

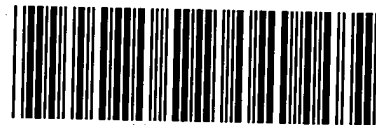
**EDF Energy Round 3 Isle of Wight Limited**

**Annual report and financial statements**

**Registered number 04600558**

**31 December 2014**

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## Company Information

### Directors

David Simon Baker  
Stuart Crooks  
Christian Egal  
Robert Guyler  
Laurence Juin  
Matthew Sykes

(appointed 28 April 2015)  
(appointed 1 January 2014, resigned 1 July 2014)  
(appointed 9 July 2015)  
(appointed 1 January 2014, resigned 28 April 2015)  
(appointed 4 April 2014, resigned 9 July 2015)  
(appointed 1 July 2014)

### Auditor

KPMG LLP  
100 Temple Street  
Bristol  
BS1 6AG

### Registered office

40 Grosvenor Place  
Victoria  
London  
SW1X 7EN

## Strategic Report

The Directors present their annual report and financial statements for the year ended 31 December 2014 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 is seeking to develop, construct and operate an offshore windfarm near to the Isle of Wight. During the year, the Company continued to provide funding to NBDL through equity instruments and loans. Details of the Company results can be found on page 8.

With effect from 1 January 2014, the EDF Group re-structured the legal ownership of its renewable activities in the UK. As part of this re-structure, EDF Energy (Energy Branch) Plc disposed of 49% of its interests in the Company to EDF EN UK Limited, another company in the EDF Group.

### Principal risks and uncertainties

#### *Consent approval and regulatory risk*

The Company has an investment in NBDL. NBDL has a renewable energy project, off the Isle of Wight coast, that it would like to develop. Construction can only commence on the project receiving consent from local and national bodies. This consent is therefore dependent on regulatory and political climate for further expansion of renewable generation. In addition, the UK mechanisms for supporting renewable projects is changing under Energy Market Reforms, whereby projects compete for UK government support. The Company manages the risk to its investment in NBDL by constantly evaluating the project to respond to the current planning consent climate and support mechanisms.

#### *Interest rate risk*

The Company's exposure to interest rate fluctuations on its borrowings and deposits is managed principally through the use of fixed rate debt instruments and swap agreements. The Company's policy is to use derivatives to reduce exposure to short-term interest rates and not for speculative purposes.

#### *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. The Company's main exposure to credit risk is its cash balances with banks. The risk is mitigated through using banks with good credit ratings.

### 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.

David Simon Baker  
Director



7 August 2015

40 Grosvenor Place  
Victoria  
London  
SW1X 7EN

## Directors' Report

### Principal activities

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 is developing a wind farm off the coast of the Isle of Wight.

### Results and dividends

The loss for the year, before taxation, amounted to £60,000 loss (2013: £227,000 profit), and after taxation, amounted to £48,000 loss (2013: £187,000 profit). No dividends were paid in the year (2013: £Nil).

### Directors

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

David Simon Baker	(appointed 28 April 2015)
Stuart Crooks	(appointed 1 January 2014, resigned 1 July 2014)
Robert Guyler	(appointed 1 January 2014, resigned 28 April 2015)
Laurence Juin	(appointed 4 April 2014)
Matthew Sykes	(appointed 1 July 2014)

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 (2013: £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 auditors

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 are 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

On 27 January 2015 Deloitte LLP resigned as auditor and KPMG LLP were appointed to fill the casual vacancy arising.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board and signed on its behalf:

David Simon Baker  
*Director*



7 August 2015

40 Grosvenor Place  
Victoria  
London  
SW1X 7EN

## Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial 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).

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 2014 set out on pages 8 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 2014 and of its loss 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 for which the financial statements are prepared is consistent with the financial statements.



## **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.

**Rachel Yasue (Senior Statutory Auditor)**

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

*Chartered Accountants*

100 Temple Street

Bristol

BS1 6AG

7 August 2015

**Profit and loss account**  
*for year ended 31 December 2014*

	<i>Note</i>	<b>2014</b> <b>£000</b>	<b>2013</b> <b>£000</b>
Interest receivable and similar income	4	315	348
Interest payable and similar charges	5	(375)	(121)
<b>(Loss)/Profit on ordinary activities before taxation</b>		<b>(60)</b>	<b>227</b>
Tax credit/(charge) on (loss)/profit on ordinary activities	6	12	(40)
<b>(Loss)/Profit for the financial year</b>		<b>(48)</b>	<b>187</b>

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

There were no recognised gains and losses other than the loss for the year. Accordingly, no statement of total recognised gains and losses has been presented. The notes on pages 10 to 14 form part of these financial statements.

**Balance sheet**  
*at 31 December 2014*

	<i>Note</i>	<b>2014</b> <b>£000</b>	2013 £000
<b>Fixed assets</b>			
Investment in joint venture	7	8,625	7,125
<b>Current assets</b>			
Debtors - due within one year	8	10,640	12,324
		<u>10,640</u>	<u>12,324</u>
<b>Creditors: amounts falling due within one year</b>	9	(12,356)	(12,494)
<b>Net current liabilities</b>		<u>(1,716)</u>	<u>(170)</u>
<b>Net assets</b>		<u>6,909</u>	<u>6,955</u>
<b>Capital and reserves</b>			
Called up share capital	10	6,640	6,638
Profit and loss account	11	269	317
<b>Shareholders' funds</b>	11	<u>6,909</u>	<u>6,955</u>

The notes on pages 10 to 14 form part of these financial statements.

The financial statements were approved by the Board of Directors on 7 August 2015 and were signed on its behalf by:

**David Simon Baker**  
*Director*



## Notes to the financial statements

### 1 Accounting policies

The principal accounting policies are set out below. They have all been applied consistently throughout the year and the preceding year.

#### *Basis of preparation*

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared on the going concern basis, notwithstanding the Company's net current liabilities of £1,716,000 (2013: £169,000), 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 Energy (Energy Branch) plc and EDF EN UK Limited, the Company's shareholders. They have indicated that for at least 12 months from the 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.

#### *Cash flow statement*

The Company's results are included in the consolidated financial statements of EDF Energy Holdings Limited, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996) Cash Flow Statements.

#### *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 year and reduced by payments made in the year

#### *Taxation*

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date except as otherwise required by FRS 19

### 2 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.

### 3 Staff costs

The Company had no employees in 2014 (2013: Nil).

## Notes to the financial statements

### 4 Interest receivable and similar income

	2014 £000	2013 £000
Interest receivable on loans to other joint venture	315	348
	<u>315</u>	<u>348</u>

### 5 Interest payable and similar charges

	2014 £000	2013 £000
Interest payable on loans from Group companies	375	121
	<u>375</u>	<u>121</u>

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

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

	2014 £000	2013 £000
UK corporation tax (credit)/charge on loss for the year	(13)	40
Adjustments in respect of prior periods	1	-
Total current tax (credit)/charge (note 6(b))	<u>(12)</u>	<u>40</u>

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

The current tax (credit)/charge assessed for the period is higher (2013: lower) than the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%)

The differences are explained below.

	2014 £000	2013 £000
(Loss)/Profit on ordinary activities before tax	(60)	227
Tax on profit on ordinary activities at standard UK rate of corporation tax of 21.49% (2013: 23.25%)	(13)	52
Effect of:		
Adjustment to prior year tax charge	1	-
Permanent differences	-	(12)
Current tax (credit)/charge for the year	<u>(12)</u>	<u>40</u>

Reductions in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) and to 21% (effective from 1 April 2014) were substantively enacted on 3 July 2012 and 2 July 2013, respectively. A further reduction to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly.

## Notes to the financial statements

### 7 Investment in joint venture

	2014 £000	2013 £000
At 1 January	7,125	4,125
Additions	1,500	3,000
<b>At 31 December</b>	<b>8,625</b>	<b>7,125</b>

In December 2014, an additional amount of £1.5m was invested via the issue of 30 shares with a nominal value of £50,000 per share to enable the continued development of renewable generation assets. The other joint venture partner also contributed additional equity which resulted in no change to the proportion of shares owned by the Company.

The joint venture at 31 December 2014, which is incorporated in the United Kingdom and is registered and operates in England and Wales, is as follows:

	Country of registration or 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 Debtors

	2014 £000	2013 £000
<i>Debtors: amounts falling due within one year</i>		
Amounts owed by joint venture	10,640	12,324
	<b>10,640</b>	<b>12,324</b>

Amounts owed by joint ventures are classified as current as there is a loan agreement with an enforceable right to recover within 12 months. All balances are expected to be recovered within 12 months and are interest-bearing at rates of three-month LIBOR plus 400 points.

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

	2014 £000	2013 £000
Bank overdraft	5,810	4,624
Amounts owed to group companies	6,441	7,792
Corporation tax (Group payments)	27	77
Other creditors	78	1
	<b>12,356</b>	<b>12,494</b>

Amounts owed to Group companies are classified as current because they are repayable on demand. All balances with the exception of the net overdraft facility, are interest-bearing at a rate of three-month LIBOR plus 400 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

### 10 Share capital

Allotted, called up and fully paid

	2014 Number	2014 £000	2013 Number	2013 £000
Ordinary shares of £1 each	6,640,000	6,640	6,638,523	6,638

On the 20 March 2014, 1,477 ordinary shares of £1 each for a value of £1,477 were issued and allotted to EDF Energy (Energy Branch) plc.

### 11 Reconciliation of shareholders' funds

	Share capital 2014 £000	Profit and loss account 2014 £000	Total Shareholder's funds 2014 £000	Total Shareholder's funds 2013 £000
At 1 January 2014	6,638	317	6,955	6,768
Share Issue	2	-	2	-
(Loss)/Profit for the year	-	(48)	(48)	187
<b>At 31 December 2014</b>	<b>6,640</b>	<b>269</b>	<b>6,909</b>	<b>6,955</b>

### 12 Related parties

These are the related party transactions that occurred during the year;

Related Party	Relationship	Transaction	Amount £000	Amount Outstanding £000
EDF Energy (Energy Branch) Plc	51% Shareholder	Shareholder Loan and Interest	£338	£338
EDF EN UK Limited	49% Shareholder	Shareholder Loan and Interest	£6,103	£6,103
Navitus Bay Development Limited	50% owned subsidiary	Loan to joint venture	£10,640	£10,640

These are the related party transactions that occurred during the prior year;

Related Party	Relationship	Transaction	Amount £000	Amount Outstanding £000
EDF Energy (Energy Branch) Plc	51% Shareholder	Shareholder Loan and Interest	£7,792	£7,792
Navitus Bay Development Limited	50% owned subsidiary	Loan to joint venture	£12,324	£12,324

All audit and non audit fees in 2014 were borne by EDF Energy Renewables Limited.

## Notes to the financial statements

### 13 Parent undertaking and controlling party

EDF Energy (Energy Branch) plc 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 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.

At 31 December 2014, 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.