edf renewables

# EDF Energy Round 3 Isle of Wight Limited

Annual report and financial statements

Registered number 04600558

31 December 2019

## Contents

## Company information

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

## Strategic report

The Directors present their annual report and financial statements for the year ended 31 December 2019 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 Companys' 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. Following this, EDF Energy Renewables Limited acquired the Company for a nominal sum.

In 2019, NBDL made a small loan repayment. This loan between the Company and NBDL had previously been impaired. This resulted in a profit in the year and a subsequent increase in the net assets of the Company when compared to the previous year.

**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.

*Covid-19*
Any additional costs that may be incurred would be the result of Covid-19 related delays to the supply of plant, property or equipment or services. These are expected to be short-term in nature and would be managed by the Company through its existing processes.

## Strategic report (continued)

**Business Environment, Performance and Key Performance Indicators**
The Directors believe as the subsidiary undertaking development of 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 year.

Approved by the Board on 6 July 2020 and signed on its behalf by:

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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 profit for the year, before taxation, amounted to £8,000 (*2018: loss of £3,031,000*), and after taxation, amounted to £8,000 (*2018: loss of £3,031,000*). The Directors do not recommend the payment of a dividend (*2018: £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
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 *(2018: £Nil)*.

**Going concern**

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides including the impact of Covid-19, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Fellow subsidiary companies consist of operating wind parks and holding companies which generate cash which is then passed to intermediate parent companies, EDF Energy Renewables Limited (which acts as the UK group treasurer) and EDF EN UK Limited, so that each fellow subsidiary is able to settle their liabilities as they fall due. At 31 December 2019, EDF Energy Renewables Limited has a cash balance of £85,379,000 (*30 June 2020: £48,673,000 (unaudited)*), with a further cash balance of approximately £84,444,000 held in other UK subsidiaries (*30 June 2020: £102,943,000 (unaudited)*). The UK group is financed by way of a £294,400,000 loan from EDF Renouvelables SA to EDF EN UK Limited and the annual interest and principal repayment obligation is approximately £14,000,000. Forecasts are dependent on the Company's fellow subsidiaries, operational wind parks, generating sufficient cash to enable the group to continue its development activities in the UK and to meet interest and principal repayments

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## Directors' report (continued)

**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.

**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 2020 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 6 July 2020 and signed on its behalf by:

DocuSigned by:

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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 2019, 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 2019 and of its profit 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.

**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:..........10 July 2020

## Profit and loss account and other comprehensive income

*for the year ended 31 December 2019*

| | Note | 2019 £ 000 | 2018 £ 000 |
|---|---|---|---|
| Administrative expenses | | - | (3,031) |
| Other operating income | | 8 | - |
| **Operating profit/(loss)** | 2, 3, 4 | **8** | (3,031) |
| **Profit/(loss) before tax** | | **8** | (3,031) |
| Tax charge on profit/(loss) | 5 | - | - |
| **Profit/(loss) for the year** | | **8** | (3,031) |
| | | | |
| **Total comprehensive profit/(loss) for the year** | | **8** | (3,031) |

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 2019*

| | Note | **2019** **£ 000** | 2018 £ 000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments | 6 | - | - |
| **Current assets** | | | |
| Debtors | 7 | - | - |
| Cash at bank and in hand | | 73 | 65 |
| **Net current assets** | | 73 | 65 |
| **Net assets** | | 73 | 65 |
| **Capital and reserves** | | | |
| Called up share capital | 8 | 6,640 | 6,640 |
| Capital contribution reserve | | 16,744 | 16,744 |
| Profit and loss account | 8 | (23,311) | (23,319) |
| **Shareholders' funds** | | 73 | 65 |

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 6 July 2020 and signed on its behalf by:

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Hassaan Majid

Director

## Statement of changes in equity

| | **Called up share capital £ 000** | **Capital contribution reserve £ 000** | **Profit and loss account £ 000** | **Total equity £ 000** |
|---|---|---|---|---|
| **Balance as at 1 January 2019** | **6,640** | **16,744** | **(23,319)** | **65** |
| **Profit for the year** | **-** | **-** | **8** | **8** |
| **Balance as at 31 December 2019** | **6,640** | **16,744** | **(23,311)** | **73** |

| | Called up share capital £ 000 | Capital contribution 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 |

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 Company has adopted the following IFRS in these financial statements:

- IFRS 16: Leases. This has been adopted using the modified retrospective method and as a result the comparatives have not been restated and reported under IAS 17. There was no quantitive impact of adopting IFRS 16 on the Company's financial statements for the year ending 31 December 2019.

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 Instruments 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.

## 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.

***Measurement convention***
The financial statements are prepared on the historical cost basis and are presented in sterling, the functional currency of the entity. Amounts presented are rounded to the nearest £1,000.

***Going concern***
The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides including the impact of Covid-19, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Fellow subsidiary companies consist of operating wind parks and holding companies which generate cash which is then passed to intermediate parent companies, EDF Energy Renewables Limited (which acts as the UK group treasurer) and EDF EN UK Limited, so that each fellow subsidiary is able to settle their liabilities as they fall due. At 31 December 2019, EDF Energy Renewables Limited has a cash balance of £85,379,000 (*30 June 2020: £48,673,000 (unaudited)*), with a further cash balance of approximately £84,444,000 held in other UK subsidiaries (*30 June 2020: £102,943,000 (unaudited)*). The UK group is financed by way of a £294,400,000 loan from EDF Renouvelables SA to EDF EN UK Limited and the annual interest and principal repayment obligation is approximately £14,000,000. Forecasts are dependent on the Company's fellow subsidiaries, operational wind parks, generating sufficient cash to enable the group to continue its development activities in the UK and to meet interest and principal repayments

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

***Investments***
Investments in associates and subsidiaries are carried at cost less impairment. Transactions costs associated with acquisitions are included in the cost of investment where appropriate.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

***Financial instruments***

*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.

***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.

# Notes to the financial statements (continued)

## 1 Accounting policies (continued)

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.

***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").

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.

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

*Included in profit/loss are the following:*

| | **2019** | 2018 |
|---|---|---|
| | **£ 000** | £ 000 |
| Write-off of debtors | **-** | 3,030 |

Audit fees of £2,000 (*2018: £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 2019 *(2018: Nil)*.

## Notes to the financial statements (continued)

### 5 Income tax

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

| | **2019** | 2018 |
|---|---|---|
| | **£ 000** | £ 000 |
| Total current tax charge | **-** | - |

*(b) Reconciliation of effective tax rate:*

| | **2019** | 2018 |
|---|---|---|
| | **£ 000** | £ 000 |
| Profit/(loss) before tax | **8** | (3,031) |
| Tax using the UK corporation tax rate of 19% *(2018: 19%)* | **2** | (576) |
| Non-deductible expenses | **(2)** | 576 |
| Total tax charge/(credit) | **-** | - |

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.

On 17 March 2020, a change in tax rates was substantively enacted to maintain the UK Corporation tax rates at 19%, rather than reducing to 17%, as previously enacted. The deferred tax balances do not reflect this change as it was substantively enacted after the balance sheet date.

### 6 Investments

| | **2019** | 2018 |
|---|---|---|
| | **£ 000** | £ 000 |
| Cost as at 1 January | **8,625** | 8,625 |
| Impairment at beginning and end of year | **(8,625)** | (8,625) |
| At 31 December | **-** | - |

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 investment holding relates to a joint venture:

## Notes to the financial statements (continued)

### 6 Investments (continued)

| | **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 |

The registered address of Navitus Bay Development Limited is The Exchange, 5 Bank Street, Bury, Lancashire, England, BL9 0DN.

### 7 Debtors

| | **2019** | 2018 |
|---|---|---|
| | **£ 000** | £ 000 |
| Amounts owed by joint venture | **13,875** | 13,883 |
| Impairment | **(13,875)** | (13,883) |
| | **-** | - |

Amounts owed by joint venture were fully impaired in 2015. A repayment of £8,000 (*2018: £Nil*) was made in the year.

### 8 Capital and reserves

*Share capital*
Allotted, called up and fully paid

| | **2019** | **2019** | 2018 | 2018 |
|---|---|---|---|---|
| | **Number** | **£ 000** | Number | £ 000 |
| Ordinary shares of £1 each | **6,640,000** | **6,640** | 6,640,000 | 6,640 |
| | **6,640,000** | **6,640** | 6,640,000 | 6,640 |

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.

*Capital contribution reserve*
The Company received a capital contribution from EDF Energy (Energy Branch) Limited and EDF EN UK Limited of £Nil (*2018: £16,744,000*).

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

## Notes to the financial statements (continued)

### 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.

The following related party transactions occured during the current and prior years.

| Related Party | Relationship | Transaction | Amount 2019 £000 | Amount 2018 £000 | Amount outstanding 2019 £000 | Amount outstanding 2018 £000 |
|---|---|---|---|---|---|---|
| Navitus Bay Development Limited | 50% shareholder | Loan repayment | 8 | - | | - |

### 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.

### 12 Non adjusting post balance sheet events

Since the balance sheet date there has been a global pandemic from the outbreak of Covid-19. The Directors assess this event to be a non- adjusting post balance sheet event. There has been no significant disruption to the Company's market, customers or supply chain post the year end as a result of Covid-19.