 February 2016, the Company issued 214,541 new Ordinary Shares to the Investment Adviser in respect of their variable fee for the financial year ended 30 June 2015 at a price of 97.3 pence per share.

At year end, an amount of £167,201 is reflected in Other reserves in respect of shares due to the Investment Adviser in settlement of their variable fee for 2016. This totals 173,463 shares, not yet issued.

Rights attaching to shares

The Company has a single class of Ordinary Shares which are entitled to dividends declared by the Company. At any general meeting of the Company each ordinary Shareholder is entitled to have one vote for each share held. The Ordinary Shares also have the right to receive all income attributable to those shares and participate in distributions made and such income shall be divided pari passu among the holders of Ordinary Shares in proportion to the number of Ordinary Shares held by them.

17. DIVIDENDS

On 28 July 2015, the Board declared a third interim dividend of £4,176,258, in respect of year ending 30 June 2015, equating to 1.50 pence per Ordinary Share (third interim dividend in respect of the year ending 30 June 2014: Nil), which was paid on 21 August 2015 to shareholders on the register on 6 August 2015.

On 1 October 2015, the Board declared a fourth and final dividend of £4,176,258, in respect of year ending 30 June 2015, equating to 1.50 pence per Ordinary Share (fourth and final dividend in respect of the year ending 30 June 2014: Nil), which was paid on 30 October 2015 to shareholders on the register on 9 October 2015.

On 26 October 2015, the Board declared a first interim dividend of £9,048,562, in respect of year ending 30 June 2016, equating to 3.25 pence per Ordinary Share (first interim dividend in respect of the year ending 30 June 2015: £4,904,809), which was paid on 15 December 2015 to shareholders on the register as at 13 November 2015.

On 26 April 2016, the Board declared a second interim dividend of £3,096,318, in respect of year ending 30 June 2016, equating to 1.00 penny per Ordinary Share (second interim dividend in respect of the year ending 30 June 2015: £2,868,534), which was paid on 20 May 2016 to shareholders on the register as at 6 May 2016.

Post year end, on 11 August 2016, the Board declared a third interim dividend of £4,644,476, in respect of year ending 30 June 2016, equating to 1.5 pence per Ordinary Share (third interim dividend in respect of the period ending 30 June 2015: £4,176,258), which was paid on 9 September 2016 to shareholders on the register on 19 August 2016.

Post year end, on 30 September 2016, the Board approved a fourth interim dividend, in respect of year ending 30 June 2016, of 1.5 pence per Ordinary Share (fourth interim dividend in respect of the period ending 30 June 2015: 1.5 pence per Ordinary Share), which will be payable on 4 November 2016 with an associated ex-dividend date of 13 October 2016.

Declaration of the fourth dividend brings total dividends in respect of 2016 to 7.25 p which exceeds the target for the year and triggers payment of a variable fee to the Investment Adviser that has been reflected in administrative expenses and other reserves.

18. RISK MANAGEMENT POLICIES AND PROCEDURES

The Group is exposed to a variety of financial risks, including market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk. The Investment Adviser and the Administrator report to the Board on a quarterly basis and provide information to the Group which allows it to monitor and manage financial risks relating to its operations.

The Group's overall risk management programme focuses on the unpredictability of financial markets and government energy policy and seeks to minimise potential adverse effects on the Group's financial performance, as referenced in the Principal Risks and Uncertainties section in the Strategic Report.

The Board of Directors is ultimately responsible for the overall risk management approach within the Group. The Board of Directors has established procedures for monitoring and controlling risk. The Group has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy.

In addition, the Investment Adviser monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities. Further details regarding these policies are set out below:

Market price risk

Market price risk is defined as the risk that the fair value of future cashflows of a financial instrument held by the Group will fluctuate because of changes in market prices.

Market price risk will arise from changes in the inflation rate as the electricity prices generated by the Group, although fixed through the FiTs and ROC regimes, will be subject to annual inflationary changes.

The Group's future SPV investments are subject to fluctuations in the price of new solar PV equipment. The price of solar equipment can be influenced by a number of factors, including the price and availability of raw materials, demand for PV equipment and any import duties that may be imposed on PV equipment. Changes in the cost of solar PV equipment could have a material adverse effect on the Group's ability to source projects that meet its investment criteria and consequently its business, financial position, results of operations and business prospects.

The valuation of future investments will be subject to the risk that these will not achieve the expected ROC banding if a new accreditation comes into effect in future. In order to mitigate this risk, if the expected ROC banding is not achieved, the EPC contract price will be reduced in order for the Company to maintain the same internal rate of return on each project.

The Group's overall market position is monitored by the Investment Adviser and is reviewed by the Board of Directors on an ongoing basis.

Currency risk

The Group does not have any direct currency risk exposure as all its investments and transactions are in Sterling. The Group is however indirectly exposed to currency risk on future investments that will require importation of equipment.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments, related income from the cash and cash equivalents and interest income from the loan commitments to the SPVs will fluctuate due to changes in market interest rates. The Company is also exposed to interest rate risk via its floating rate credit facility. As disclosed in Notes 7 and 14, the drawn down amount at the year end is £180.4 million. If the LIBOR rate were to increase by 1% the interest due on the amount drawn down as at 30 June 2016 would increase by £1.58 million over the term of the facility to June 2017.

The Group's interest bearing financial assets consist of cash and cash equivalents and the loan commitments to the SPVs. The Group's interest rate risk is limited to interest earned on cash balances and from the loan commitments to the SPVs. The interest rates on the short-term bank deposits are fixed and do not fluctuate significantly with changes in market interest rates. The interest rate of 7% per annum applied to the shareholder loans to the SPVs is also fixed in nature and is therefore not expected to fluctuate significantly with changes in market interest rates (see Note 11). Accordingly, the fair value of the financial assets held at fair value through profit or loss as determined on an unleveraged, discounted cash-flow basis is not expected to fluctuate significantly with changes in market interest rates.

The following table shows the portfolio profile of the financial assets at year end:

FIXED RATE	Interest rate	Year ended 30 June 2016 (£)
RBSI	0.00%	384,671
RBS	0.10%	971,008
FIXED RATE		
Lloyds International	0. 10%	23,241
Lloyds	0. 10%	1,396,010
		2,774,930

FIXED RATE	Interest rate	Year ended 30 June 2015 (£)
RBSI	0.00%	204,658
RBS	0.10%	12,640,777
FIXED RATE		
Lloyds International	0. 25%	23,241
Lloyds	0.30%	404,796
		13,273,472

The valuation of the SPV investments is subject to variation in the discount rate, which are themselves subject to changes in interest rate risk due to the discount rates applied to the discounted cash-flow technique when valuing the investments. The Investment Adviser reviews the discount rates bi-annually and takes into consideration market activity to ensure appropriate discount rates are recommended to the Board. Total exposure to interest rate risk on the financial assets held at fair value through profit or loss at the year end is £483,730,343 (2015: £296,827,336) (see Note 10).

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Group's SPVs have entered into turnkey EPC contracts with contractors for the design and construction of the solar plants. Payments advanced to the contractors in accordance with the terms of the EPC contracts are protected through performance bonds or titles to assets for amounts greater than any payment made. At the reporting date the Group's SPVs held performance bonds totalling £34,103,466 (2015: £18,017,385) with banks that have credit rating which is of investment grade.

The Group's credit risk exposure is due to a portion of the Group's assets being held as cash and cash equivalents and accrued interest. The Group maintains its cash and cash equivalents and borrowings across two different banking groups to diversify credit risk which have all been group rated A by Fitch, and this is subject to the Group's credit risk monitoring policies, as mentioned above. The total exposure to credit risk arises from default of the counterparty and the carrying amounts of financial assets best represent the maximum credit risk exposure at the period end date. As at 30 June 2016, the maximum credit risk exposure in relation to cash and cash equivalents was £2,774,930 (2015: £13,273,472).

	Cash (£)	Fixed deposit (£)	Interest accrued (£)	Total as at 30 June 2016 (£)
RBSI	384,671	-	-	384,671
RBS	971,008	-	-	971,008
Lloyds International	-	23,241	-	23,241
Lloyds	-	1,396,010	109	1,396,119
	1,355,679	**1,419,251**	**109**	**2,775,039**

	Cash (£)	Fixed deposit (£)	Interest accrued (£)	Total as at 30 June 2015 (£)
RBSI	204,658	-	-	204,658
RBS	12,640,777	-	-	12,640,777
Lloyds International	-	23,241	-	23,241
Lloyds	-	404,796	100	404,896
	12,845,435	**428,037**	**100**	**13,273,572**

The carrying amount of these assets approximates their fair value.

The Group also faces credit risk with the construction of solar PV assets, as it is likely to result in reliance upon services being delivered by one or more contractors. Whilst the performance of contractor services will usually be guaranteed with penalties linked to underperformance, and potentially in some cases backed by guarantees, any such guarantees are expected to be limited in their scope and quantum and may not always cover the full loss of profit incurred by a project. Failure of a contractor or a change in a contractor's financial circumstances may, among other things, result in the relevant asset underperforming or becoming impaired in value and there can be no assurance that such underperformance or impairment will be fully or partially compensated by any contractor warranty or bank guarantee.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its liabilities as they fall due. The Investment Adviser and the Board continuously monitor forecasted and actual cash-flows from operating, financing and investing activities.

As the Group's investments are in the SPVs, which are private companies that are not publicly listed, the return from these investments is dependent on the income generated or the disposal of solar assets by the SPVs and will take time to realise.

The following table details the Group's expected maturity for its financials assets and liabilities. These are undiscounted contractual cash-flows:

ASSETS	Less than one year (£)	Between one and five years (£)	After five years (£)	Total as at 30 June 2016 (£)
Financial assets held at fair value through profit or loss	31,429,555	125,718,221	585,103,445	742,251,221
Trade and other receivables*	1,274,555	-	-	1,274,555
Cash and cash equivalents	2,774,930	-	-	2,774,930
LIABILITIES				
Other payables and accrued expenses	(2,068,636)	-	-	(2,068,636)
Interest bearing loans	(54,024,150)	(131,226,877)	-	(185,251,027)
* excluding prepayments	**(20,613,746)**	**(5,508,656)**	**585,103,445**	**558,981,043**

The net undiscounted contractual negative cash-flows in the periods of 'Less than one year' and 'Between one and five years' arise as a result of repayment of interest and principal on the RCF in place as at 30 June 2016 (see Note 7.). Post year end, the revised and amended RCF, with maturity dates of 20 January 2017 and 30 September 2017, has been replaced by a long term financing arrangement, also described in Note 7, and will therefore no longer fall due on those dates.

ASSETS	Less than one year (£)	Between one and five years (£)	After five years (£)	Total as at 30 June 2016 (£)
Financial assets held at fair value through profit or loss	27,843,142	75,647,462	359,317,158	462,807,762
Trade and other receivables*	2,541,011	-	-	2,541,011
Cash and cash equivalents	13,273,472	-	-	13,273,472
LIABILITIES				
Other payables and accrued expenses	(5,934,898)	-	-	(5,934,898)
Interest bearing loans	(267,750)	(19,628,438)	-	(19,896,188)
* excluding prepayments	**37,454,977**	**56,019,024**	**359,317,158**	**452,791,159**

Capital management policies and procedures

The Group's capital management objectives are to ensure that the Group will be able to continue as a going concern while maximising the capital return to equity shareholders.

In accordance with the Group's investment policy, the Group's principal use of cash (including the proceeds of the IPO, placings and the loan facility) is to fund the Group's projects, as well as expenses related to the issues during the year, ongoing operational expenses and payment of dividends and other distributions to shareholders in accordance with the Company's dividend policy.

The Board, with the assistance of the Investment Adviser, monitors and reviews the broad structure of the Company's capital on an ongoing basis.

The Company has no imposed capital requirements except for the financial covenants as disclosed in Note 7.

The capital structure of the Company consists of issued share capital and retained earnings.

19. RELATED PARTY TRANSACTIONS AND DIRECTORS' REMUNERATION

In the opinion of the Directors, the Company has no immediate or ultimate controlling party.

Laurence McNairn, Director of the Company, is also a director and indirect shareholder of the Company's Administrator, Heritage International Fund Managers Limited. Within the total administration fees incurred during the period of £286,316, £248,274 (2015: £278,555) relates to the fees of the Administrator, of which £66,130 (2015: £56,707) was outstanding at the year end.

The Chairman is entitled to an annual remuneration of £55,000, with effect from 12 June 2015 (2015: £50,000). The other Directors are entitled to an annual remuneration of £33,000, with effect from 12 June 2015 for Paul Le Page and John Scott and with effect from 1 July 2015 for Laurence McNairn (2015: £30,000). Paul Le Page receives an additional annual fee of £5,500, with effect from 12 June 2015 (2015: £5,000) for acting as Chairman of the Audit Committee.

The total Directors' fees expense for the period amounted to £169,733 (2015: £145,599) of which £42,143 was outstanding at 30 June 2016 (2015: £6,585). On 12 July 2013, 290,000 Ordinary Shares were issued to Directors in lieu of a cash payment for Directors' fees for the first two years. The release of this prepayment completed in June 2015 and Directors are now paid in cash. All of the Directors' fees in 2016 are cash payments (2015: £6,585).

At 30 June 2016, the number of Ordinary Shares held by each Director is as follows:

	2016 Number of Ordinary Shares	2015 Number of Ordinary Shares
John Rennocks	356,713	255,805
Paul Le Page	70,000	70,000
Laurence McNairn	441,764	441,764
John Scott	276,176	276,176
	1,144,653	**1,043,745**

John Scott and John Rennocks are Directors of BSIFIL. Since 1 July 2015 they have received an annual fee of £5,000 each for their services to this company. Mike Rand and James Armstrong, who are partners of the Investment Adviser, are also Directors of BSIFIL.

The Group's investment advisory fees for the period amounted to £2,832,232 (2015: £2,007,666) of which £201,601 (2015: £573,432) was outstanding at the year end. Included within the investment advisory fee expense is £208,813 earned in respect of performance fees for the year ended 30 June 2015. The Investment Adviser received the variable element of their fees through the issue of 214,541 Ordinary Shares on 29 February 2016 (see Note 16). An amount of £167,201 has been accrued in respect of 2016 also.

The Group's consultancy services fee income for the period amounted to £2,564,937 (2015: £1,901,662) of which £642,856 (2015: £582,069) was outstanding at the year end.

The Group's shareholder loan monitoring fee income for the period amounted to £1,093,151 (2015: £Nil) of which £514,178 was outstanding at the year end (2015: £Nil). The fee recorded in 2016 also reflects fees in respect of 2014 and 2013.

Fees paid to BSL during the period, a company which has the same ownership as that of the Investment Adviser totalled £737,879 (2015: £58,748).

On 24 August 2015, BSIFIL completed the acquisition of Bluefield Kite Limited and Bluefield Peregrine Limited. As two members of the Investment Adviser, are also Directors of BSIFIL or its subsidiaries, are indirectly key management personnel of the Company and owned B shares in Bluefield Kite Limited and Bluefield Peregrine Limited, they are considered related parties, and the transaction a related party transaction, under UK FCA Listing Rule 11 'Related Party Transactions' and IAS 24 'Related Party Disclosures'. The two members of the Investment Adviser received £8,680 cash consideration for their ordinary shares. As holders of B shares, they were also entitled to a carried interest in the sale of the Ordinary shares. Their share of this amounted to £83,014. A Fair and Reasonable Opinion was sought and received from Numis Securities Limited before signing of the transaction.

On 15 April 2016, BSIFIL completed the acquisition of Bluefield Harrier Limited. As three members of the Investment Adviser, are also Directors of BSIFIL or its subsidiaries, are indirectly key management personnel of the Company and owned Ordinary Shares and B shares in Bluefield Harrier Limited, they are considered related parties, and the transaction a related party transaction, under UK FCA Listing Rule 11 'Related Party Transactions' and IAS 24 'Related Party Disclosures'. The three members of the Investment Adviser received £275,770 cash consideration for their ordinary shares. As holders of B shares, they were also entitled to a carried interest in the sale of the Ordinary shares. Their share of this amounted to £616,000. A Fair and Reasonable Opinion was sought and received from Numis Securities Limited before signing of the transaction.

Fees paid to BeRenewables during the period, a company which has the same ownership as that of two members of the Investment Adviser totalled £103,002 (2015: £62,684).

20. GUARANTEES AND OTHER COMMITMENTS

As at 30 June 2016, the Group had provided guarantees amounting to £409,470,449 (2015: £265,326,000) to the SPVs in relation to the funding of EPC contracts entered into by the SPVs, of which £153,351,766 (2015: £148,468,000) was paid during the period and £Nil(2015: £ Nil) held by the SPVs in escrow.

As at 30 June 2016, the Company had provided guarantees amounting to £272,644,000 to BSIFIL in relation to the restated loan facility entered into by the Group (see Notes 7 and 14). At 30 June 2015, the Company had provided guarantees amounting to £111,822,000 to BSIFIL in relation to the original RCF.

At the reporting date, the Group had investment commitments of £2,383,904 (2015: £10,314,309) relating to equity and the shareholder loans extended to its SPVs (see Note 11).

21. CONTINGENT LIABILITIES

On 30 June 2015 the Company acquired 90% of the share capital of West Raynham Solar Limited, with the remaining 10% purchased the following month. As part of the acquisition of West Raynham Solar Limited the share purchase agreement provides for a conditional deferred equity consideration which may become payable subject to the achievement of specified events up to a maximum of five years from acquisition. The nature of the events that could lead to payment of the deferred equity consideration are deemed to be outside of the Company's control. The maximum consideration payable, should the specific conditions for payment be met, is £2.74m however the Group have estimated this as zero at the balance sheet date. Future estimates of the potential deferred consideration due will be revised as further and more certain information becomes available.

22. SUBSEQUENT EVENTS

Post year end, on 11 August 2016, the Board declared a third interim dividend of £4,644,476, in respect of year ending 30 June 2016, equating to 1.5 pence per Ordinary Share (third interim dividend in respect of the period ending 30 June 2015: £4,176,258), which was paid on 9 September 2016 to shareholders on the register on 19 August 2016.

Post year end, on 21 September 2016, BSIFIL repaid £0.38m and drew down a further £8.00m on the restated and amended RCF.

Post year end, on 27 September 2016, £187 million long term financing was agreed with Aviva Investors. This is held at the Company level in two tranches, a £121.5 million fixed price loan at 2.875% interest and a £65.5 million index linked element at 70 basis points linked to RPI. The loans are for 18 years and are fully amortising. A new RCF was arranged at the same time. This is discussed further in the Chairman's Statement and the Investment Adviser's Report.

Post year end, on 30 September 2016, the Board approved a fourth interim dividend, in respect of year ending 30 June 2016, of 1.5 pence per Ordinary Share (fourth interim dividend in respect of the period ending 30 June 2015: 1.5 pence per Ordinary Share), which will be payable on 4 November 2016 with an associated ex-dividend date of 13 October 2016.

Declaration of the fourth dividend brings total dividends in respect of 2016 to 7.25 pence per Ordinary Share which exceeds the target for the year and triggers payment of a variable fee to the Investment Adviser. This is reflected in administrative expenses and other reserves.

GLOSSARY OF DEFINED TERMS

AGM	The Annual General Meeting
AIC	The Association of Investment Companies
AIC Code	The Association of Investment Companies Code of Corporate Governance
AIC Guide	The Association of Investment Companies Corporate Governance Guide for Investment Companies
AIF	Alternative Investment Fund
AIFM	Alternative Investment Fund Management
AIFMD	The Alternative Investment Fund Management Directive
Articles	The Memorandum and Articles of Incorporation registered 29 May 2013 as amended
Auditor	KPMG Channel Islands Limited (see KPMG)
Bluefield	Bluefield Partners LLP
BSL	Bluefield Services Limited
Board	The Directors of the Company
BSIFIL	Bluefield SIF Investments Limited being the only direct subsidiary of the Company
Business day	Every official working day of the week, generally Monday to Friday excluding public holidays

CAGR	Compound annual growth rate
Calculation Time	The Calculation Time as set out in the Articles of Incorporation
CfD	Contract for Difference
CISE	Channel Islands Securities Exchange
Company	Bluefield Solar Income Fund Limited
Companies Law	The Companies (Guernsey) Law 2008, as amended (see Law)
Consolidation Exception Amendments	The 18 December 2014 further amendments to IFRS 10 Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
Consultation	The Department of Energy & Climate Change consultation into changes to financial support for large scale solar delivered in quarter 4, 2014
C Shares	Ordinary Shares approved for issue at no par value in the Company
CSR	Corporate Social Responsibility
DCF	Discounted Cash Flow
DECC	The Department of Energy and Climate Change
DNO	Distribution Network Operator
DTR	The Disclosure and Transparency Rules of the UK's FCA
EGM	Extraordinary General Meeting
EPC	Engineering, Procurement & Construction
EU	The European Union
EY	Ernst & Young LLP
Facility	From 21 January 2016 the £200 million facility arranged with RBS and Investec. Previously referred to the £50 million original revolving credit facility arranged with RBS
FATCA	The Foreign Account Tax Compliance Act
Financial Statements	The unaudited condensed consolidated interim financial statements
FiT	Feed-in Tariff
GAV	Gross Asset Value
GFSC	The Guernsey Financial Services Commission
Group	Bluefield Solar Income Fund Limited and Bluefield SIF Investments Limited
Guernsey Code	The Guernsey Financial Services Commission Finance Sector Code of Corporate Governance
GWh	Gigawatt hour
GWp	Gigawatt peak

IAS	International Accounting Standard
IASB	The International Accounting Standards Board
IFRS	International Financial Reporting Standards as adopted by the EU
Investec	Investec Bank Plc
Investment Adviser	Bluefield Partners LLP
IPEV Valuation Guidelines	The International Private Equity and Venture Capital Valuation Guidelines
IPO	Initial public offering
IVSC	The International Valuation Standards Council
KPI	Key Performance Indicators
KPMG	KPMG Channel Islands Limited (see Auditor)
KWp	Kilowatt peak
Law	Companies (Guernsey) Law, 2008 as amended (see Companies Law)
LD	Liquidated damages
LEC	Levy Exemption Certificate, the certificates awarded to renewable energy projects in relation to their clean energy production which were typically monetised under PPA contracts to offset levies due under the Climate Change Levy to energy suppliers.
Lender	Aviva Investors
LIBOR	London Interbank Offered Rate
Listing Rules	The set of FCA rules which must be followed by all companies listed in the UK
Lloyds	Lloyds Bank Group PLC
Lloyds International	Lloyds Bank International Limited
LSE	London Stock Exchange PLC
Main Market	The main securities market of the London Stock Exchange
MWh	Megawatt hour
MWp	Megawatt peak
NAV	Net Asset Value as defined in the prospectus
NMPI	Non-mainstream Pooled Investments and Special Purpose Vehicles and the rules around their financial promotion
NPPR	The AIFMD National Private Placement Regime
Official List	The Premium Segment of the UK Listing Authority's Official List
Ordinary Shares	The issued ordinary share capital of the Company, of which there is only one class

Placement	The placement of new shares in December 2015
Placing Agreement	The agreement relating to the placement defined above
PPA	Power Purchase Agreements
PV	Photovoltaic
RBS	The Royal Bank of Scotland plc
RBSI	Royal Bank of Scotland International plc
RCF	Revolving Credit Facility
RO Scheme	The Renewable Obligation Scheme which is the financial mechanism by which the UK Government incentivises the deployment of large-scale renewable electricity generation by placing a mandatory requirement on licensed UK electricity suppliers to source a specified and annually increasing proportion of electricity they supply to customers from eligible renewable sources or pay a penalty
ROC	Renewable Obligation Certificates
RPI	The Retail Price Index
SPA	Share Purchase Agreement
SPVs	The Special Purpose Vehicles which hold the Company's investment portfolio of underlying operating assets
Sterling	The Great British pound currency
Strategy	The Department of Energy & Climate Change Solar PV Strategy: Part 2
UK	The United Kingdom of Great Britain and Northern Ireland
UK Code	The United Kingdom Corporate Governance Code
UK FCA	The UK Financial Conduct Authority
WACC	Weighted Average Cost of Capital