edf renewables

EDF Energy Renewables Holdings Limited

Annual report and financial statements

Registered number 06658187

31 December 2018

Contents

Company information

Directors	Emilio Zito Matthieu Hue Edward Wilson Hassaan Majid Jamie Pritchard
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 Renewables Holdings Limited (the "Company").

Business review

In January 2018, the Company sold 100% of its shareholding in EDF Energy Renewables Limited (along with its direct investments) to the Company's two shareholders, EDF Energy (Energy Branch) Limited and EDF EN UK Limited. Subsequently the shareholders conducted a share-for-share exchange with EDF Energy Renewables Limited to transfer 100% of the share capital of the Company to EDF Energy Renewables Limited.

Subsequently, the Company sold its investments in Bicker Fen Windfarm Limited, Fenland Windfarms Limited, Fallago Rig Windfarm Limited, Fallago Rig II Windfarm Limited, Burnfoot East Windfarm Limited, Braemore Wood Windfarm Limited, Red Tile Wind Limited and EDF ER Development Limited (along with its direct investments), First Windfarm Holdings Limited (along with its direct investments), Glass Moor II Windfarm Limited, Green Rigg Windfarm Limited, Rusholme Windfarm Limited and Lewis Wind Power Holdings Limited (along with its direct investments) to EDF Energy Renewables Limited at no gain or loss.

Following this, the Company acquired Cemmaes Windfarm Limited, Great Orton Windfarm II Limited and Llangwyryfon Windfarm Limited from First Windfarm Holdings Limited.

As a result of these transactions, the Company had nineteen subsidiary undertakings which all had wind farm projects with a combined capacity of approximately 550 MW.

In June 2018, EDF Energy Renewables Limited sold 49% of the Company to Blyth Holdings Limited.

As a holding company, the Company's financial performance is dependent on dividend income and interest receivable and payable on borrowings. As a result of above transactions, which has reduced the number of operational subsidiary operating undertakings, dividend income has fallen on the previous year. This has been partially offset by interest income on its borrowings which have increased to enable its subsidiary undertaking, Dorenell Windfarm Limited, to complete construction of its wind farm project in November 2018. In addition, the Company's interest expense has decreased following a conversion of its shareholder loans with EDF Energy Renewables Limited and Blyth Holdings Limited into equity.

Principal risks and uncertainties

The principle risks to the profitability of the Company are as follow:

Interest rate risk

The Company has exposure to interest rate fluctuations on its loans to its subsidiary undertakings. The Company's exposure to interest rate fluctuations on these loans is managed by continual reviews of the interest rate exposure and its impact on the forecast profitability of the Company.

Financial risks

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Company adopts a prudent approach to liquidity management and mitigates against cash flow and liquidity risk by continuously monitoring forecasted and actual cash flows and maintaining sufficient cash reserves to meet its obligations. The Company's main exposure to credit risk is its cash balances with banks. The risk is mitigated through using a bank with a good credit rating.

Strategic report (continued)

In addition, the profitability of the Company is dependent on the interest and dividend income from its subsidiary undertakings and therefore on their profitability:

Brexit
All the sales of the Company's subsidiary undertakings are with entities in the UK and are under long-term contracts where all output generated by the renewable energy projects has to be purchased. As a result Brexit-related risks would be related to operational costs of these subsidiary undertakings. Any additional costs that may be incurred would be the result of Brexit-related delays to the supply of plant, property and equipment or skilled human resource. These are expected to be short-term in nature and would be managed by the subsidiary undertaking through its existing processes.

Off take arrangements and power prices
The Company's subsidiary undertakings have long-term PPAs in place which guarantees sales of electricity. These subsidiary undertakings have not entered into any hedging arrangements to minimise the risk to volatility in the power price. This risk is managed by the continual review of the forecast profitability of the subsidiary undertakings.

Energy market price volatility

Energy price market volatility is a risk to the profitability of the Company's subsidiary undertakings, which is mitigated by rigorous project assessment and continual review of market dynamics.

Wind volumes
Lower wind speeds than anticipated result in less electricity being generated. Wind conditions will vary across seasons and years. Although the projects which the Company holds an interest in, do not have any control over wind resource, the Company and these project companies hold adequate reserves to ensure that they can withstand significant short term variability in production relating to wind.

Operational issues
Operational issues may occur on the projects in companies which the Company holds an interest in. Technical issues may arise on plant and equipment which may cause significant unavailability of turbines, business interruption and lost revenues. To mitigate this risk, regular reviews are undertaken in order to ensure that maintenance is performed on all wind turbines to ensure that they are in good working order and fit for purpose over their expected life spans. In addition, the projects, which the Company has an interest in, have taken out appropriate plant and equipment and business interruption insurance to reduce the potential financial impact of operating risks.

Health and safety

The health and safety of all contractors, agency staff and the public is a key risk given the nature of the Company's business. To minimise this risk, the Company is committed to creating a culture that views safe working as the only way of working and to reviewing all our processes and procedures to ensure it delivers this. Within the subsidiary undertaking, training is provided to managers to ensure they understand their responsibility for the safety of the employees that they set to work. In addition, a confidential helpline has been set up for the use of anyone within the organisation to help eradicate unsafe practices and safeguard our employees.

Strategic report (continued)

Business Environment, Performance and Key Performance Indicators

The Company through its subsidiary undertakings develops, constructs, operates and maintains wind farm investments.

	Year ended 31 December 2018	Year ended 31 December 2017
Interests in wind farms which are in operation	**24**	25
Dividends received (£000)	**5,166**	26,660
Dividends paid (£000)	**98,655**	-

There were no major health and safety incidents to report this year.

Future outlook

The future prospects of the Company are dependent on the performance of its investment in subsidiaries. The investments have been reviewed and the carrying value is considered to be recoverable based on the forecast performance.

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

Matthieu Hue
Director

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

Directors' report

Principal activities of the Company

This Company's principal activity is the financing and ownership of UK based renewable energy projects. It will continue in these activities for the foreseeable future.

Results and dividends

The profit for the year, before taxation, amounted to £11,560,000 (*2017: £75,378,000*), and after taxation, amounted to £10,385,000 (*2017: £75,959,000*). During the year the Company paid dividends of £98,655,000 (*2017: £Nil*).

Directors of the Company

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

Emilio Zito (appointed 16 March 2018)
Denis Rouhier (resigned 29 June 2018)
Matthew Sykes (resigned 29 June 2018)
Matthieu Hue (appointed 27 June 2018)
Joseph Philipsz (appointed 29 June 2018 and resigned 29 July 2019)
Edward Wilson (appointed 29 June 2018)
Owen Forster (resigned 29 June 2018)
Frederic Belloy (resigned 29 June 2018)
Michael Harrison (resigned 16 March 2018)
Geraldine Anceau (resigned 2 May 2019)
Hassaan Majid (appointed 2 May 2019)
Jamie Pritchard (appointed 29 July 2019)

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.

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.

Political contributions

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

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
- the Directors have 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 ended 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. October 2019 and signed on its behalf by:

Matthieu Hue
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 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 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 Renewables Holdings Limited

Opinion

We have audited the financial statements of EDF Energy Renewables Holdings Limited ("the Company") for the year ended 31 December 2018, 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including IFRS 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.

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.

Independent auditor's report to the members of EDF Energy Renewables Holdings Limited (continued)

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.

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 7, 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.

Independent auditor's report to the members of EDF Energy Renewables Holdings Limited (continued)

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.

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

..4 October 2019

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

	Note	2018 £ 000	2017 £ 000
Administrative expenses	2, 4	(180)	(1,416)
Operating loss		(180)	(1,416)
Income from disposal of fixed assets	2	-	52,689
Income from shares in subsidiary undertakings	2	5,166	26,660
Interest receivable and similar income	5	9,413	4,285
Interest payable and similar expenses	6	(2,839)	(6,840)
Profit before tax		11,560	75,378
Tax (charge)/credit on profit	7	(1,175)	581
Profit for the year		10,385	75,959
Total comprehensive income for the year		10,385	75,959

All results were 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 14 to 30 form part of these financial statements.

Balance sheet
at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Investments	8	**374,574**	438,118
Current assets			
Debtors due within one year	9	**1,576**	10,330
Debtors due after more than one year	10	**406,628**	222,925
Cash at bank and in hand		**3,966**	882
		412,170	234,137
Creditors: Amounts falling due within one year	11	**(815)**	(489)
Net current assets		**411,355**	233,648
Total assets less current liabilities		**785,929**	671,766
Creditors: Amounts falling due after more than one year	12	**-**	(220,286)
Provision for liabilities	14	**-**	(323)
Net assets		**785,929**	451,157
Capital and reserves			
Called up share capital	15	**100,000**	302,266
Share premium	15	**-**	13,420
Capital contribution reserve	15	**52,000**	-
Profit and loss account	15	**633,929**	135,471
Shareholders' funds		**785,929**	451,157

The notes on pages 14 to 30 form part of these financial statements.

The financial statements of EDF Energy Renewables Holdings Limited (registered number 06658187) were approved by the Board of Directors on ...4. October 2019 and signed on its behalf by:

Matthieu Hue
Director

Statement of changes in equity

	Called up share capital £ 000	Share premium £ 000	Capital contribution reserve £ 000	Profit and loss account £ 000	Total equity £ 000
Balance as at 1 January 2018	**302,266**	**13,420**	**-**	**135,471**	**451,157**
Profit for the year	**-**	**-**	**-**	**10,385**	**10,385**
Shares issued during the year	**-**	**371,042**	**-**	**-**	**371,042**
Capital reduction	**(202,266)**	**(384,462)**	**-**	**586,728**	**-**
Capital contribution	**-**	**-**	**52,000**	**-**	**52,000**
Dividends paid	**-**	**-**	**-**	**(98,655)**	**(98,655)**
Balance as at 31 December 2018	**100,000**	**-**	**52,000**	**633,929**	**785,929**

	Called up share capital £ 000	Share premium £ 000	Capital contribution reserve £ 000	Profit and loss account £ 000	Total equity £ 000
Balance as at 1 January 2017	255,909	59,777	-	59,512	375,198
Profit for the year	-	-	-	75,959	75,959
Reclassification of capital	46,357	(46,357)	-	-	-
Balance as at 31 December 2017	302,266	13,420	-	135,471	451,157

The notes on pages 14 to 30 form part of these financial statements.

Notes to the financial statements

1 Accounting policies

EDF Energy Renewables Holdings 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 06658187 and registered address is Alexander House, 1 Mandarin Road, Rainton Bridge Business Park, Houghton le Spring, Sunderland, DH4 5RA, UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare and deliver group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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

The Company has adopted the following IFRSs in these financial statements:
• IFRS 9: Financial Instruments

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 Instruments* 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 19.

Measurement convention
The financial statements are prepared on the historical cost basis.

Going concern
The Company shares banking arrangements with its subsidiary undertakings. The Company has sufficient assets to cover its liabilities and the company's detailed forecasts show that the company will continue to generate positive cash flows 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
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.

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

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.

Notes to the financial statements (continued)

1 Accounting policies (continued)

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.

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.

Foreign currency transactions and balances
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

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.

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.

Notes to the financial statements (continued)

1 Accounting policies (continued)

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.

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

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

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

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

2 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2018 £ 000	2017 £ 000
Income from disposal of fixed assets	-	52,689
Dividend income	5,166	26,660
Auditor's remuneration	10	10

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.

Notes to the financial statements (continued)

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 or the sponsoring undertakings of Blyth Holdings Limited: Dalmore Capital Limited and Pensions Infrastructure Platform and no portion of their remuneration can be specifically attributed to their services to the Company.

4 Staff numbers and costs

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

5 Interest receivable and similar income

	2018 £ 000	2017 £ 000
On loans to group companies	9,413	4,285
Total interest receivable	9,413	4,285

6 Interest payable and similar expenses

	2018 £ 000	2017 £ 000
On loans from group companies	2,839	6,840
Total interest payable	2,839	6,840

Notes to the financial statements (continued)

7 Income tax

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

	2018 £ 000	2017 £ 000
UK Current tax		
UK corporation tax	**1,195**	(581)
Adjustments in respect of prior periods	**(20)**	-
Total tax charge/(credit)	**1,175**	(581)

(b) Reconciliation of effective tax rate:

	2018 £ 000	2017 £ 000
Profit before tax	**11,560**	75,378
Tax using the UK corporation tax rate of 19% (*2017: 19.25%*)	**2,196**	14,510
Effects of:		
Adjustments in respect of prior periods	**(20)**	(69)
Income not taxable for tax purposes	**(981)**	(15,275)
Non-deductible expenses	**(20)**	253
Total tax charge/(credit)	**1,175**	(581)

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.

Notes to the financial statements (continued)

8 Investments

	2018 £ 000
Cost	
1 January 2018	438,568
Disposal of EDF Energy Renewables Limited (refer to (a) below)	(30,609)
Disposal of subsidiaries involved in development of energy projects and minority interests (refer to (b) below)	(78,854)
Acquisition of Cemmaes Windfarm Limited, Great Orton Windfarm II Limited and Llangwyryfon Windfarm Limited from First Windfarm Holdings Limited	9,469
Additional share allotment in Dorenell Windfarm Limited (refer to (c) below)	36,000
31 December 2018	374,574
Provisions	
1 January 2018	(450)
Release of provision following disposal of Burnfoot East Windfarm Limited (refer to (b) below)	450
31 December 2018	-
Net book value	
31 December 2018	374,574
31 December 2017	438,118

a) The Company sold 100% of its shareholding in EDF Energy Renewables Limited (along with its direct investments) to its two shareholders, EDF Energy (Energy Branch) Limited and EDF EN UK Limited. Subsequently the shareholders conducted a share-for-share exchange with EDF Energy Renewables Limited to transfer 100% of the share capital of the Company to EDF Energy Renewables Limited.

b) The Company sold its investments in Bicker Fen Windfarm Limited, Fenland Windfarms Limited, Fallago Rig Windfarm Limited, Fallago Rig II Windfarm Limited, Burnfoot East Windfarm Limited (formerly Royal Oak Windfarm Limited), Braemore Wood Windfarm Limited, Red Tile Wind Limited and EDF ER Development Limited (along with its direct investments), First Windfarm Holdings Limited (along with its direct investments), Glass Moor II Windfarm Limited, Green Rigg Windfarm Limited, Rusholme Windfarm Limited and Lewis Wind Power Holdings Limited (along with its direct investments) to EDF Energy Renewables Limited at no gain or loss.

c) In December 2018, Dorenell Windfarm Limited issued 36,000,000 ordinary shares with a value of £1 to the Company.

Notes to the financial statements (continued)

8 Investments (continued)

At 31 December 2018, the Company held direct interests as follows:

Investment	Country of registration or incorporation	Class of shares	Percentage of shares held	Nature of business
Barmoor Wind Power Limited	England and Wales	Ordinary	100%	Operational wind farm
Beck Burn Windfarm Limited	England and Wales	Ordinary	100%	Operational wind farm
Boundary Lane Windfarm Limited	England and Wales	Ordinary	100%	Operational wind farm
Burnfoot Windfarm Limited	England and Wales	Ordinary	100%	Operational wind farm
Burnhead Moss Wind Farm Limited	England and Wales	Ordinary	100%	Operational wind farm
Cemmaes Windfarm Limited	England and Wales	Ordinary	100%	Operational wind farm
Corriemoillie Windfarm Limited	England and Wales	Ordinary	100%	Operational wind farm
Dorenell Windfarm Limited	England and Wales	Ordinary	100%	Operational wind farm
Fairfield Windfarm Limited	England and Wales	Ordinary	100%	Operational wind farm
Great Orton Windfarm II Limited	England and Wales	Ordinary	100%	Operational wind farm
High Hedley Hope Wind Limited	England and Wales	Ordinary	100%	Operational wind farms
Kirkheaton Wind Limited	England and Wales	Ordinary	100%	Operational wind farm
Llangwyryfon Windfarm Limited	England and Wales	Ordinary	100%	Operational wind farm
Longpark Windfarm Limited	England and Wales	Ordinary	100%	Operational wind farm
Park Spring Wind farm Limited	England and Wales	Ordinary	100%	Operational wind farm
Pearie Law Windfarm Limited	England and Wales	Ordinary	100%	Operational wind farm

Notes to the financial statements (continued)

8 Investments (continued)

Investment	Country of registration or incorporation	Class of shares	Percentage of shares held	Nature of business
Roade Windfarm Limited	England and Wales	Ordinary	100%	Operational wind farm
Teesside Windfarm Limited	England and Wales	Ordinary	100%	Operational wind farm
Walkway Windfarm Limited	England and Wales	Ordinary	100%	Operational wind farm

The registered address of all the above investments is Alexander House, 1 Mandarin Road, Rainton Bridge Business Park, Houghton le Spring, Sunderland, England, DH4 5RA.

9 Debtors: amounts falling due within one year

	2018 £ 000	2017 £ 000
Amounts owed by associated undertakings	-	8,032
Other debtors	239	615
Corporation tax recoverable	-	1,210
Other taxation	1,337	473
	1,576	10,330

All balances are expected to be recovered within one year.

10 Debtors: amounts falling after one year

	2018 £ 000	2017 £ 000
Amounts owed by subsidiary undertakings	406,628	217,150
Amounts owed by associated undertakings	-	5,775
	406,628	222,925

Notes to the financial statements (continued)

11 Creditors: amounts falling due within one year

	2018 £ 000	2017 £ 000
Amounts owed to group companies	-	140
Corporation tax	613	-
Other creditors	202	349
	815	489

12 Creditors: amounts falling due after more than one year

	2018 £ 000	2017 £ 000
Amounts owed to group undertakings (note 13)	-	220,286

13 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

Creditors falling due after more than one year

	2018 £ 000	2017 £ 000
Shareholder loans	-	220,286
	-	220,286

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Carrying amount 2018 £ 000	Carrying amount 2017 £ 000
Shareholder loans	GBP	3 month LIBOR plus 180 basis points	2025	-	220,286
Total				-	220,286

Notes to the financial statements (continued)

13 Interest-bearing loans and borrowings (continued)

Amounts owed to group companies attract interest of '3 month LIBOR' plus 180 basis points *(2017: 180 basis points)* and have a ten year term.

In June 2018, all shareholder loans were repaid following an issue of ordinary shares (note 15).

14 Provisions

	2018	2017
	£ 000	£ 000
Additional cost of investment	-	323
	-	323

A provision was included in 2017 for future additional cost for the Company's investment in Fallago Rig Windfarm Limited. This was transferred to EDF Energy Renewables Limited following the Company's disposal of its investment in Fallago Rig Windfarm Limited.

Notes to the financial statements (continued)

15 Capital and reserves

Share capital
Alloted, called up and fully paid

	2018 Number	2018 £ 000	2017 Number	2017 £ 000
Ordinary shares of £1 each	100,000,000	100,000	302,265,640	302,266
	100,000,000	100,000	302,265,640	302,266

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.

Share premium

	2018 £ 000	2017 £ 000
Share premium	-	13,420

On 29 June 2018, 100 ordinary shares of the Company of £1 each for a total value of £371,042,000 were issued and alloted to EDF Energy Renewables Limited and Blyth Holdings Limited. This resulted in the share premium increasing to £384,462,000.

On 16 July 2018, the share capital of the Company was reduced from 302,265,740 shares of £1 each to 100,000,000 shares of £1 each. In addition, the share premium of £384,462,000 was reduced to £Nil.

Capital contribution reserve
In October, the Company received a capital contribution from EDF Energy Renewables Limited of £52,000,000 *(2017: £Nil)*.

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

16 Financial commitments

Amounts contracted for but not provided in the financial statements amounted to £1,527,000 *(2017: £Nil)*. This relates to commitments on an asset management contract held with a related party, EDF Energy Renewables Limited.

Notes to the financial statements (continued)

17 Related party transactions

The following related party transactions and balances occurred in the year:

Related Party	Relationship	Transaction	Amount 2018 £000	Amount outstanding 2018 £000
Barmoor Wind Power Limited	Wholly-owned subsidiary	Shareholder loan and interest receivable	3,081	6,743 Debtor
Boundary Lane Windfarm Limited	Wholly-owned subsidiary	Shareholder loan and interest receivable	1,439	2,137 Debtor
Burnfoot Windfarm Limited	Wholly-owned subsidiary	Shareholder loan and interest receivable	17,124	18,920 Debtor
Beck Burn Windfarm Limited	Wholly-owned subsidiary	Shareholder loan and interest receivable	2,233	27,740 Debtor
Burnhead Moss Wind Fam Limited	Wholly-owned subsidiary	Shareholder loan and interest receivable	4,772	18,583 Debtor
Cemmaes Windfarm Limited	Wholly-owned subsidiary	Dividend income	558	-
Corriemoillie Windfarm Limited	Wholly-owned subsidiary	Shareholder loan and interest receivable	8,331	42,540 Debtor
Dorenell Windfarm Limited	Wholly-owned subsidiary	Shareholder loan and interest receivable	74,488	123,747 Debtor
Fairfield Windfarm Limited	Wholly-owned subsidiary	Shareholder loan and interest receivable	2,459	1,794 Debtor
Great Orton Windfarm Limited	Wholly-owned subsidiary	Dividend income	203	-
High Hedley Hope Wind Limited	Wholly-owned subsidiary	Dividend income	3,600	-

Notes to the financial statements (continued)

17 Related party transactions (continued)

Related Party	Relationship	Transaction	Amount 2018 £000	Amount Outstanding 2018 £000
Kirkheaton Wind Limited	Wholly-owned subsidiary	Shareholder loan and interest receivable	106	152 Debtor
Llangwyryfon Windfarm Limited	Wholly-owned subsidiary	Dividend income	760	-
Longpark Windfarm Limited	Wholly-owned subsidiary	Shareholder loan and interest receivable	8,395	8,169 Debtor
Park Spring Windfarm Limited	Wholly-owned subsidiary	Shareholder loan and interest receivable	1,415	5,903 Debtor
Pearie Law Windfarm Limited	Wholly-owned subsidiary	Shareholder loan and interest receivable	2,394	15,399 Debtor
Roade Windfarm Limited	Wholly-owned subsidiary	Shareholder loan and interest receivable	1,306	4,579 Debtor
Teesside Windfarm Limited	Wholly-owned subsidiary	Shareholder loan and interest receivable	132,569	129,681 Debtor
Walkway Windfarm Limited	Wholly-owned subsidiary	Shareholder loan and interest receivable	3,793	752 Debtor
Glass Moor II Windfarm Limited	20% shareholder	Dividend income	31	-
Glass Moor II Windfarm Limited	20% Shareholder	Shareholder loan and interest receivable	22	-
Green Rigg Windfarm Limited	20% shareholder	Dividend income	14	-
Green Rigg Windfarm Limited	20% Shareholder	Shareholder loan and interest receivable	61	-
Rusholme Windfarm Limited	20% Shareholder	Shareholder loan and interest receivable	37	-

Notes to the financial statements (continued)

17 Related party transactions (continued)

Related Party	Relationship	Transaction	Amount 2018 £000	Amount outstanding 2018 £000
EDF Energy Renewables Limited	51% Owner	Dividend payable	50,314	-
Blyth Holdings Limited	49% Owner	Dividend payable	48,341	-
EDF Energy Renewables Limited	51% Owner	Management fee	280	-
EDF Energy Renewables Limited	51% Owner	Capital contribution	52,000	-

The following related party transactions and balances occurred in the prior year:

Related Party	Relationship	Transaction	Amount 2017 £000	Amount outstanding 2017 £000
Fallago Rig Windfarm Limited	20% Shareholder	Dividend Income	6,730	-
Glass Moor II Windfarm Limited	20% Shareholder	Shareholder loan and interest receivable	92	1,206 Debtor
Glass Moor II Windfarm Limited	20% Shareholder	Dividend Income	-	-
Green Rigg Windfarm Limited	20% Shareholder	Shareholder loan and interest receivable	266	3,464 Debtor
Green Rigg Windfarm Limited	20% Shareholder	Dividend Income	530	320 Debtor
Lewis Wind Power Holdings Limited	50% Shareholder	Shareholder loan drawdown	704	6,313 Debtor
Rusholme Windfarm Limited	20% Shareholder	Shareholder loan and interest receivable	157	2,134 Debtor
Bicker Fen Windfarm Limited	20% Shareholder	Shareholder loan drawdown	-	34 Debtor
Fenland Windfarms Limited	20% Shareholder	Shareholder loan drawdown	-	331 Debtor

Notes to the financial statements (continued)

18 Parent undertaking and controlling party

EDF Energy Renewables Limited holds a 51% interest in the Company and is considered to be the immediate parent undertaking and controlling party. The registered address of EDF Energy Renewables Limited is Alexander House, 1 Mandarin Road, Rainton Bridge Business Park, Houghton le Spring, Sunderland, DH4 5RA.

Electricite 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 smallest and largest group for which consolidated financial statements are prepared. Copies of the company's financial statements may be obtained from Electricite de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.

19 Accounting estimates and judgement

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

The Company holds on its balance sheet, investments in its subsidiary undertakings, which consist of operational and development companies. The carrying value recognised for these investments are included on the judgement that they will be recovered through future activities of the subsidiary. These judgements are based on an assessment of impairment indicators which are periodically reviewed by management.