

**ALDERNEY COMMISSION FOR RENEWABLE ENERGY**

**FINANCIAL STATEMENTS 2017**

**FOR INFORMATION PURPOSES**

**Alderney Commission for Renewable Energy**  
**Commissioners' Report and Financial Statements**  
**For the year ended 31 December 2017**

**Alderney Commission for Renewable Energy**

**Commissioners' Report and Financial Statements**

**For the year ended 31 December 2017**

**Contents**

Commission information..... 1

Chairman's statement..... 2

Statement of Commission's responsibilities ..... 4

Independent Auditor's report..... 5

Statement of Comprehensive Income..... 8

Statement of Financial Position..... 9

Notes to the financial statements..... 10 - 16

# **Alderney Commission for Renewable Energy**

## **Commission information**

### **Commissioners**

Captain R. P. Barton (Appointed interim Chairman 24 March 2017)  
Professor J. V. Sharp  
Mrs. R. Gaudion (Appointed interim Commissioner 24 March 2017)  
Mr. M. Wordsworth (Resigned 22 March 2017)

Interim Chairman  
Commissioner  
Interim Commissioner  
Chairman

### **Secretary**

Mrs. R. Gaudion

### **Independent Auditor**

KPMG Channel Islands Limited  
Chartered Accountants  
Glategny Court  
Glategny Esplanade  
St Peter Port  
Guernsey  
GY1 1WR

### **Banker**

HSBC  
53a Victoria Street  
Alderney  
GY9 3TA

### **Office**

A6 Ollivier Court  
Ollivier Street  
Alderney  
GY9 3TD

# **Alderney Commission for Renewable Energy**

## **Chairman's Statement**

### **For the year ended 31 December 2017**

The Renewable Energy (Alderney) Law, 2007 established the Alderney Commission for Renewable Energy ('the Commission' or 'ACRE') with powers to license and regulate the operation, deployment, use or management of all forms of renewable energy on the island of Alderney and in its territorial waters.

The Commission is an independent statutory body that is separate from the States of Alderney ('the States'). Since its establishment the Commission has been primarily focused on the development of tidal power, Alderney having one of the largest tidal power resources in Europe.

In 2008, Alderney Renewable Energy Limited ('ARE') and the Commission signed a Licence and Agreement ('the 2008 Agreement') setting out the terms of access to Alderney's waters in order for ARE to begin to plan for the development of a large scale tidal power operation. ARE is a private commercial company funded by its shareholders and is unconnected to the States or the Commission.

Following the difficulties in administering the 2008 Agreement over the last two years, in particular the non-payment of Block Fees, 2017 has been an even more problematic year for the Commission. The 2008 Agreement with ARE was terminated in May and their Statutory Licence was revoked in September 2017, leaving no active renewable energy projects under development in Alderney.

In October 2017, having been unable to recover the unpaid Block Fees, and on the instruction of the States, the Commission served a summons upon ARE claiming payment of all debts including the Convertible Loan Agreement (CLA). At the same time, ARE served a summons upon the Commission launching a statutory appeal against the revocation of the Statutory Licence together with a counter claim for all Block Fees paid under the 2008 Agreement.

The proceedings were due to be heard in the Alderney Court and a trial was set to commence on 17 September 2018. The Commission and ARE have now agreed terms in a Settlement Agreement ('Settlement Agreement') dated 14 September 2018. ARE have agreed to withdraw the counter claim and Statutory Appeal and terms have been agreed between the parties for the payment of the full amount of ACRE's money claim including costs. In addition, the agreement provides clarity that statutory licence entered into in 2008 is no longer in place.

In addition to the matters above, in January 2017, the States noted their intention to take back responsibility for all the commercial aspects of ACRE's role and the Commission has been acting under the direction of the States for the commercial aspects of the 2008 Agreement throughout 2017. ACRE continues to be solely responsible for its Statutory duties.

In March 2017, Mark Wordsworth resigned from the Commission. Captain Robert Barton was consequently invited to take over as interim Chairman and Mrs Ruth Gaudion, the ACRE Operations Manager agreed to become an interim Commissioner. Dr. John Sharp remains in post.

The Commission has not received the Block Fees from ARE for the last three years and has therefore been relying solely on its financial reserves. The Commission's financial status has also changed as the States required the Commission to pay over its remaining reserves to cover the cost of legal fees incurred by the States in connection with the FABLink Project. In turn, the States have agreed to indemnify the Commission against its legal fees and operating costs. To reflect this situation, the Commission has reduced its activities to the absolute minimum necessary to carry out its statutory functions and legal obligations and is working closely with the States Treasurer to minimise and monitor expenditure. From 1 November 2017 full fee payment was re-introduced for Commissioners following commencement of complex legal proceedings between ARE and the Commission.

# **Alderney Commission for Renewable Energy**

## **Chairman's Statement (continued)**

### **For the year ended 31 December 2017**

The main focus of work for the latter part of 2017 was on dealing with the legal proceedings and this remained the priority for 2018, whilst the legal matters were being resolved.



---

**Chairman**

**Date:** 15 October 2018

# **Alderney Commission for Renewable Energy**

## **Statement of the Commission's responsibility**

### **For the year ended 31 December 2017**

The Alderney Commission for Renewable Energy ('the Commission') acknowledges that it is responsible for preparing financial statements for each financial year. The Commission has prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Section 1A of Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

The financial statements are required by law to give a true and fair view of the state of affairs of the Commission and of the profit or loss of the Commission for that year.

In preparing those financial statements the Commission is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- assess the Commission's ability to continue as a going concern, disclosing as applicable, matters relating to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Commission or to cease operations, or have no realistic alternative but to do so.

The Commission is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Commission and enable them to ensure that the financial statements comply with applicable laws. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Commission and to prevent and detect fraud and other irregularities. The Commissioners are responsible for the maintenance and integrity of the corporate and financial information included on the Commission's website. Legislation in Alderney governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Disclosure of information to the auditor**

The Commissioners who held office at the date of approval of this Commission's report confirm that, so far as they are each aware, there is no relevant audit information of which the Commission auditor is unaware; and each Commissioner has taken all the steps that they ought to have taken as a Commissioner to make themselves aware of any relevant audit information and to establish that the Commission's auditor is aware of that information.

#### **Independent Auditor**

KPMG Channel Islands Limited were reappointed as auditor of the Commission during the period.

# **Independent auditor's report to the Commissioners of Alderney Commission for Renewable Energy**

## **Our opinion is modified**

We have audited the financial statements of Alderney Commission for Renewable Energy (the "Commission"), which comprise the statement of financial position as at 31 December 2017, statement of comprehensive income for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effect solely on the profit and loss for the year ended 31 December 2016 on the matter described below in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the financial position of the Commission as at 31 December 2017, and of the Commission's financial performance for the year then ended; and
- are prepared in accordance with Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

## **Basis for qualified opinion**

We qualify our audit opinion on the financial statements for the year ended 31 December 2017 with regard to the impairment of assets expense of £345,000 recognised during the year ended 31 December 2016. This expense was related to a trade debtor balance as of 31 December 2015 for which we are unable to obtain sufficient audit evidence in order to evaluate the Commissioners' assessment of recoverability thereof as of that date of our audit opinion on the financial statements for the year then ended.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our qualified opinion.

## **We have nothing to report on going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.



## **Independent auditor's report to the Commissioners of Alderney Commission for Renewable Energy (continued)**

### **We have nothing to report on the other information in the statement of commissioner's responsibilities**

The Commissioners are responsible for the statement of commissioner's responsibilities. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon or any form of assurance conclusion thereon.

Our responsibility is to read the statement of commissioner's responsibilities and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the information presented in the statement of commissioner's responsibilities.

### **Respective responsibilities**

#### **Commissioners' responsibilities**

As explained more fully in their statement set out on page 4, the Commissioners are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Commission or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

## **Independent auditor's report to the Commissioners of Alderney Commission for Renewable Energy (continued)**

### **The purpose of this report and restrictions on its use by persons other than the Commissioners as a body**

This report is made solely to the Commissioners, as a body, in accordance with our engagement letter dated 2 March 2016. Our audit work has been undertaken so that we might state to the Commissioners 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 Commission and the Commissioners as a body, for our audit work, for this report, or for the opinions we have formed.

*KPMG Channel Islands Limited*

**KPMG Channel Islands Limited**  
*Chartered Accountants*  
Guernsey

*15 October 2018*

# Alderney Commission for Renewable Energy

## Statement of comprehensive income

For the year ended 31 December 2017

	Notes	2017 £	2016 £
<b>Operating income and expenses</b>			
Income	2	458,248	574,326
Administrative expenses	2	(92,890)	(531,468)
Impairment of assets	7	(466,348)	(734,979)
<b>Operating (deficit)</b>		<u>(100,990)</u>	<u>(692,121)</u>
<b>Other interest receivable and similar income</b>			
Interest receivable		<u>62,100</u>	<u>15,653</u>
		(38,890)	(676,468)
<b>Interest payable and similar expenses</b>			
Interest payable		-	(3,367)
Bank charges		(99)	(143)
<b>(Deficit) on ordinary activities before taxation</b>		<u>(38,989)</u>	<u>(679,978)</u>
<b>Total comprehensive income for the year</b>		<u><u>(38,989)</u></u>	<u><u>(679,978)</u></u>

All activities are derived from continuing activities.

The Commission has no components of 'other comprehensive income'.

The notes on pages 10 to 16 form an integral part of these financial statements.

# Alderney Commission for Renewable Energy

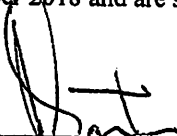
## Statement of Financial Position

As at 31 December 2017

	Notes	2017 £	2016 £
<b>Non current assets</b>			
Convertible loan	1 & 11	-	-
Tangible fixed assets	5	<u>735</u>	<u>281</u>
		<u>735</u>	<u>281</u>
<b>Current assets</b>			
Debtors: Accrued income: amounts falling due within one year	9	20,000	-
Prepayments		2,500	2,500
Cash and cash equivalents	6	<u>1,240</u>	<u>261,944</u>
<b>Total current assets</b>		<u>23,740</u>	<u>264,444</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	8	<u>7,609</u>	<u>208,870</u>
<b>Total current liabilities</b>		<u>7,609</u>	<u>208,870</u>
<b>Net assets</b>		<u>16,866</u>	<u>55,855</u>
<b>General reserves:</b>			
Reserves	10	<u>16,866</u>	<u>55,855</u>
<b>Shareholders' funds</b>		<u>16,866</u>	<u>55,855</u>

The notes on pages 10 to 16 form an integral part of these financial statements.

The financial statements on pages 8 to 16 were approved by the Alderney Commission for Renewable Energy on 15 October 2018 and are signed on their behalf by:

  
\_\_\_\_\_  
Captain Robert P Barton  
Interim Chairman

# Alderney Commission for Renewable Energy

## Notes to the financial statements

For the year ended 31 December 2017

### 1 Accounting policies

#### Basis of preparation

The Alderney Commission for Renewable Energy ("the Commission" or "ACRE") was established by the Renewable Energy (Alderney) Law, 2007. The Commission has offices at A6 Ollivier Court, Alderney, GY9 3TD.

The Commission's financial statements have been prepared in compliance with United Kingdom Accounting Standards including FRS 102 (Section 1A), the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The Financial statements were prepared on a historical cost basis.

The financial statements are prepared in sterling which is the functional currency of the Commission. The Commissioners consider sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

#### Going concern

The States of Alderney ("the States") indemnifies ACRE against all its operating on going expenses that it may incur, where all reasonable efforts will be made to keep within the mutually agreed budget and all legal and other costs that it incurs of whatever description and all liabilities in relation to the termination of the Agreement and in particular (without limiting the generality) the costs of recovering all sums due to ACRE under the Agreement or any ancillary or other document and enforcing any judgement or order that ACRE may obtain or any liability arising from any order made against ACRE. This Indemnity ("States Indemnity Agreement") was entered into by the authorised signatories of the States and ACRE and by the Commissioners on 23 August 2017.

#### Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Computer equipment and related equipment	33% per annum
Office furniture	25% per annum
Office refitting	20% per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### Revenue recognition

Revenue is recognised to the extent that the Commission has the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty.

# **Alderney Commission for Renewable Energy**

## **Notes to the financial statements**

**For the year ended 31 December 2017**

### **1 Accounting policies (continued)**

#### **Income: Block Fees**

The Commission received income in the form of Block Fees under the terms of the Agreement granted on 13 November 2008 ("The Agreement") to Alderney Renewable Energy Limited ("ARE"). The fees are non-refundable and are recognised in the Income account on an accrual basis. Block Fees were not paid in 2017 and the 2008 Agreement was duly terminated. Block Fees due from 1 July 2016 onwards were subject to cumulative RPI increase by instruction of the States of Alderney on 1 February 2017. Unpaid Block Fee debts, having been impaired, were the subject of legal proceedings. See notes 7 and 14 for additional detail.

#### **Income: Upfront payment**

Under the terms of the Agreement dated 13 November 2008, Alderney Renewable Energy Limited ("ARE") agreed to pay an annual sum of £200,000 to the Commission. The £200,000 payment was intended to be remitted directly to Alderney Electricity Limited where it was used to subsidise the fuel cost component on electricity bills for residents and businesses on Alderney. See notes 7 and 14 for additional detail.

#### **Income: States Indemnity Subsidy**

The Commission receives cash subsidy payments from the States of Alderney under the terms of the States Indemnity Agreement. Payments are requested in tranches by the Commission as necessary in line with the agreed budget and are recognised as a claim for expenses.

#### **Interest receivable**

Interest receivable is recognised as interest accrues using the effective interest method.

#### **Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position, comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less.

#### **Short term debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price less attributable costs. Any losses arising from impairment are recognised in the Statement of Comprehensive Income. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

#### **Expenses**

Expenses, including administration and other expenses are accounted for on an accruals basis and are recognised in the Statement of Comprehensive Income on the transaction date. See note 12 for related party expenses.

#### **Reserves**

The Commission does not hold any financial reserves. During 2017 The Commission released its financial reserves to the States of Alderney in the sum of £200,750 to be offset by the States of Alderney against legal fees incurred by the States, subject to and in exchange for the States giving the indemnities to ACRE and the Commissioners set out in the States Indemnity Agreement. See above note 'Going concern'.

# Alderney Commission for Renewable Energy

## Notes to the financial statements

For the year ended 31 December 2017

### 1 Accounting policies (continued)

#### Convertible loan agreement

The Commission entered in to a convertible loan agreement ("CLA") with ARE on 30 September 2016. The CLA is a financial instrument and is measured at amortised cost using the effective interest method less any impairment losses.

The CLA was initially recorded at its fair value, the transaction price. In the prior year to 31 December 2016, the Commissioners determined that the full value of the CLA £517,500 plus £15,653 interest receivable should be impaired due to the assessed risk of these sums being irrecoverable. In the current year the impairment loss of £62,100 interest receivable has been recognised within the Statement of Comprehensive Income. The total value of these impaired debts were subject to legal proceedings. Whilst a settlement agreement has been reached (refer to note 14) on 14 September 2018, whereby ARE has agreed to full payment of the outstanding fees, these fees remain unpaid. It is the opinion of the Commissioners, that recovery of the debt in the short to medium term is unlikely and therefore should remain fully impaired.

#### Lease commitments

Rentals payable under operating leases are recognised in the Statement of Comprehensive Income on a straight line basis over the lease term.

#### Taxation

The Commission is not liable to Guernsey income tax.

### 2 Income and operating surplus

The income and operating surplus is derived wholly from continuing activities.

	2017	2016
	£	£
Income from block fees	204,248	374,326
States of Alderney Indemnity subsidy	54,000	-
Upfront payment	200,000	200,000
	<u>458,248</u>	<u>574,326</u>

# Alderney Commission for Renewable Energy

## Notes to the financial statements

For the year ended 31 December 2017

2	Income and operating surplus (continued)	Notes	2017	2016
Administrative expenses			£	£
	Commissioners fees	4	42,268	42,175
	Staff salaries	4	22,806	21,533
	Premises		1,402	1,283
	Rent	13	9,353	10,344
	I.T. costs		3,315	506
	Consultancy		-	2,613
	Conferences and general travel		1,523	3,867
	Telephone, stationery and postage		2,209	2,568
	Insurance		1,230	2,435
	Audit and accountancy fees	3	6,040	5,860
	Legal fees		1,950	652
	Publications and subscriptions		-	1,340
	Depreciation		648	497
	Sundry		146	45
	States of Alderney management fee	12	-	35,000
	States of Alderney recharge		-	200,750
	Subsidy payment to Alderney Electricity Limited	1	-	200,000
			<u>92,890</u>	<u>531,468</u>

### 3 Auditor's remuneration

The remuneration of the auditor's is further analysed as follows:

Audit	2017	2016
Audit of financial statements	£	£
	<u>5,890</u>	<u>5,860</u>

### 4 Staff costs

(a)	2017	2016
Salaries	£	£
	21,394	20,219
Social security costs	1,412	1,314
	<u>22,806</u>	<u>21,533</u>

The average monthly number of employees during the year was as follows:

Employees	2017	2016
	No.	No.
	<u>1</u>	<u>1</u>



# Alderney Commission for Renewable Energy

## Notes to the financial statements

### For the year ended 31 December 2017

<b>4</b>	<b>Staff costs (continued)</b>	<b>2017</b>	<b>2016</b>
	(b)	£	£
	Commissioners fees	<u>42,268</u>	<u>42,175</u>

During 2017, Commissioners' fees of £42,268 (2016: £42,175) were paid to three Commissioners. Mark Wordsworth resigned on 22 March 2017 and provided his services without charge and was therefore not paid Commissioner fees. On 24 March 2017 Captain Robert Barton was asked to become Chairman and Ruth Gaudion (Operations Manager) to act as Commissioner. Ruth Gaudion received one third of the Commissioners fee in recognition of her dual role. From 1 July 2017 all Commissioners voluntarily took a 50% fee reduction to reduce costs following the termination of the Agreement. From 1 November 2017 full fee payment was re-introduced upon commencement of complex legal proceedings between ARE. and ACRE.

<b>5</b>	<b>Fixed assets</b>	<b>Computer equipment</b>	<b>Total</b>
	<b>Cost or valuation</b>	£	£
	As at 1 January 2017	6,467	6,467
	Additions	1,102	1,102
	Write off/disposals	<u>(2,548)</u>	<u>(2,548)</u>
	As at 31 December 2017	5,021	5,021
	<b>Depreciation</b>		
	As at 1 January 2017	6,186	6,186
	Charge for the year	648	648
	Write off/disposals	<u>(2,548)</u>	<u>(2,548)</u>
	As at 31 December 2017	4,286	4,286
	<b>Net book value</b>		
	As at 31 December 2017	<u>735</u>	<u>735</u>
	<b>Net book value</b>		
	As at 31 December 2016	<u>281</u>	<u>281</u>
<b>6</b>	<b>Cash and cash equivalents</b>	<b>2017</b>	<b>2016</b>
		£	£
	Cash at bank	1,140	261,844
	Petty cash	100	100
		<u>1,240</u>	<u>261,944</u>

# Alderney Commission for Renewable Energy

## Notes to the financial statements

For the year ended 31 December 2017

### 7 Impairment of assets

31 December 2017	Amount £	Impairment £	Total £
Trade debtors	404,248	(404,248)	-
Interest receivable	62,100	(62,100)	-
	<u>466,348</u>	<u>(466,348)</u>	<u>-</u>

31 December 2016	Amount £	Impairment £	Total £
Trade debtors	201,826	(201,826)	-
Convertible Loan	517,500	(517,500)	-
Interest receivable	15,653	(15,653)	-
	<u>734,979</u>	<u>(734,979)</u>	<u>-</u>

Trade debtors represents both the Block Fee for 1 January 2017 (£204,248) and the Upfront payment due on 1 January 2017 (£200,000) payable by ARE. These payments were not received. The Commission agreed to impairment of the balance to account for the doubtful debt. See note 11 for additional detail.

### 8 Creditors - amounts falling due within one year

	2017 £	2016 £
States of Alderney	609	200,750
Accruals	7,000	5,860
Social security and taxation	-	2,260
	<u>7,609</u>	<u>208,870</u>

### 9 Debtors - amounts falling due within one year

	2017 £	2016 £
Accrued Income - States subsidy for 2017	20,000	-
	<u>20,000</u>	<u>-</u>

### 10 Reconciliation of movements in general reserves

	2017 £
Balance as at 31 December 2016	55,855
Loss for the year	(38,989)
Balance as at 31 December 2016	<u>16,866</u>

# Alderney Commission for Renewable Energy

## Notes to the financial statements

### For the year ended 31 December 2017

#### 11 Convertible Loan Agreement

The Commission executed a Convertible Loan Agreement ("CLA") with ARE on 30 September 2016 to effectively roll up Block Fees from 1 January 2015 to 31 December 2015 of £345,000 and from 1 January 2016 to 30 June 2016 of £172,500; a total of £517,500. The total value of £517,500 plus interest of £15,653 was impaired in the prior period ending 31 December 2016. The impairment of the interest receivable to 31 December 2017 of £62,100 has been recognised to account for the doubtful debt (see note 7). The impaired debts were subject to on going legal proceedings. Whilst a settlement agreement has been reached (refer to note 14) on 14 September 2018, whereby ARE has agreed to full payment of the outstanding fees, these fees remain unpaid. It is the opinion of the Commissioners, that recovery of the debt in the short to medium term is unlikely and therefore should remain fully impaired.

#### 12 Related party transactions

During 2017 the Commission paid over its reserves of £200,750 to the States of Alderney under the States Indemnity Agreement (defined under the note 1 "Going Concern"). Included within expenses for the period ending 31 December 2016 is a management fee payable to the States of Alderney. This covered costs incurred by the States of Alderney for items such as processing of appropriate legislation via the Law Offices as necessary with onward submission to the full States of Alderney, in support of renewable energy developments initiatives. This fee was not invoiced to the Commission in 2017 on the understanding that any fees owing may be re-instated when or if ACRE has its own funds in the future.

ACRE received the first States Indemnity subsidy payment for expenses of £34,000 on 24 August 2017. A second payment of £20,000 was agreed during December for the period to 31 December 2017 and was outstanding at year end. This was recognised as accrued income.

#### 13 Tenancy agreement

On 18 February 2014, the Commission entered into a tenancy agreement for an office located at A6 Ollivier Court, Ollivier Street, Alderney commencing on 1 March 2014. The annual rental was £10,000. A deposit of £2,500 was paid on 1 March 2014 and this is included in prepayments. The lease was renewed in March 2017 on a three month rolling lease basis. On 1 July 2017 three months notice was given to move to a smaller property to reduce cost, hence a reduced monthly rent of £303.34 was payable from 1st November 2017. The landlord allows the Commission to continue occupancy at the existing premises at the reduced rent.

	2017	2016
	£	£
Amounts falling due in less than 1 year	910	4,359

#### 14 Events after the reporting period

A Consent Order from the Court of Alderney was issued on 16th February 2018 setting out the directions for trial between the Commission and ARE. The trial date was set for 17 September 2018.

The Commission and ARE have now agreed terms in a Settlement Agreement dated 14 September 2018. ARE have agreed to withdraw the counter claim and Statutory Appeal and terms have been agreed between the parties for the payment of the full amount of ACRE's money claim including costs. In addition, the agreement provides clarity that statutory licence entered into in 2008 is no longer in place. Details of the full settlement remain legally privileged.

There are no other events of note after the end of the reporting period and up to the date of the signing of these financial statements that require further disclosure.