

Mobius Wind Holdings Limited

Annual report and financial statements
Registered number 07086998
Year ended 31 December 2019



COMPANIES HOUSE

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Strategic report

The Directors' present their Strategic report for the year ended 31 December 2019.

Principal activities

The principal activity of Mobius Wind Holdings Limited ("the Company") is that of a holding company.

The company is an integral part of the Ventient Energy Group portfolio, has the same directors and consequently this strategic report is both similar and consistent with the overall Ventient Group strategy.

Mobius Wind Holdings Limited is a subsidiary of Ventient Energy Limited that has a total of 689.5MW of installed capacity across 34 windfarms in the UK. Ventient Energy Limited is, in turn, a subsidiary of Ventient Energy Sarl which is the second largest, non-utility, generator of onshore wind energy in Europe.

Business Review and Performance Summary

Profit before tax is £91.2M (2018: £16.8M) and net assets £154.3M (2018: £59.5M).

During the year the Ventient Energy Group undertook a rationalisation of entities resulting in the Company acquiring ownership of other group companies for consideration totalling £636M. The Company funded these acquisitions through intercompany borrowings.

The directors focus is the long-term sustainability of the Company and the Group. However short-term stake holder requirements are managed through a 5-year strategic plan and an annual budget and forecast process. Cash generation at an EBITDA level to meet liabilities, debt services and distributable cash to the Ventient Energy Limited Group's single member is an additional particular focus.

Key Performance Indicators

Wind generation of 1,579 GWh was below expectations (6%) due to poor wind resource in October and November. Average selling price per MWh at £93.6 was slightly higher than expected due to improved ROC recycled price and effective use of price fixes. Availability, a time measure of the windfarms' readiness to generate electricity, irrespective of wind, was below expected performance due to various unexpected turbine faults. The analysis of wind volumes and prices is in relation to that driving the cash distributions that the Company receives from its investment portfolio.

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company and the mitigating factors taken by the Company, and the wider Ventient Energy Limited Group, against these risks are detailed below. The principal risks noted below are not all of the risks faced by the Company but are those risks which the Company perceives as those which could have a significant impact on the Company's investments, and therefore a significant impact upon the distributions received by the Company and its future prospects.

The principal risks and uncertainties facing the business are linked to wind conditions, energy pricing secured, asset performance and market regulation;

- Wind resource falling significantly below expectations. This would have a negative impact on revenues and cash flows resulting in the Company and the Group being unable to meet their financing arrangements. This is mitigated by the Group financing covenants which are set or hurdled against a low wind stress test cash flow modelling to ensure any one low wind year will not impact the Company's ability to meet its future long term obligations.
- Significant turbine serial defect or early end of life failure. This would have a negative impact on turnover and cash flows resulting in the Company and the Group being unable to meet their future obligations. The Ventient Group's wind farms are appropriately insured against the impact of serial defect with suitable Property Damage and Business Interruption Policies.

Strategic report (continued)

- Similarly, a significant failure of the electricity grid or infrastructure on or near a wind farm. A large prolonged event would have a negative impact on turnover and cash flows resulting in potential impairment of the tangible assets. The business ensures all appropriate maintenance and monitoring is carried out on its wind farm sites. The wind farms are appropriately insured against loss of grid through business interruption policies.
- Power Price falling significantly below market forecast which the Ventient Group obtains from third party energy market data providers (e.g. Poyry). This would have a negative impact on turnover and cash flows resulting in potential impairment of the tangible assets and the wider Ventient Group being unable to meet future obligations as they fall due. All wind farms have ROC inflated to RPI annually, guaranteed under the UK government Renewable Obligation Scheme. They also benefit from a Power Purchase Agreement with an Investment level off-taker. This risk to meeting finance obligations is mitigated by modelling cash flows against a low power price assumption produced by independent energy consultants
- Performance falling below expectations: The time based metric, availability, which is a measure of the amount of time each windfarm's turbines are ready to generate electricity, is an important driver of revenue after considering price and wind. The Company and Ventient Group maintains strong in-house skills and presence, along with a comprehensive control room infrastructure and asset performance activities. All of this combines to mitigate the risk of under performance towards the goal of maintaining and improving individual turbine and windfarm availability.
- Regulation: Wind projects operate in a two-fold regulatory environment, involving specific renewables regulation and energy markets regulation. These two often intersect, not always in a beneficial manner for a renewable asset class or for particular generation locations. The Ventient Group, of which the Company is a subsidiary, maintains strong relationships with industry bodies as well as pursuing its own dialogues where possible to monitor, anticipate and model potential regulatory outcomes. Current charging reviews are ongoing by regulators and government and may result in reduced EBITDA if implemented, although any amounts are yet to be determined.
- Brexit: The Company's assets are based in the UK and are stated in pounds sterling, thus cashflows are not exposed to any material currency risk. However, given the uncertainties over the nature of the UK's future trading relationships following the recent departure from the European Union, it is difficult at this stage to predict the impact on the longer-term energy market and its fundamental drivers. The Group continues to monitor market and economic data including gas and carbon prices, macroeconomic statistics and regulatory market updates to understand their impact on future price curves. Regarding any potential risk to the supply chain, the Group is engaged with all its key Original Equipment Manufacturers to ensure that plans and preparations are being made to mitigate any operational risk or delay as a result of the UK leaving the EU.
- Coronavirus (COVID19): The World Health Organisation has declared this outbreak as a Global Pandemic during March 2020. On the 19th June 2020, the UK Government lowered the alert, or risk level, from 4 to 3 meaning that the virus is in general circulation, when transmission was no longer high or rising exponentially. With the advent of Winter, following the relaxation of social restrictions, the incidence of virus infections has, once more, begun to rise. This has led to the reintroduction of tighter social restrictions by the various UK and devolved governments. A prolonged pandemic in the UK may affect Company's ability to maintain its windfarm assets; however, this asset category is classed as part of the UK's critical infrastructure and contractors continue to be engaged to carry out repairs in spite of restrictions applying to other sectors of the economy. The Ventient Group continues to monitor the situation. It may also result in reduced carbon prices which may ultimately affect renewable energy pricing, negatively impacting turnover and cash flows resulting in potential impairment of the tangible assets.

Strategic report (continued)

While there remains uncertainty over the duration and depth of the pandemic, the Ventient Group has taken extensive precautionary measures to help avoid the spread of COVID-19 and ensure health and safety of employees, business partners and the community. The Ventient Group is in close contact with suppliers, contractors and business partners to ensure continuous risk assessments for the business and employees and to ensure adherence to local government advice and guidelines. Whilst alert to the ongoing potential financial and operational challenges, the Ventient Group's strong operational model (based on its proactive in-house Asset Management team, diversified third-party Operations and Maintenance providers and a diversified turbine technology base) is focused on ensuring stable operations and mitigating potential impact. In the past six months since the start of the pandemic maintenance and repairs of the wind farms has continued. There has been a decrease in the day rate prices, however, many of the Ventient Group's prices are on a fixed price tariff.

Directors' Duties to Stakeholders (s172 statement)

As outlined above, the Company, is an integral part of the UK Ventient Group. Whilst sharing the same Directors as its ultimate UK parent, Ventient Energy Limited, Mobius Wind Holdings Limited plays an active part in these key areas set out below which are the Group's approach to its stakeholder population.

The Directors through the course of their actions take a long-term outlook on the ownership, operation and growth of the Ventient business and these are driven by the needs of the stakeholders. The vision is to be a trusted partner, providing value driven, innovative and responsible solutions for the energy needs of the future. The Ventient Group strives to be a partner of choice for suppliers, landowners and local communities, and to grow the business portfolio sustainably.

The Ventient Group has integrated environmental, social and governance (ESG) matters into all aspects of how it conducts operations. The Company's focus in these areas helps to ensure that the business model is sustainable and focused on the long-term. Priorities in 2019 have also included:

Demonstrating effective stewardship in the communities where the Ventient Group operates

- Develop and implement a stakeholder engagement plan to maintain strong and positive long-term relationships with our various stakeholders

Ensure the safety and engagement of employees

- Aim for zero serious safety incidents by implementing an effective safety culture across the business
- Meet or exceed all applicable labour laws and standards by introducing a new HR framework

Minimise the impact of the Group's activities on the environment

- Achieve ISO 14001 certification to ensure we minimise how our operations negatively affect the environment, comply with applicable laws, regulations and continually improve our performance in this area

Conducting business responsibly

- Develop and roll-out a new Code of Ethics to ensure that business activities are conducted to the highest ethical standards and in accordance with appropriate legal and regulatory requirements.

ENVIRONMENTAL

Mobius Wind Holdings Limited is very proud to have a positive impact in helping reduce carbon emissions. Onshore wind represents an efficient low-cost method of renewable generation which can deliver benefits locally, nationally and internationally. It's one of the fastest growing sources of generation in the world.

The business intends to continue to increase positive environmental impact and is further committed to minimising the environmental impact of our operations as it does so.

Strategic report (continued)

SOCIAL

Mobius Wind Holdings Limited takes great pride in supporting the communities around our wind farm sites.

Landowners who host the Company's projects are key contributors to the success and the Company works closely with them to ensure each wind farm is built upon a strong mutually beneficial relationship.

The Company believes that building strong partnerships with all stakeholders is good for our business. The Company actively listens to the concerns of the local communities in which it operates and is committed to a process of continuous engagement with all parties who have an interest in our activities.

GOVERNANCE

Mobius Wind Holdings Limited is committed to the highest standards of corporate governance and the company's board of directors is composed of expert professionals with a vast range of experience, including energy, finance, M&A, and governance. This ensures that high standards are set for the Company with an aim to foster a culture of high performance, transparency, and accountability.

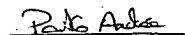
Being a responsible business means maintaining fair and effective business practices. The Company has implemented strong governance practices to ensure that business is conducted to the highest standards of honesty and integrity while complying with all legal and regulatory requirements. The Ventient Group's Code of Ethics stipulates the minimum ethical standards of conduct Mobius Wind Holdings Limited expects from affiliates of the company as well as third party contractors providing services to the company. These standards include the following:

- ensure the health and safety of contractors and guests
- ensure a clean, safe and healthy environment in all practices
- know and comply with all laws and regulations applicable to your position
- ensure that all business transactions are properly authorised, that the books and records of the Company are complete and accurate and that the Company provides complete and accurate disclosure to its shareholders and government authorities
- avoid situations in which your personal interests conflict or appear to conflict with the interests of the Company
- protect the confidentiality of non-public information concerning the Company and its customers, contractors and shareholders
- not make promises, payments or authorise any gifts or anything of value on behalf of the Company, whether directly or indirectly, to government officials to obtain or retain business
- comply with all applicable Company policies, including those that bar personal or corporate political contributions intended to influence investment decisions by pension funds
- exhibit personal behaviour, both inside and outside of the workplace, which is consistent with and reinforces a positive public image of the Company.

Future Developments

It is not anticipated that the activities of the Company will substantially change in the immediate future.

These financial statements were approved by the Board and signed on its behalf by:



P Andres
Director

16 February 2021

Registered office: Connect House 133-137 Alexandra Road,,
Wimbledon, London,
SW19 7JY

Directors' report

The Directors present their Directors' report and audited financial statements for Mobius Wind Holdings Limited (the "Company") for the year ended 31 December 2019. The Company, for the purpose of the Companies Act, satisfies the criteria that means it is classed as a medium-sized company.

Results and dividends

The profit after tax for the year amounted to £94.77 million (31 December 2018: profit £14.60 million).

No dividends were paid or proposed in the current year or to the date of this report.

See the Strategic Report for discussion of the results and key performance indicators for the year.

The company is in a net current liabilities position and is dependent on funds provided to it by entities within the Ventient Energy Limited Group. The Group Parent, Ventient Energy Limited, has confirmed that it will provide additional funding to enable the Company to meet its obligations and liabilities as they fall due for a period of at least 12 months from the date of approval of the Company's financial statements. Accordingly, the Directors believe it is appropriate for the financial statements of the Company to be prepared on the going concern basis.

Financial Risk Management

The company aims to minimise financial risk as far as it possibly can. The main purpose of the Company's financial instruments is to provide working capital for the Company's continuing activities and provide funding for future activities. Given the nature of the Company's financial instruments the main risk associated with these is credit risk, however this is minimised due to the fact exposure is spread over several counterparties and customers who are of investment grade status. The main strategies for the Company financial instruments are outlined below:

- Intercompany balances: Amounts due from parent undertakings are receivable on demand. The Parent, Ventient Energy Limited has access to sufficient funds to meet its financial liabilities.
- Cash and Cash Equivalents: Cash flows are monitored regularly in order to meet bank covenant ratios and excess cash balances are returned to the owning stakeholder. There are no significant currency exposures
- Intercompany balances: Amounts due to group undertakings are payable on demand. The Parent, Ventient Energy Limited has indicated that any intercompany balances will not be called for if such repayment would be likely to give rise to the inability for the Company to meet its financial liabilities and obligations as they fall due.

Directors

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

D H Griffiths	
M R Jones	(appointed 30 January 2019)
P Andres	(appointed 1 November 2020)
D J Guerin	(appointed 1 January 2020, resigned 31 October 2020)
D M Zuydam	(appointed 11 July 2019, resigned 1 January 2020)
M A Walters	(resigned 1 January 2020)
A W Lee	(resigned 1 January 2020)
K Brown	(resigned 4 July 2019)
S L Mackenzie	(resigned 30 January 2019)

Directors' indemnity and insurance

Throughout the financial year and at the date of approval, qualifying third party directors' and officers' liability insurance was in force.

Political contributions

Neither the Company nor any its subsidiaries made any political donations or incurred any political expenditure during the year (2018: £nil).

Directors' report *(continued)*

Stakeholder Engagement

The Directors recognise their responsibilities in respect of stakeholder engagement. Details of the Company's approach are set out in the Strategic Report on page 4.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

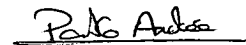
Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2. The most significant event since the end of the financial year is the onset of the Covid 19 pandemic and the impacts are dealt with in the Strategic report.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the Board



P Andres
Director

16 February 2021

Registered office: Connect House 133-137 Alexandra Road,
Wimbledon, London,
SW19 7JY

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditors' report to the members of Mobius Wind Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Mobius Wind Holdings Limited's 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 (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditors' report to the members of Mobius Wind Holdings Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent auditors' report to the members of Mobius Wind Holdings Limited (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report, arising from this responsibility.



Matthew Kaye (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
16 February 2021

Statement of Comprehensive Income
for the year ended 31 December 2019

		2019	2018
	Note	£'000	£'000
Administrative expenses	3	(32,849)	81
Income from shares in group undertakings	4	118,478	-
Finance income	5	13,527	27,570
Finance expenses	5	(8,006)	(10,856)
		<hr/>	<hr/>
Profit before taxation		91,150	16,795
Tax on profit	6	3,615	(2,193)
		<hr/>	<hr/>
Profit for the financial year	12	94,765	14,602
		<hr/>	<hr/>
Total comprehensive income for the year		94,765	14,602
		<hr/>	<hr/>

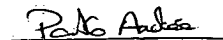
The notes on pages 15 to 26 form part of these financial statements.

Balance Sheet
As at 31 December 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	7	79	79
Investments	8	669,759	33,409
Deferred tax assets	11	613	1
		<u>670,451</u>	<u>33,489</u>
Current assets			
Trade and other receivables	9	328,310	380,777
Cash at bank and in hand		286	1,290
		<u>328,596</u>	<u>382,067</u>
Creditors: amounts falling due within one year	10	<u>(844,734)</u>	<u>(356,008)</u>
Net current (liabilities)/assets		<u>(516,138)</u>	<u>26,059</u>
Total assets less current liabilities		<u>154,313</u>	<u>59,548</u>
Net assets		<u>154,313</u>	<u>59,548</u>
Capital and reserves			
Called up share capital	12	-	-
Share premium account		-	40,000
Profit and loss account		154,313	19,548
Total shareholders' funds		<u>154,313</u>	<u>59,548</u>

The notes on pages 15 to 26 form part of these financial statements.

The financial statements on pages 12 to 26 were approved by the board of Directors on 16 February 2021 and were signed on its behalf by:



P Andres
Director
Company registration no. 07086998

Statement of Changes in Equity
for the year ended 31 December 2019

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2019	-	40,000	19,548	59,548
Total comprehensive income for the year				
Profit for the year	-	-	94,765	94,765
Total comprehensive income for the year	-	-	94,765	94,765
Transactions with owners, recorded directly in equity				
Bonus issue of shares	105,972	-	(105,972)	-
Capital reduction	(105,972)	(40,000)	145,972	-
Total contributions by and distributions to owners	-	(40,000)	40,000	-
Balance at 31 December 2019	-	-	154,313	154,313

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2018	-	40,000	4,946	44,946
Total comprehensive income for the year				
Profit for the year	-	-	14,602	14,602
Total comprehensive income for the year	-	-	14,602	14,602
Balance at 31 December 2018	-	40,000	19,548	59,548

Notes to the Financial Statements

1 Accounting policies

1.1 Basis of preparation

Mobius Wind Holdings Limited is a private company, limited by shares, incorporated, domiciled and registered in the UK. The registered number is 07086998 and the registered address is Connect House 133-137 Alexandra Road, Wimbledon, London, SW19 7JY.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006.

The accounting policies set out below have been applied consistently 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.

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 adjustments in the next year are discussed in section 1.15.

The Company's financial statements are presented in sterling, which is the Company's functional currency.

The Company's Group parent undertaking, Ventient Energy 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, Burness Paull LLP, 50 Lothian Road, Festival Square, Edinburgh, EH3 9JW, Scotland.

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 and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures in respect of accrued income balances.

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.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis. All values are rounded to the nearest thousand (£000) except where otherwise stated.

Notes to the Financial Statements

1 Accounting policies (continued)

1.3 Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities £516,138,000 (2018: net current assets £26,059,000). 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 Parent, Ventient Energy Limited, has confirmed that it will provide sufficient funds to allow the Company to meet its financial liabilities and obligations as they fall due at least for period at least the twelve months after the date upon which the statutory financial statements of the Company are finalised by directors' approval. The Group 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 Group Parent, has sufficient resources to make this commitment even under a plausible downside scenario arising from Covid-19, and forecasts that it will continue to operate within its restrictive borrowing covenants for at least the next twelve months.

As such, the Directors consider that the support of the Group Parent will enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

1.4 Consolidation

The company is a wholly owned subsidiary of Ventient Energy Limited. It is included in the consolidated financial statements of Ventient Energy Limited, which are publicly available. Therefore, the company is exempt by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered address is Connect House 133-137 Alexandra Road, Wimbledon, London, United Kingdom, SW19 7JY. These financial statements are separate financial statements.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Trade and other debtors

Trade and other receivables are recognised initially at amortised cost. Subsequent to initial recognition an estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified

Trade and other creditors

Trade and other receivables are recognised initially at amortised cost. Subsequent to initial recognition an estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when identified.

1.6 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, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Notes to the Financial Statements

1 Accounting policies (continued)

1.6 Impairment (continued)

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.

Non-financial 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.

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.

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").

1.7 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.

1.8 Finance income

Interest income is recognised when it is possible 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.

1.9 Finance expenses

Interest payable is recognised in the profit and loss account as it accrues, using the effective interest method. Costs incurred in raising finance are capitalised and amortised over the length of the borrowing. Additional costs incurred due to the redemption of a facility are charged to the statement of comprehensive income in the year in which they are incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time (more than 12 months) to be prepared for use, are capitalised as part of the cost of that asset.

1.10 Taxation

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

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

Notes to the Financial Statements

1 Accounting policies (continued)

1.10 Taxation (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 following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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.

1.11 Goodwill

The company does not amortise goodwill in accordance with the requirements of IFRS as applied under FRS101. Instead an annual impairment test is performed and any impairment that is identified is recognised in the income statement. The non-amortisation of goodwill conflicts with paragraph 22 of Schedule 1 to 'The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410)', which requires acquired goodwill to be written off over its useful economic life. As such, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view from the requirement of paragraph 22 of Schedule 1 to the Regulations.

It is not possible to quantify the effect of the departure from the Companies Act, because a finite life for the goodwill has not been identified.

1.12 Investments

Fixed asset investments, reflecting investments in subsidiaries, 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.

1.13 Accounting estimates and judgments

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.

1.14 IFRS Adopted during the year

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019 that have had a material impact on the company's financial statements.

1.15 Adopted IFRS not yet applied

Other account standards and interpretations have been published and will be mandatory for the Company's accounting year beginning on or after 1 January 2020 or later periods. The impact of these standards is not expected to be material to the reported results and financial position of the Company.

Notes to the Financial Statements

2 Staff numbers and costs

During the current year and prior year the Directors were remunerated for services provided to the Ventient Energy 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 and were not recharged to the Company. The Company had no employees during the current year or prior year.

3 Operating profit

Included in operating profit are the following:

	2019 £'000	2018 £'000
Operating profit is stated after charging:		
Administrative expenses	32,849	81

Administrative expenses for the year ended 31 December 2019 include waived liabilities associated with the Group entity rationalisation.

Audit Fees for the year ended 31 December 2019 were borne by another Group entity, Ventient Energy Services Limited, and were not recharged to the Company.

4 Income from shares in group undertakings

	2019 £'000	2018 £'000
Income from shares in group undertakings	118,478	-
	118,478	-

5 Finance income and expense

	2019 £'000	2018 £'000
Finance income		
Receivable from group undertakings	13,527	27,570
Total finance income	13,527	27,570
Finance expense		
Payable to group undertakings	8,006	10,807
Payable on bank loans	-	49
Total finance expense	8,006	10,856

Notes to the Financial Statements

6 Tax on profit

Recognised in the profit and loss account

	2019 £'000	2018 £'000
Current tax expense		
Current year	-	(1,626)
Adjustment in respect of prior periods	3,002	-
Current tax credit/(charge)	3,002	(1,626)
<i>Deferred tax</i>		
Origination and reversal of temporary differences	-	(567)
Adjustment in respect of prior periods	613	-
Deferred tax credit/(charge)	613	(567)
Total tax credit/(charge)	3,615	(2,193)

A change to the future UK corporation tax rate was announced in the March 2020 Budget. The rate will no longer drop to 17% with effect from 1 April 2020 but will remain at the previous rate of 19%. This change had not been substantively enacted at the balance sheet date and therefore is not recognised in these financial statements. The effect of this change, if it applied to the deferred tax balance at 31 December 2019, would be to increase the deferred tax liability by £72,000.

Reconciliation of effective tax rate

	2019 £'000	2018 £'000
Profit for the year	94,765	14,602
Total tax (credit)/charge	(3,615)	2,193
Profit before taxation	91,150	16,795
Tax using the UK corporation tax rate of 19% (2018: 19%)	(17,319)	(3,191)
Non-deductible expenses	16,271	-
Adjustments relating to prior periods	3,615	(231)
Tax impact of group relief claims	1,048	-
Losses claimed / (surrendered) as group relief not paid for	-	1,229
Total tax credit/(charge)	3,615	(2,193)

Notes to the Financial Statements

7 Intangible assets

	2019	2018
	£'000	£'000
Cost and net book value		
At 31 December	79	79

Goodwill arose on acquisition of subsidiaries before the Company became a wholly-owned subsidiary of Ventient Energy Limited.

At the end of each year, the Company assesses assets for impairment as described in note 1, by first assessing whether there have been any indicators (both internal and external) that an impairment has occurred. The Directors have not identified any indication of impairment.

8 Investments

	2019	2018
	£'000	£'000
Cost		
At 1 January	33,409	33,409
Additions	636,350	-
At 31 December	669,759	33,409
Net book value	669,759	33,409

Notes to the Financial Statements

8 Investments (continued)

Additions to investments arose from a group entity restructure, operating wind farms trading entities were transferred at fair values, other entities transferred at book values.

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

Directly held by the company:	Country of incorporation	Class of shares held	2019	2018
Ardrossan Wind Farm (Scotland) (Holdings) Limited	Scotland	Ordinary	-	100%
Bruno Wind Holdings Limited	England and Wales	Ordinary	-	100%
Glenkerie Holdings Limited	England and Wales	Ordinary	-	100%
Jupiter Acquisitions (Holdings) Limited	England and Wales	Ordinary	-	100%
Lissett Airfield (Holdings) Limited	England and Wales	Ordinary	-	100%
Maestro (Holdings 1) Limited	England and Wales	Ordinary	-	100%
Mynydd Clogau Windfarm (Holdings) Limited	England and Wales	Ordinary	-	100%
Rheidol Wind Farm (Holdings) Limited	England and Wales	Ordinary	-	100%
A'Chruach Wind Farm Limited	England and Wales	Ordinary	100%	-
Ardrossan Wind Farm (Scotland) Limited	Scotland	Ordinary	100%	-
Blackstone Edge Wind Farm Limited	England and Wales	Ordinary	100%	-
Beaufort Wind Limited	England and Wales	Ordinary	100%	-
Dalswinton Windfarm (Scotland) Limited	Scotland	Ordinary	100%	-
Galawhistle Wind Farm Limited	England and Wales	Ordinary	100%	-
Gordonstown Hill Wind Farm Limited	England and Wales	Ordinary	100%	-
Glenkerie Wind Farm Limited	England and Wales	Ordinary	100%	-
Hill of Fiddes Wind Farm Limited	England and Wales	Ordinary	100%	-
Lissett Airfield Wind Farm Limited	England and Wales	Ordinary	100%	-
Low Spinney Wind Farm Limited	England and Wales	Ordinary	100%	-
Minsca Windfarm (Scotland) Limited	Scotland	Ordinary	100%	-
Mynydd Clogau Windfarm Limited	England and Wales	Ordinary	100%	-
North Steads Wind Farm Limited	England and Wales	Ordinary	100%	-
Rheidol Wind Farm Limited	England and Wales	Ordinary	100%	-
Sisters Wind Farm Limited	England and Wales	Ordinary	100%	-
Seamer Wind Farm Limited	England and Wales	Ordinary	100%	-
Tedder Hill Wind Farm Limited	England and Wales	Ordinary	100%	-
Westfield Wind Farm Limited	England and Wales	Ordinary	100%	-
Wingates Wind Farm Limited	England and Wales	Ordinary	100%	-
Mobius Estates Limited	England and Wales	Ordinary	100%	-
Mobius Renewables Generation (GB) Limited	Scotland	Ordinary	100%	-
Mobius Renewables Generation (GB2) Limited	England and Wales	Ordinary	100%	-
Zephyr Investments Limited	England and Wales	Ordinary	100%	-

Notes to the Financial Statements

8 Investments (continued)

Indirectly held by the company:

Bears Down Windfarm Limited	England and Wales	Ordinary	100%	-
Causeymire Windfarm Limited	Scotland	Ordinary	100%	-
Ffynnon Oer Windfarm Limited	England and Wales	Ordinary	100%	-
Farr Windfarm Limited	Scotland	Ordinary	100%	-
Polwhat Rig Windfarm Limited	Scotland	Ordinary	100%	-
Gallow Rig Windfarm Limited	Scotland	Ordinary	100%	-
Windy standard Limited	Scotland	Ordinary	100%	-

Companies in liquidation

Bruno Wind Holdings Limited
Glenkerie Holdings Limited
Jupiter Acquisitions (Holdings) Limited
Maestro (Holdings 1) Limited
Maestro (Holdings 2) Limited
Mynydd Clogau Windfarm (Holdings) Limited
Ardrossan Windfarm (Scotland) (Holdings) Limited
Jupiter Acquisitions Limited
Mobius Argyle Limited
Mobius Gala Limited
North Steads Wind Farm Holdings Limited

Impairment assessments were conducted to compare the carrying value of a cash generating unit (CGU) to the net present value of the future cash flows it is expected to generate, discounted at a rate that management have determined reflects the specific risks relating to the business. The Directors have not identified any indication of impairment.

On 15 August 2019, an entity rationalisation was approved by the Board, ownership of additional entities transferred from mid-tier holding entities and fellow Ventient Energy Group subsidiaries to Mobius Wind Holdings Limited. A'Chruach Wind Farm Limited, Ardrossan Wind Farm Limited, Blackstone Edge Wind Farm Limited, Beaufort Wind Limited, Dalswinton Windfarm (Scotland) Limited, Galawhistle Wind Farm Limited, Glenkerie Wind Farm Limited, Gordonstown Hill Wind Farm Limited, Hill of Fiddes Wind Farm Limited, Lissett Airfield Wind Farm Limited, Low Spinney Wind Farm Limited, Minsca Windfarm (Scotland) Limited, Mynydd Clogau Windfarm Limited, North Steads Wind Farm Limited, Rheidol Wind Farm Limited, Sisters Wind Farm Limited, Seamer Wind Farm Limited, Tedder Hill Wind Farm Limited, Westfield Wind Farm Limited and Wingates Wind Limited transferred at fair value. Mobius Estates Limited, Mobius Renewables Generation (GB) Limited, Mobius Renewables Generation (GB2) Limited, Zephyr Investments, Mobius Argyle Limited, Mobius Gala Limited and North Steads Wind Farm Holdings Limited transferred at book value.

On 12 December 2019, the Board approved the liquidation and a liquidator was appointed to: Bruno Wind Holdings Limited, Glenkerie Holdings Limited, Jupiter Acquisitions (Holdings) Limited, Maestro (Holdings1) Limited, Maestro (Holdings 2) Limited, Mynydd Clogau Windfarm (Holdings) Limited, Ardrossan Windfarm (Scotland) (Holdings) Limited, Jupiter Acquisitions Limited, Lissett Airfield Holdings Limited, Mobius Argyle Limited, Mobius Gala Limited, North Steads Wind Farm Holdings Limited and Rheidol Wind Farm (Holdings) Limited. On 9 December 2020, the liquidations were concluded for Lissett Airfield Holdings Limited and Rheidol Wind Farm (Holdings) Limited.

Notes to the Financial Statements

8 Investments (continued)

On 17 December 2020, the Board approved the liquidation and a liquidator was appointed to: Ardrossan Wind Farm (Scotland) (Holdings) Limited, Jupiter Acquisitions Limited, Mobius Argyle Limited, Mobius Gala Limited and North Steads Wind Holdings Limited.

Unless otherwise stated the Company owned 100% of the ordinary share capital of the companies at both 31 December 2019 and 31 December 2018. The registered office of the companies registered in England and Wales is Connect House 133-137 Alexandra Road, Wimbledon, London, SW19 7JY, England. The registered office of the companies registered in Scotland is 50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ.

9 Trade and other receivables

	2019 £'000	2018 £'000
Amounts owed by group undertakings	328,310	380,777
	<u>328,310</u>	<u>380,777</u>

10 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts owed to group undertakings	844,734	352,888
Taxation	-	3,120
	<u>844,734</u>	<u>356,008</u>

11 Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	Assets		Net	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Other temporary differences	613	1	613	1
	<u>613</u>	<u>1</u>	<u>613</u>	<u>1</u>

Notes to the Financial Statements

11 Deferred tax assets (continued)

Movement in deferred tax during the year

	1 January 2019 £'000	Recognised in income £'000	31 December 2019 £'000
Corporate interest relief	1	612	613
	<u>1</u>	<u>612</u>	<u>613</u>

Movement in deferred tax during the prior year

	1 January 2018 £'000	Recognised in income £'000	31 December 2018 £'000
Tax value of loss carry-forwards utilised	567	(567)	-
Other temporary differences	1	-	1
	<u>568</u>	<u>(567)</u>	<u>1</u>

12 Capital and reserves

Share capital

	2019 Number	2018 Number	2019 £'000	2018 £'000
Allotted, called up and fully paid				
Ordinary shares of £1 each	-	1	-	-
Ordinary shares of £0.000001 each	<u>105,972,120</u>	<u>-</u>	<u>-</u>	<u>-</u>

On 15 August 2019, the Board approved bonus issue of shares and re-denomination of share capital.

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.

Notes to the Financial Statements

12 Capital and reserves (continued)

Profit and loss account

This reserve account records accumulated profits.

	2019	2018
	£'000	£'000
Balance 1 January	19,548	4,946
Bonus issue	(105,972)	-
Capital reduction	145,972	-
Net profit for the year	94,765	14,602
At 31 December	154,313	19,548

13 Related parties

There were no transactions between the Company and Ventient Energy Limited during the year from 1 January 2019 to 31 December 2019 and from 1 January 2018 to 31 December 2018. There are no other related parties to be disclosed.

14 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, Burness Paull LLP, 50 Lothian Road, Festival Square, Edinburgh, Scotland EH3 9WJ. 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.

15 Post balance sheet events

Coronavirus (COVID19): Coronavirus was declared a pandemic in March 2020 and since then there has been widespread disruption in the UK and internationally. As the pandemic accelerated after the year-end this event has been classified as a non-adjusting post balance sheet event. The Ventient Group has taken extensive precautionary measures to help avoid the spread of COVID-19 and ensure health and safety of employees, business partners and the community. The Ventient Group is in close contact with suppliers, contractors and business partners to ensure continuous risk assessments for the business and employees and to ensure adherence to local government advice and guidelines. Whilst alert to the ongoing potential financial and operational challenges, the Ventient Group's strong operational model is focused on ensuring stable operations and mitigating potential impact. In the period since the pandemic began, the operations of the company have continued, with appropriate adjustments to ensure the health and safety of employees, business partners and the community.