Zephyr Investments Limited

Annual report and financial statements
Registered number 04712921
Year ended 31 December 2017

Contents

Directors' report

The Directors (the "Directors") present their Directors' report and audited financial statements for Zephyr Investments Limited (the "Company") for the year ended 31 December 2017. The Company has adopted the exemptions available in Sections 414(B) and 416(3) of the Companies Act 2006 with regard to the Small Companies Regime. Accordingly, the Company has elected not to prepare a strategic report or as part of the Directors' report, disclosures relating to the dividends declared and (if any) paid during the year under review.

Principal activities

The principal activity of the Company is that of a holding company.

Directors

The Directors of the Company during the year and up to the date of signing the accounts were as follows:

L Bell	(appointed 7 June 2017, resigned 14 December 2017)
K Brown	(appointed 14 December 2017)
D H Griffiths	(appointed 14 December 2017)
S Johnson	(resigned 7 March 2017)
O M Kramer	(resigned 14 December 2017)
M J LeBlanc	(resigned 14 December 2017)
A W Lee	(appointed 14 December 2017)
S L Mackenzie	(appointed 14 December 2017)
A A Pena	(resigned 14 December 2017)
D Rifai	(resigned 14 December 2017)
N T Roessner	(resigned 7 March 2017)
S Stavnsbo	(resigned 14 December 2017)
M A Walters	(appointed 29 April 2010)

Directors' indemnity and insurance

An associated company has arranged directors' and officers' liability insurance throughout the year.

Statement of disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each 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.

Auditor

In November 2017 Deloitte LLP resigned as the Company's auditors and KPMG LLP were appointed.

On behalf of the board

K Brown
Director
21 September 2018

Registered office; C/O Morton Fraser LLP, St Martin's House,
16 St Martins le Grand, London,
EC1A 4EN

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

The Directors are responsible for preparing 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 period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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 Zephyr Investments Limited

We have audited the financial statements of Zephyr Investments Limited ("the company") for the period ended 31 December 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial period is consistent with the financial statements; and
- in our opinion that report has 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Independent auditor's report to the members of Zephyr Investments Limited

Directors' responsibilities

As explained more fully in their statement set out on page 3, 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.

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.

Ian Griffiths
Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
United Kingdom

25 September 2018

Profit and loss account and other comprehensive income

for the year ended 31 December 2017

	Note	**2017**	2016
		£'000	£'000
Administrative expenses		-	(198)
Other interest receivable and similar income	4	**24,883**	27,805
Interest payable and similar charges	5	**(24,883)**	(27,805)
Loss before taxation		-	(198)
Tax on profit	6	-	48
Loss for the financial year		-	(150)

The Company has no other comprehensive income or loss items and therefore total comprehensive loss for the year is £NIL (2016: loss £150,000).

The notes on pages 9 to 16 form part of these financial statements.

Balance sheet

at 31 December

	Note	2017 £'000	2016 £'000
Non-current assets			
Investments	7	**6,300**	6,300
Debtors	8	**-**	131,205
		6,300	137,505
Current assets			
Debtors	8	**56,257**	4,080
Cash at bank and in hand		**6**	6
		56,263	4,086
Creditors: amounts falling due within one year	9	**(54,891)**	(2,714)
Net current (liabilities)/assets		**1,372**	1,372
Total assets less current liabilities		**7,672**	138,877
Creditors: amounts falling due after more than one year	10	**-**	(131,205)
Net assets		**7,672**	7,672
Capital and reserves			
Called up share capital	11	**720**	720
Share premium account		**5,580**	5,580
Profit and loss account		**1,372**	1,372
Shareholder's funds		**7,672**	7,672

The notes on pages 9 to 16 form part of these financial statements.

The financial statements were approved by the board of Directors on 21 September 2018 and were signed on its behalf by:

K Brown
Director
Company registration no. 04712921

Statement of changes in equity

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	**Total equity £'000**
Balance at 1 January 2017	720	5,580	1,372	**7,672**
Total comprehensive income for the year				
Profit for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Balance at 31 December 2017	**720**	**5,580**	**1,372**	**7,672**

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	**Total equity £'000**
Balance at 1 January 2016	720	5,580	1,522	**7,822**
Total comprehensive income for the year				
Loss for the year	-	-	(150)	**(150)**
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(150)	**(150)**
Balance at 31 December 2016	720	5,580	1,372	**7,672**

Notes *(forming part of the financial statements)*

1 Accounting policies

Basis of preparation

Zephyr Investments Limited is a private company incorporated, domiciled and registered in the UK. The registered number is 04712921 and the registered address is C/O Morton Fraser LLP, St Martin's House, 16 St Martins le Grand, London, EC1A 4EN.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

All amounts in the financial statements have been rounded to the nearest £1,000.

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, Ventient Energy Limited (previously Mobius Renewables Bidco Limited) includes the Company in its consolidated financial statements. The consolidated financial statements of Ventient Energy Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Company Secretary, C/O Morton Fraser LLP, 5th Floor, Quartermile Two, 2 Lister Square, Edinburgh, EH3 9GL.

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

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Ventient Energy Limited, the Company's ultimate parent undertaking, include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures

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

Measurement convention

The financial statements are prepared on the historical cost basis.

Notes *(forming part of the financial statements)*

1 Accounting policies (continued)

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £20,664 (2016: net current assets £1,372). The Directors believe this to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by entities within the Ventient Energy Limited group ('the Group'). This Group is also subject to common bank loan arrangements. The Group continues to operate within its restrictive covenants. No breach of key ratios is forecast, however should a breach occur the Group has the opportunity to provide an equity injection to cure the default. The Parent, Ventient Energy Limited has indicated that they intend to ensure that the Company is able to meet its financial liabilities and obligations as they fall due for the twelve months after the date upon which the statutory accounts of the Company are finalised by signature of the audit opinion thereto, to the extent where applicable that the Company remains a subsidiary of the Group. The Parent has indicated that any intercompany balances, which are due on demand, will not be called for if such repayment would be likely to give rise to the inability of the Company to meet its financial liabilities and obligations as they fall due. The Parent, or other companies under common ownership have sufficient resources to make this commitment. As such, 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 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 undertaking the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Group accounts

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued by reference to the principal outstanding and the interest rate applicable.

Income from shares in group undertakings

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established via receipt of the dividend.

Interest payable

Interest payable is recognised in the profit and loss account as it accrues, using the effective interest method.

Notes *(forming part of the financial statements)*

1 Accounting policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is provided at amounts expected to be paid (or recovered) using tax rates that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Accounting estimates and adjustments

Impairment

Financial assets (including trade and other debtors)

A financial asset 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.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the net present value of the estimated future cash flows the asset will generate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Investments

Fixed asset investments reflects investments in subsidiaries and are shown at cost less provision for impairment. The carrying value of fixed asset investments is tested for impairment annually, by comparing the recoverable value to the carrying value.

Key assumptions and sources of estimation

In the process of applying the Company's accounting policies, management necessarily makes judgments and estimates that have a significant impact on the values recognised in the financial statements. Changes in the assumptions underlying these judgments and estimates could result in a significant impact to the financial statements. The most critical of these accounting judgments and estimates are explained below.

Impairment of investments

The Company determines whether investments in subsidiaries are impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGU to which investments in subsidiaries are allocated. Estimating a value-in-use amount requires management to make an estimation of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes *(forming part of the financial statements)*

2 Auditor's remuneration

	2017	2016
	£'000	£'000
Audit of these financial statements	**8**	8

Audit fees for the year ended 31 December 2017 were borne by another group company.

3 Directors' emoluments and employees

During the current year the Directors were remunerated for services provided to the Ventient Energy Limited Group, during the prior year the Directors were remunerated for services provided to the Zephyr Investments Limited Group. In both the current year and prior year any remuneration specific to qualifying activities performed solely in relation to the Company were trivial. The Company had no employees during the current year or prior year.

4 Other Interest receivable and similar income

	2017	2016
	£'000	£'000
Other interest received	**24,883**	27,805
	24,883	27,805

5 Interest payable and similar charges

	2017	2016
	£'000	£'000
Other miscellaneous interest expense	**24,883**	27,805
	24,883	27,805

Notes *(forming part of the financial statements)*

6 Taxation

Recognised in the profit and loss account

	2017	2016
	£'000	£'000
United Kingdom corporation tax		
Current tax on income in the year	-	(48)
Total current tax	-	(48)
Deferred tax		
Total deferred tax	-	-
Tax on profit	-	(48)

Reconciliation of effective tax rate

	2017	2016
	£'000	£'000
Profit for the year / year	-	(198)
Total tax expense	-	48
Profit excluding taxation	-	(150)
Tax using the UK corporation tax rate of 19% (31 March 2017: 20%)	-	(40)
Transfer pricing adjustments	-	(8)
Tax impact of group relief claims	-	-
Total tax expense	-	(48)

Notes *(forming part of the financial statements)*

7 Investments

	Shares in group undertakings	Total
Cost	**£'000**	**£'000**
At 1 January 2017	6,300	**6,300**
At 31 December 2017	**6,300**	**6,300**
Provisions		
At 1 January 2017	-	-
At 31 December 2017	-	-
Net book value		
At 31 December 2017	**6,300**	**6,300**
At 31 December 2016	6,300	**6,300**

The Company has the following investments in subsidiaries, associates and jointly controlled entities:

Directly held by the Company:
Beaufort Wind Limited*
Headwind Development Services Limited*

Indirectly held by the Company:
Causeymire Windfarm Limited**
Bears Down Windfarm Limited*
Farr Windfarm Limited**
Ffynnon Oer Windfarm Limited*
Windy Standard Limited**
Polwhat Rig Windfarm Limited**
Gallow Rig Windfarm Limited**
Headwind Taff Ely Wind Farm Limited*
Headwind Beinn Ghlas Wind Farm Limited*
Headwind Kirkby Moor Wind Farm Limited*
Headwind Lambrigg Wind Farm Limited*

* Incorporated in England and Wales
** Incorporated in Scotland
The Company owned 100% of the ordinary share capital of the companies at both 31 December 2017 and 31 December 2016. The registered office of the companies registered in England and Wales is C/O Morton Fraser LLP, St Martin's House, 16 St Martins le Grand, London, EC1A 4EN. The registered office of the companies registered in Scotland is C/O Morton Fraser, 2 Lister Square, Quartermile Two, Edinburgh, EH3 9GL.

Notes *(forming part of the financial statements)*

8 Debtors

	2017	2016
	£'000	£'000
Deep Discount Bonds	-	131,205
Amounts owed by group undertakings	**56,257**	4,080
	56,257	135,285
Due within one year	**56,257**	4,080
Due after more than one year	-	131,205

In December 2017 Deep Discount Bonds were cleared as part of the refinancing of the Ventient Energy Limited group.

9 Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Amounts owed to group undertakings	**54,891**	2,714
	54,89	2,714

10 Creditors: amounts falling due after one year

	2017	2016
	£'000	£'000
Deep Discount Bonds	-	131,205
	-	131,205

In December 2017 Deep Discount Bonds were cleared as part of the refinancing of the Ventient Energy Limited group.

Notes *(forming part of the financial statements)*

11 Capital and reserves

Share capital

	2017	2016	2017	2016
	Number	Number	**£'000**	£'000
Allotted, called up and fully paid				
Ordinary shares of £1 each	**719,964**	719,964	**720**	720

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.

12 Related parties

The company became a wholly-owned subsidiary of Ventient Energy Limited on 10 November 2017. There were no transactions between the Company and Ventient Energy Limited during the year.

Prior to 10 November 2017 the Company was a wholly-owned subsidiary of the group headed by IIF Int'l Holdings L.P. There were no transactions between the Company and IIF Int'l Holdings L.P. and its subsidiaries during the period.

13 Ultimate parent company and ultimate controlling entity

Ventient Energy Limited is the immediate parent company and is the head of the smallest and largest group for which consolidated financial statements are prepared and of which the Company is a member. The consolidated financial statements of this group are available to the public and may be obtained from the Company Secretary, C/O Morton Fraser LLP, 5th Floor, Quartermile Two, 2 Lister Square, Edinburgh, EH3 9GL. Ventient Energy Limited is ultimately controlled by IIF Int'l Holding LP, an entity 100% owned by institutional investors advised by JP Morgan Asset Management.