



**EDF Energy Round 3 Isle of Wight Limited**

**Annual report and financial statements**

**Registered number 04600558**

**31 December 2016**



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## Company Information

<b>Directors</b>	David Simon Baker Christian Egal Matthieu Hue Matthew Sykes Owen Forster Geraldine Anceau	(resigned 1 June 2016) (resigned 1 February 2017) (appointed 29 March 2017) (resigned 1 February 2017) (appointed 1 June 2016) (appointed 21 November 2016)
<b>Auditor</b>	KPMG LLP 66 Queen Square Bristol BS1 4BE	
<b>Registered office</b>	40 Grosvenor Place Victoria London SW1X 7EN	

## Strategic Report

The Directors present their annual report and financial statements for the year ended 31 December 2016 for EDF Energy Round 3 Isle of Wight Limited (the "Company").

### Business review

The Company was established to manage EDF Group's 50% ownership of Navitus Bay Development Limited ("NBDL") which was seeking to develop, construct and operate an offshore wind farm near to the Isle of Wight.

In September 2015, the Department of Energy and Climate Change announced its decision to refuse development for the project being proposed by NBDL. Following this decision, the Company has impaired its investment in and loans to NBDL. The Company is currently inactive.

### Principal risks and uncertainties

The principal risks to the profitability of the Company are as follows:

#### *Interest rate risk*

The Company's exposure to interest rate fluctuations on its borrowings on its shareholders EDF Energy (Energy Branch) Plc and EDF EN UK Limited. The Company's exposure to interest rate fluctuations on these borrowings is managed by continual review of the interest rate exposure and its impact on the forecast profitability of the Company.

#### *Financial risks*

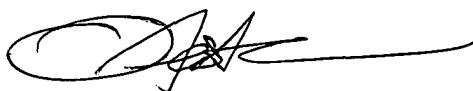
The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Company adopts a prudent approach to liquidity management and mitigates against cash flow and liquidity risk by continuously monitoring forecasted and actual cash flows and maintaining sufficient cash reserves to meet its obligations. Additionally, the Company's shareholders, who are its principal creditors, have indicated that for at least 12 months from date of approval of these financial statements, they will continue to make available such funds as needed by the Company, and a letter of support has been provided to this effect.

### Business Environment, Performance and Key Performance Indicators

As the results of this Company are fully consolidated into the results of EDF Energy Holdings Limited, the Directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of EDF Energy Holdings Limited which includes the Company is discussed in the EDF Energy Holdings Limited Annual Report which does not form part of this report.

By order of the Board.

Owen Forster  
Director



40 Grosvenor Place  
Victoria  
London  
SW1X 7EN

18 July 2017

## Directors' Report

### Principal activities of the Company

The Company's principal activity during the year continued to be that of a holding company for an investment in a joint venture project which was for the development of a wind farm off the coast of the Isle of Wight.

### Results and dividends

The result for the year, before taxation, amounted to £Nil (2015: loss of £23,590,000), and after taxation, amounted to a profit of £4,755,000 (2015: loss of £23,568,000). The Directors do not recommend the payment of dividend (2015: £Nil).

### Directors

Directors who held office during the year and subsequently were as follows:

David Simon Baker	(resigned 1 June 2016)
Christian Egal	(resigned 1 February 2017)
Matthieu Hue	(appointed 29 March 2017)
Geraldine Anceau	(appointed 21 November 2016)
Matthew Sykes	(resigned 1 February 2017)
Owen Forster	(appointed 1 June 2016)

None of the Directors have an employment contract with the Company in the current year.

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

### Going concern

The Directors consider it appropriate to prepare the financial statements on a going concern basis. Further details and explanation regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

### Political contributions

The Company made no political contributions in the year (2015: £Nil).

### Other Information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

## Directors' Report (continued)

### Disclosure of information to auditor

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

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

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

### Auditor

It is noted that KPMG LLP as appointed by the members are deemed to be re-appointed as the auditors to the Company for the financial year ending 31 December 2017 in accordance with the provisions of Section 487(2) of the Companies Act 2006 and that the Directors have been authorised to fix the remuneration of the auditors

By order of the Board

Owen Forster  
*Director*



40 Grosvenor Place  
Victoria  
London  
SW1X 7EN

18 July 2017

## Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of EDF Energy Round 3 Isle of Wight Limited**

We have audited the financial statements of EDF Energy Round 3 Isle of Wight Limited for the year ended 31 December 2016 set out on pages 8 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

### **Respective responsibilities of Directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006



## **Independent auditor's report to the members of EDF Energy Round 3 Isle of Wight Limited (continued)**

### **Matters on which we are required to report by exception**

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

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



**James Ledward (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

66 Queen Square

Bristol

BS1 4BE

24 July 2017

**Profit and loss account and Other Comprehensive Income**  
*for year ended 31 December 2016*

	<i>Note</i>	<b>2016</b> <b>£000</b>	2015 £000
Interest receivable and similar income	5	-	449
Interest payable and similar expenses	6	-	(15,414)
Amounts written off investments	7	-	(8,625)
		<hr/>	<hr/>
<b>Profit/(Loss) before taxation</b>		-	(23,590)
Tax credit on profit/(loss)	8	<b>4,755</b>	22
		<hr/>	<hr/>
<b>Profit/(Loss) for the financial year</b>		<b>4,755</b>	<b>(23,568)</b>
		<hr/>	<hr/>
<b>Total comprehensive income/(loss) for the year</b>		<b>4,755</b>	<b>(23,568)</b>
		<hr/>	<hr/>

All results are derived from continuing operations in the current year.

There was no other comprehensive income for the current or preceding financial year other than that included in the profit and loss account.

The notes on pages 11 to 15 form part of these financial statements.

**Balance sheet**  
*at 31 December 2016*

	<i>Note</i>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
<b>Fixed assets</b>			
Investment in joint venture	7	-	-
<b>Current assets</b>			
Debtors due within one year	9	4,864	74
		<u>4,864</u>	<u>74</u>
<b>Creditors: amounts falling due within one year</b>	10	(16,768)	(16,733)
<b>Net current liabilities</b>		<u>(11,904)</u>	<u>(16,659)</u>
<b>Net liabilities</b>		<u>(11,904)</u>	<u>(16,659)</u>
<b>Capital and reserves</b>			
Called up share capital	11	6,640	6,640
Profit and loss account		(18,544)	(23,299)
<b>Shareholders' deficits</b>		<u>(11,904)</u>	<u>(16,659)</u>

The notes on pages 11 to 15 form part of these financial statements. The financial statements for EDF Energy Round 3 Isle of Wight Limited (registered number 04600558) were approved by the Board of Directors on 18 July 2017 and were signed on its behalf by:



**Owen Forster**  
*Director*

## Statement of changes in equity

	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
Balance as at 1 January 2016	6,640	(23,299)	(16,659)
Profit for the year	-	4,755	4,755
	<u>6,640</u>	<u>(18,544)</u>	<u>(11,904)</u>
Balance as at 31 December 2016	<u>6,640</u>	<u>(18,544)</u>	<u>(11,904)</u>
	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
Balance as at 1 January 2015	6,640	269	6,909
Loss for the year	-	(23,568)	(23,568)
	<u>6,640</u>	<u>(23,299)</u>	<u>(16,659)</u>
Balance as at 31 December 2015	<u>6,640</u>	<u>(23,299)</u>	<u>(16,659)</u>

## Notes to the financial statements

### 1 Accounting policies

EDF Energy Round 3 Isle of Wight Limited (the "Company") is a company incorporated and resident in the UK for tax purposes.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/2015 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Electricité de France SA, includes the Company in its consolidated financial statements. The consolidated financial statements of Electricité de France SA are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Electricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs and
- Disclosures in respect of key management personnel.

As the consolidated financial statements of Electricité de France SA include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The disclosures required by IFRS 7 *Financial Instrument Disclosures* and IFRS 13 *Fair Value Measurement* have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 14.

#### **Going concern**

The financial statements have been prepared on the going concern basis, notwithstanding the Company's net current liabilities and net liabilities of £11,904,000, which the Directors believe to be appropriate for the following reasons.

The Company is dependent for its working capital on funds provided to it by EDF Energies Nouvelles SA and EDF Energy (Energy Branch) Limited. They have indicated that for at least 12 months from date of approval of these financial statements, they will continue to make available such funds as needed by the Company, and a letter of support has been provided to this effect. The Directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this understanding, the Directors believe that it is appropriate to prepare financial statements on a going concern basis.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### *Investment*

Fixed asset investments are shown at cost less any provision for permanent diminution in value.

#### *Debt*

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

### 2 Expenses and auditor's remuneration

Audit fees of £2,000 (2015: £5,000) were borne by EDF Energy Renewables Limited.

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Electricité de France SA.

### 3 Directors' emoluments

None of the Directors had a service contract with the Company in the current or prior year. They are all employed by companies within the EDF Group and no portion of their remuneration can be specially attributed to their services to the Company.

### 4 Staff costs

The Company had no employees in 2016 (2015: Nil).

### 5 Interest receivable and similar income

	2016 £000	2015 £000
Interest receivable on loans to other joint ventures	-	449
	<u>-</u>	<u>449</u>
	<u>-</u>	<u>449</u>

## Notes to the financial statements (continued)

### 6 Interest payable and similar charges

	2016 £000	2015 £000
Impairment to loan	-	14,856
Interest payable on loans from Group companies	-	558
	<u>-</u>	<u>15,414</u>

### 7 Investment in joint venture

	2016 £000	2015 £000
At 1 January	-	8,625
Impairment	-	(8,625)
<b>At 31 December</b>	<u>-</u>	<u>-</u>

In December 2015, investment holding in total was impaired but this resulted in no change to the proportion of shares owned by the Company.

The joint ventures, in which the Company has interest at the year end are as follows:

	Country of incorporation	Class of Shares	Percentage of ordinary shares	Principal Activity
Navitus Bay Development Limited	England and Wales	Ordinary	50%	Development of renewable power generation

### 8 Tax on profit/(loss) on ordinary activities

#### (a) Analysis of tax credit in the year

	2016 £000	2015 £000
UK corporation tax credit on loss for the year	-	(22)
Adjustments in respect of prior periods	(4,755)	-
<b>Total current tax credit (note 8(b))</b>	<u>(4,755)</u>	<u>(22)</u>

## Notes to the financial statements (continued)

### 8 Tax on profit/(loss) on ordinary activities (continued)

#### (b) Factors affecting credit for the year

The differences are explained below.

	2016 £000	2015 £000
Profit/(Loss) before tax	-	(23,590)
Tax using the UK rate of corporation tax of 20% (2015: 20.25%)	-	(4,776)
<i>Effect of:</i>		
Expenses not deductible for tax purposes	-	4,754
Adjustment in respect of prior periods	(4,755)	-
Current tax credit for the year	<u>(4,755)</u>	<u>(22)</u>

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. A further reduction in the corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

### 9 Debtors

	2016 £000	2015 £000
<i>Debtors: amounts falling due within one year</i>		
Trade debtors	73	73
Corporation tax recoverable	4,790	-
Other debtors	1	1
	<u>4,864</u>	<u>74</u>

### 10 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Bank overdraft	5,678	5,561
Amounts owed to group companies	11,090	11,165
Corporation tax payable	-	7
	<u>16,768</u>	<u>16,733</u>

Amounts owed to Group companies are classified as current because they are repayable on demand. Of this, £11,090,000 (2015: £11,165,000) relates to loans from group companies which are non-interest bearing (2015: rate of 3 month LIBOR plus 400 basis points).

The Company is included in the Group's collective net overdraft facility arrangement which permits the offset of cash balances with overdrafts in subsidiary companies. The overdraft is non-interest bearing.



## Notes to the financial statements (continued)

### 11 Share capital

Allotted, called up and fully paid

	2016 Number	2016 £000	2015 Number	2015 £000
Ordinary shares of £1 each	<u>6,640,000</u>	<u>6,640</u>	<u>6,640,000</u>	<u>6,640</u>

### 12 Related parties

As the Company is a wholly owned subsidiary of Electricité de France SA, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

No related party transactions occurred in the current year. The following related party transactions occurred in the previous year;

Related Party	Relationship	Transaction	Amount £000	Amount Outstanding £000
Navitus Bay Development Limited	50% owned subsidiary	Loan to joint venture Impairment to loan to joint venture	4,216 (4,216)	- -

### 13 Parent undertaking and controlling party

EDF Energy (Energy Branch) Limited holds a 51% interest and EDF EN UK Limited holds a 49% interest in the Company and are considered to be the immediate parent companies of this Company. The registered address of both companies is 40 Grosvenor Place, Victoria, London, SW1X 7EN.

The smallest group in which the results of the Company are consolidated is that headed by EDF Energy Holdings Limited, a company incorporated in the United Kingdom. The registered address of EDF Energy Holdings Limited is also 40 Grosvenor Place, Victoria, London, SW1X 7EN.

At 31 December 2016, Electricité de France SA, a Company incorporated in France, is regarded by the Directors as the Company's ultimate parent company and controlling party. This is the largest group for which consolidated financial statements are prepared. Copies of that Company's consolidated financial statements may be obtained from Electricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.

### 14 Accounting estimates and judgement

The preparation of financial statements requires the use of accounting estimates and judgments, and requires management to exercise judgment in applying accounting policies. We continually evaluate our judgments and assumptions. No significant judgements were required in the preparation of these financial statements.