



EDF Energy Round 3 Isle of Wight Limited

Annual report and financial statements

Registered number 04600558

31 December 2018



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Company information

Directors	Hassaan Majid Matthieu Hue
Registered office	Alexander House 1 Mandarin Road Rainton Bridge Business Park Houghton le Spring Sunderland DH4 5RA
Auditor	KPMG LLP Chartered Accountants 66 Queen Square Bristol BS1 4BE

Strategic report

The Directors present their annual report and financial statements for the year ended 31 December 2018 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.

In November 2018, the Companies' shareholders, EDF Energy (Energy Branch) Limited and EDF EN UK Limited waived the outstanding loan balances via a capital contribution with the result the company moved to net asset position. In addition, historic debtor balances were written-off with the result the company incurred a loss in the year. Following this, EDF Energy Renewables Limited acquired the Company for a nominal sum.

Principal risks and uncertainties

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

Brexit risk

The Company's exposure to Brexit-related risks is related to the skilled resource to develop and construct the renewable energy project. The Company has managed this risk by helping to ensure the continued availability of human resource to assist in these projects.

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.

Strategic report (continued)

Business Environment, Performance and Key Performance Indicators

The Directors believe as the subsidiary undertaking development, an offshore wind project near the Isle of Wight, is no longer being progressed, key performance indicators for the Company are not appropriate for an understanding of the development, performance or position of the business.

There were no major health and safety incidents to report in the period.

Approved by the Board on ~~4 November~~
2019 and signed on its behalf by:



Hassaan Majid
Director

Alexander House
1 Mandarin Road
Rainton Bridge Business Park
Houghton le Spring
Sunderland
DH4 5RA

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 which was for the development of a wind farm off the coast of the Isle of Wight.

Results and dividends

The loss for the year, before taxation, amounted to £3,031,000 (*2017: profit of £3,000*), and after taxation, amounted to loss of £3,031,000 (*2017: £1,744,000*). The Directors do not recommend the payment of a dividend (*2017: £Nil*).

Directors of the Company

The Directors, who held office during the year, and to the date of approval of these financial statements, were as follows:

Hassaan Majid (appointed 1 February 2018)
Owen Forster (resigned 1 February 2018)
Geraldine Anceau (resigned 1 February 2018)
Matthieu Hue

None of the Directors have had a service contract with the Company in the current or prior 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.

Political contributions

The Company made no political contributions in the year (*2017: £Nil*).

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 note 1 of the financial statements.

Other information

An indication of likely future development 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 the auditor

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

- 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 they ought to have taken as a Director in order 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 auditor to the Company for the financial year ending 31 December 2019 in accordance with the provisions of Section 487(2) of the Companies Act 2006 and that the Directors have been authorised to set the remuneration of the auditor.

Approved by the Board on 4 November 2019 and signed on its behalf by:



Hassaan Majid
Director

Alexander House
1 Mandarin Road
Rainton Bridge Business Park
Houghton le Spring
Sunderland
DH4 5RA

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

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 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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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 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

Opinion

We have audited the financial statements of EDF Energy Round 3 Isle of Wight Limited for the year ended 31 December 2018, set out on pages 10 to 21. 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Directors, such as the recoverability of receivables and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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

Strategic report and Directors' report

The Directors are responsible for the strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the Directors' report 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 strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the Directors are responsible for: the preparation of the financial statements and for 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 company'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 company 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.

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

The purpose of our audit work and to whom we owe our responsibilities

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.



James Ledward (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

Date: 6 November 2019

Profit and loss account and other comprehensive income
for the year ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Administrative expenses		<u>(3,031)</u>	<u>3</u>
Operating (loss)/profit	2, 3, 4	<u>(3,031)</u>	<u>3</u>
(Loss)/profit before tax		(3,031)	3
Tax charge on (loss)/profit	5	<u>-</u>	<u>(1,747)</u>
(Loss) for the year		<u><u>(3,031)</u></u>	<u><u>(1,744)</u></u>
Total comprehensive (loss) for the year		<u><u>(3,031)</u></u>	<u><u>(1,744)</u></u>

All results are derived from continuing operations.

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 13 to 21 form part of these financial statements.

Balance sheet
at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Current assets			
Debtors	6	-	3,031
Cash at bank and in hand		<u>65</u>	<u>261</u>
		65	3,292
Creditors: Amounts falling due within one year	7	<u>-</u>	<u>(16,940)</u>
Net current assets/(liabilities)		<u>65</u>	<u>(13,648)</u>
Capital and reserves			
Called up share capital	8	6,640	6,640
Capital reserve		16,744	-
Profit and loss account	8	<u>(23,319)</u>	<u>(20,288)</u>
Shareholders' funds/(deficit)		<u>65</u>	<u>(13,648)</u>

The notes on pages 13 to 21 form part of these financial statements.

The financial statements of EDF Energy Round 3 Isle of Wight Limited (registered number 04600558) were approved by the Board of Directors on ~~4 November~~ **2019** and signed on its behalf by:



Hassaan Majid
Director

Statement of changes in equity

	Called up share capital £ 000	Capital reserve £ 000	Profit and loss account £ 000	Total equity £ 000
Balance as at 1 January 2018	6,640	-	(20,288)	(13,648)
Loss for the year	-	-	(3,031)	(3,031)
Capital contribution	-	16,744	-	16,744
Balance as at 31 December 2018	6,640	16,744	(23,319)	65
	Called up share capital £ 000	Capital reserve £000	Profit and loss account £ 000	Total equity £ 000
Balance as at 1 January 2017	6,640	-	(18,544)	(11,904)
Loss for the year	-	-	(1,744)	(1,744)
Balance as at 31 December 2017	6,640	-	(20,288)	(13,648)

The notes on pages 13 to 21 form part of these financial statements.

Notes to the financial statements

1 Accounting policies

EDF Energy Round 3 Isle of Wight Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK and resident in the UK for tax purposes. The registered number is 04600558 and registered address is Alexander House, 1 Mandarin Road, Rainton Bridge Business Park, Houghton le Spring, Sunderland, DH4 5RA, UK.

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.

The Company has adopted the following IFRSs in these financial statements:

- IFRS 9: Financial Instruments; and
- IFRS 15: Revenue from Contracts with Customers.

The adoption and transition to these standards has not resulted in any adjustments to the comparative information provided in these financial statements.

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:

- 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 9 *Financial Instrument* 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.

Notes to the financial statements (continued)

1 Accounting policies (continued)

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 11.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Having taken into account all available information, in particular forecasts for the next twelve months from the date of approval of the financial statements, and having performed appropriate sensitivity analyses, the Directors are of the opinion that it is appropriate to prepare the accounts on a going concern basis.

Investments

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

Financial instruments (policy applicable from 1 January 2018)

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement and gains and losses

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Financial liabilities and equity

Financial liabilities are classified as measured at amortised cost. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets (as defined in IFRS 15). The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. Based on the Company's historical experience, the ECL is not material on the Company's financial assets.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Non-derivative financial instruments (policy applicable prior to 1 January 2018)

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Impairment

A financial asset (including trade and other debtors) not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Cash and cash equivalents

Cash comprises cash in hand and deposits held which are repayable on demand.

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.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Accounting treatment for finance costs

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the assets ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete. The capitalisation rate used is the interest costs incurred on shareholder loans.

All other finance costs are recognised in the profit and loss account over the term of such instruments, at a constant rate on the carrying amount.

Impairment of non-financial assets excluding deferred tax assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the financial statements (continued)

2 Expenses and auditor's remuneration

Audit fees of £2,000 (2017: £2,000) were borne by the immediate parent company 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' remuneration

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 numbers and costs

The Company had no employees in 2018 (2017: Nil).

Notes to the financial statements (continued)

5 Income tax

(a) Total tax charge/(credit) recognised in the profit and loss account:

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax	-	1
Adjustments in respect of prior periods	-	1,746
Total current tax charge	-	1,747

(b) Reconciliation of effective tax rate:

	2018 £ 000	2017 £ 000
(Loss)/profit before tax	(3,031)	3
Tax using the UK corporation tax rate of 19% (2017: 19.25%)	(576)	1
Non-deductible expenses	576	-
Adjustments in respect of prior periods - current tax	-	1,746
Total tax charge	-	1,747

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. Deferred tax balances have been restated to reflect the rates substantively enacted as at the balance sheet date.

6 Debtors

	2018 £ 000	2017 £ 000
Corporation tax receivable	-	3,030
Other debtors	-	1
	-	3,031

Notes to the financial statements (continued)

7 Creditors: amounts falling due within one year

	2018 £ 000	2017 £ 000
Amounts owed to group undertakings	-	16,940
	<u>-</u>	<u>16,940</u>

Of amounts owed to group undertakings £Nil (2017: £16,940,000) relate to balances owed to wholly owned subsidiaries of the EDF Group. In November 2018, the Company's shareholders converted the outstanding loan balances into equity.

8 Capital and reserves

Share capital

Allotted, called up and fully paid

	2018 Number	2018 £ 000	2017 Number	2017 £ 000
Ordinary shares of £1 each	6,640,000	6,640	6,640,000	6,640
	<u>6,640,000</u>	<u>6,640</u>	<u>6,640,000</u>	<u>6,640</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Profit and loss account

The profit and loss account represents the cumulative profit and losses of the Company, net of dividends paid.

9 Related party transactions

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 or previous year.

Notes to the financial statements (continued)

10 Parent undertaking and controlling party

EDF Energy Renewables Limited holds a 100% interest in the Company and is considered to be the immediate parent undertaking and controlling party of this Company. The registered address for EDF Energy Renewables Limited is Alexander House, 1 Mandarin Road, Rainton Bridge Business Park, Houghton le Spring, Sunderland, England, DH4 5RA.

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.

11 Accounting estimates and judgement

The preparation of financial statements requires the use of accounting estimates and judgements, and requires management to exercise judgement in applying accounting policies. We continually evaluate our judgements and assumptions.

As The Company is currently inactive, no accounting estimates or judgements were used in the preparation of these financial statements.