edf renewables

Roade Windfarm Limited

Annual report and financial statements

Registered number 08561112

31 December 2017

Contents

Company information

Directors	Matthieu Hue Hassaan Majid
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 2017 for Roade Windfarm Limited (the "Company").

Business review

The Company operates a wind farm in Northampton which commenced in May 2014. The wind farm produces and supplies electricity under a long term Power Purchase Agreement ("PPA") with EDF Energy plc.

The wind farm assets are considered to be in good repair and the Directors see no need for revision of the carrying amount.

The Company finances its operations through a mixture of retained profits and borrowings.

Revenues for the year were in line with expectations due to generation being below medium term averages because of reduced wind resource being offset by higher prices. Going forward management are confident that wind speeds in the UK will maintain their medium term averages and therefore future results are anticipated to be in line with expectations.

Principal risks and uncertainties

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

Wind volumes

Lower wind speeds than anticipated result in less electricity being generated. Wind conditions will vary across seasons and years. Although the Company does not have any control over wind resource it ensures that there are adequate reserves in place to ensure it can withstand significant short term variability in production relating to wind.

Operational issues

Technical issues may arise on plant and equipment which can 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 Company has taken out appropriate plant and equipment and business interruption insurance to reduce the potential financial impact of operating risks.

Offtake arrangements and power prices

The Company has a long term PPA in place which guarantees sales of electricity. The Company has 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 Company.

Interest rate risk

The Company has exposure to interest rate fluctuations on its borrowings from its parent, EDF Energy Renewables Holdings Limited. The Company's exposure to interest rate fluctuations on these borrowings is managed by continual reviews of the interest rate exposure and its impact on the forecast profitability of the Company.

Foreign exchange risk

The Company's exposure to foreign currency risk mainly relates to Euro denominated transactions. As these are not significant, the risk to the Company is low.

Strategic report (continued)

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 and customers. The risk is mitigated through using a bank and entering into a PPA with a customer, which both have a good credit rating.

Health and safety

The health and safety of all contractors 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 processes and procedures to ensure it delivers this. Training is provided to ensure the safety of the contractors that are 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 all contractors who work at the wind farm site. The Directors also review health and safety performance at each of its scheduled Board meetings.

Business Environment, Performance and Key Performance Indicators

The Company operated a 7 MW wind farm for the full year.

	Year ended 31 December 2017	Year ended 31 December 2016
Generation Volume (MWh)	**14,565**	14,137
Revenue (£000)	**1,481**	1,175
Operating profit (£000)	**407**	243

For the year ended 31 December 2017, generation was lower than medium term averages due to decreased wind resource. This was offset by higher prices for the wind farm's generation.

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

Strategic report (continued)

Future outlook

As the wind farm owned and operated by the Company is currently in operation, the Company will continue to receive renewable products for its generation output. In addition, as these products and the electricity generated are sold under a long term PPA, Management considers that this will support the Company's financial projections leading to strong profitability and cash flows.

The Company is currently performing in line with expectations. The Directors expect the general level of activity to remain consistent in the forthcoming year.

Approved by the Board on 22 June 2018 and signed on its behalf by:

Hassaan Majid

Hassaan Majid
Director

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

Directors' report

Principal activities of the Company

The principal activity of the Company is the ownership, construction and operation of a 7 MW wind farm in Northampton. The Company supplies electricity under a long term PPA with EDF Energy plc.

Results and dividends

The profit for the year, before taxation, amounted to £247,000 (*2016: £49,000*), and after taxation, amounted to £222,000 (*2016: £89,000*). The Directors do not recommend the payment of a dividend (*2016: £Nil*).

Directors of the Company

The Directors who held office during the year, were as follows:

Christian Egal (resigned 1 February 2017)
Gwen Parry-Jones (resigned 1 February 2017)
Denis Rouhier (resigned 1 February 2017)
Matthew Sykes (resigned 1 February 2017)
Owen Forster (resigned 1 February 2018)
Geraldine Anceau (resigned 1 February 2018)
Matthieu Hue (appointed 29 March 2017)

The following Director was appointed after the year end:

Hassaan Majid (appointed 1 February 2018)

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 (*2016: £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 the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

It is noted that KPMG LLP as appointed by the members are deemed to be re-appointed as the auditor to the Company for the financial year ending 31 December 2018 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 22 June 2018 and signed on its behalf by:

Hassaan Majid

Hassaan Majid
Director

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

Statement of Directors' responsibilities

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 Roade Windfarm Limited

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

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.

Independent auditor's report to the members of Roade Windfarm Limited (continued)

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.

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

26 June 2018

Profit and loss account and other comprehensive income
for the year ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Turnover	2	**1,481**	1,175
Cost of sales		**(252)**	(108)
Gross profit		**1,229**	1,067
Administrative expenses		**(822)**	(824)
Operating profit	3, 4, 5	**407**	243
Interest payable and similar expenses	6	**(160)**	(194)
Profit before tax		**247**	49
Tax (charge)/credit on profit	7	**(25)**	40
Profit for the year		**222**	89
Total comprehensive income for the year		**222**	89

There was no other comprehensive income for the current or preceding financial year other than that included in the profit and loss account.

All results are derived from continuing operations.

The notes on pages 13 to 25 form part of these financial statements.

Balance sheet
at 31 December 2017

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Tangible assets	8	**9,900**	10,224
Current assets			
Debtors due within one year	9	**1,324**	1,918
Cash at bank and in hand		**561**	634
		1,885	2,552
Creditors: Amounts falling due within one year	10	**(174)**	(193)
Net current assets		**1,711**	2,359
Total assets less current liabilities		**11,611**	12,583
Creditors: Amounts falling due after one year	11	**(5,774)**	(7,322)
Provisions for liabilities			
Deferred tax liabilities	13	**(676)**	(578)
Provisions	14	**(379)**	(123)
Net assets		**4,782**	4,560
Capital and reserves			
Called up share capital	15	**4,485**	4,485
Profit and loss account		**297**	75
Shareholders' funds		**4,782**	4,560

The notes on pages 13 to 25 form part of these financial statements.

The financial statements of Roade Windfarm Limited (registered number: 08561112) were approved by the Board of Directors on 22 June 2018 and signed on its behalf by:

Hassaan Majid

Hassaan Majid
Director

Statement of changes in equity

	Called up share capital £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2017	**4,485**	**75**	**4,560**
Profit for the year	**-**	**222**	**222**
At 31 December 2017	**4,485**	**297**	**4,782**

	Called up share capital £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2016	4,485	(14)	4,471
Profit for the year	-	89	89
At 31 December 2016	4,485	75	4,560

Notes to the financial statements

1 Accounting policies

Roade Windfarm Limited (the "Company") is a company incorporated and resident in England and in the UK for tax purposes.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*. The amendments to FRS 101 (2014/2015 Cycle) issued in July 2015 and effective immediately have been applied.

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:

- 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;
- 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 7 *Financial Instrument Disclosures* and IFRS 13 *Fair Value Measurement* have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

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 20.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Measurement convention

The financial statements are prepared on the historical cost basis, except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of acquisition of each asset less estimated residual value, evenly over its expected useful life, as follows:

Wind farm: 20 years

No depreciation is charged on assets in the course of construction until capable of operating in the manner intended by management.

Non-derivative financial instruments

Trade and other debtors

Trade and other debtors are recognised 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. The carrying amount is increased by the finance cost in respect of the accounting year and reduced by payments made in the year.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Decommissioning costs

Provision is made for the net present value of the estimated future decommissioning costs at the end of the operating life of the wind farm. This provision is made when construction of the wind farm has reached a stage when decommissioning of the constructed plant would incur material costs. The provision is calculated using estimated costs of decommissioning, and these estimates have been arrived at by consideration of the expected costs of contracts to remove the installed plant. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money. A corresponding asset is recognised and included within the wind farm assets and depreciated over the life of the wind farm. The estimated future cost of decommissioning obligations are regularly reviewed and adjusted as appropriate for new circumstances or changes in law or technology.

Capitalised costs

All expenditure directly attributable to bringing the wind farm into the location and condition necessary for use is capitalised. Costs include turbine costs, land operating lease rentals, grid connection, civil engineering, cabling, lease related costs, community funds, telecoms, direct labour and the cost of materials.

Accounting treatment for finance costs

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

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

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.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes to the financial statements (continued)

1 Accounting policies (continued)

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 or, if appropriate, at the forward contract rate.

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

Turnover
Turnover comprises the value of electricity generated, Renewable Obligation Certificates ("ROC") (Buyout and Recycle) and embedded benefits. The values of sales are fixed by contracts with the purchaser and the government which set out the price which will be paid for each unit of electricity generated.

All electricity and embedded benefits generated by the Company is sold to an associated company within the EDF group at a price per megawatt hour ("MWh") together with a ROC at a separate price as described in the terms of the PPA. Revenue from Recycle ROCs for electricity generated from 1 April 2017 is estimated based on ROC Recycle price projections. Any over or under estimation of Recycle ROC Revenue is recognised in the subsequent financial period upon publication of the Recycle ROC price.

ROCs are issued to the Company by the Government as evidence that the MWh of electricity has been generated by a qualifying accredited renewable generator for the purposes of Renewable Obligations.

Revenue from sales of electricity, ROCs (Buyout and Recycle) and embedded benefits are recognised in the period in which the output is delivered. Electricity generated which has not been invoiced at the year end is recognised as accrued income.

Notes to the financial statements (continued)

1 . Accounting policies (continued)

Impairment excluding deferred tax assets
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.

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. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. 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.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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

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

Notes to the financial statements (continued)

2 Turnover

The Company's turnover all arose in the United Kingdom and relates entirely to the Company's principal activity.

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2017	2016
	£ 000	£ 000
Depreciation expense	**588**	587
Operating lease expense - land & buildings	**92**	91

Audit fees of £5,000 (*2016: £5,000*) were borne by EDF Energy Renewables Limited and recharged to the Company as part of the wider management fee.

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.

4 Directors' remuneration

None of the Directors had a service contract with the Company in the current or prior year. They are all employed by companies within the EDF group and no portion of their remuneration can be specially attributed to their services to the Company.

5 Staff numbers and costs

The Company had no employees in 2017 (*2016: Nil*).

6 Interest payable and similar expenses

	2017	2016
	£ 000	£ 000
Discounted provisions - unwinding of discount (note 14)	**4**	4
On loans from Group companies	**156**	190
Total interest payable	**160**	194

Notes to the financial statements (continued)

7 Income tax

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

	2017	2016
	£ 000	£ 000
UK current tax		
UK corporation tax	**(71)**	(164)
Adjustments in respect of prior periods	**(2)**	-
Total current tax credit)	**(73)**	(164)
Deferred taxation		
Origination and reversal of timing differences	**106**	149
Adjustments in respect of prior periods	**(8)**	-
Effect of tax rate change on opening balance	**-**	(25)
Total deferred tax charge for the year (note 13)	**98**	124
Total tax charge/(credit)	**25**	(40)

(b) Reconciliation of effective tax rate:

	2017	2016
	£ 000	£ 000
Profit before tax	**247**	49
Tax using the UK corporation tax rate of 19.25% *(2016: 20%)*	**48**	10
Effect of adjustments in respect of prior periods - current tax	**(2)**	-
Non-deductible expenses	**1**	1
Effect of adjustments in respect of prior periods - deferred tax	**(8)**	-
Effect of tax rate change on opening deferred tax balance	**-**	(25)
Current year effect of tax rate change	**(14)**	(26)
Total tax charge/(credit)	**25**	(40)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax balance at 31 December 2017 has been calculated based on these rates.

Notes to the financial statements (continued)

8 Tangible fixed assets

	Wind farm assets in operation £ 000	**Total £ 000**
Cost		
At 1 January 2017	11,778	**11,778**
Additions	12	**12**
Change in decommissioning asset (note 14)	252	**252**
At 31 December 2017	12,042	**12,042**
Depreciation		
At 1 January 2017	1,554	**1,554**
Charge for the year	588	**588**
At 31 December 2017	2,142	**2,142**
Net book value		
At 31 December 2017	9,900	**9,900**
At 31 December 2016	10,224	10,224

Included above is £347,000 (*2016: £100,000*) comprising the net book value of the asset relating to the decommissioning provision.

9 Debtors

	2017 £ 000	2016 £ 000
Debtors: amounts falling due within one year		
Accrued income	**634**	427
Prepayments	**172**	170
Other debtors	**60**	619
Corporation tax recoverable	**458**	702
	1,324	1,918

All accrued income relates to trading balances owed by wholly owned subsidiaries of EDF Group. Balances for corporation tax recoverable are also owed by wholly owned subsidiaries of EDF Group.

Notes to the financial statements (continued)

10 Creditors: amounts falling due within one year

	2017	2016
	£ 000	£ 000
Amounts owed to group undertakings	7	-
Other creditors	14	9
Other taxation	-	20
Accruals	153	164
	174	193

Amounts owed to group undertakings all relate to balances owed to wholly owned subsidiaries of the EDF Group.

11 Creditors: amounts falling due after more than one year

	2017	2016
	£ 000	£ 000
Amounts owed to group undertakings (note 12)	5,774	7,322

12 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

	2017	2016
	£ 000	£ 000
Shareholder Loans	5,774	7,322
	5,774	7,322

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Carrying amount 2017 £ 000	Carrying amount 2016 £ 000
Shareholder Loan	GBP	3 month LIBOR plus 180 basis points	2025	5,774	7,322
				5,774	7,322

The shareholder loan attracts interest on a daily basis at a rate of 3 month LIBOR plus 180 basis points. The loan is repayable on the maturity date.

Notes to the financial statements (continued)

13 Deferred tax liability

Deferred tax assets and liabilities

	2017 £ 000	2016 £ 000
Accelerated tax depreciation	**676**	578
	676	578

Deferred tax movement during the year:

	At 1 January 2017 £ 000	Recognised in profit and loss account £ 000	At 31 December 2017 £ 000
Accelerated tax depreciation	**578**	**98**	**676**

Deferred tax movement during the prior year:

	At 1 January 2016 £ 000	Recognised in profit and loss account £ 000	At 31 December 2016 £ 000
Accelerated tax depreciation	454	124	578

Of the amounts recognised in the profit and loss account, £106,000 (*2016: £149,000*) relates the current year and £ (8,000) (*2016: £ (25,000)*) relates to the effect of reduced tax rate on the opening liability and prior period adjustments.

Notes to the financial statements (continued)

14 Provisions

	2017	2016
	£ 000	£ 000
Decommissioning	**379**	123
	379	123

Decommissioning provision is made for the net present value of the estimated future decommissioning costs at the end of the operating life of the wind farm. The provision is calculated using estimated costs of decommissioning. An average inflation rate of 2.0% (*2016: 2.1%*) has been applied and then this has been discounted at a pre-tax rate of 1.7% (*2016: 3.2%*).

The movement in provisions during the current year are as follows:

	2017
	£ 000
At 1 January 2017	**123**
Change in estimate	**252**
Unwinding of discount	**4**
At 31 December 2017	**379**

15 Capital and reserves

Share capital
Allotted, called up and fully paid

	2017	**2017**	2016	2016
	Number	**£ 000**	Number	£ 000
Ordinary shares of £1 each	**4,484,688**	**4,485**	4,484,688	4,485
	4,484,688	**4,485**	4,484,688	4,485

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 (continued)

16 Financial commitments

Amounts contracted for but not provided in the financial statements amounted to £782,000 (*2016: £712,000*). These relate to £740,000 (*2016: £616,000*) of total commitments on operating land leases and £42,000 (*2016: £96,000*) of commitments on turbine maintenance contracts.

17 Operating lease commitments

Operating leases

Total commitments under non-cancellable operating leases on land as set out below:

	2017 £ 000	2016 £ 000
Within one year	**100**	96
Between one to five years	**419**	410
After five years	**221**	110
	740	616

The amount of non-cancellable operating lease payments recognised as an expense during the year was £92,000 (*2016: £91,000*).

18 Related party transactions

As the Company is a wholly owned subsidiary of Electricité de France SA, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group. These transactions and balances are described in the preceding notes.

19 Parent undertaking and controlling party

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

At 31 December 2017, Electricité de France SA, a company incorporated in France, is regarded by the Directors as the Company's ultimate parent company and controlling party. This is the smallest and largest group for which consolidated financial statements are prepared. Copies of that company's consolidated financial statements may be obtained from Electricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.

Notes to the financial statements (continued)

20 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.

Provision is made for the net present value of the estimated future decommissioning costs at the end of the operating life of the wind farm. The provision is calculated using estimated costs of decommissioning, and these estimates are arrived at by consideration of the expected costs of contracts to remove the installed plant. The estimates are discounted at pre-tax rates that reflect current market assessments of the time value of money. The assumptions used to calculate this provision are updated by management on a regular basis. See note 14 where these assumptions are presented.

The Company holds on its balance sheet, fixed assets related to the wind farm project. The carrying value recognised for these assets is included on the judgement that it will be recovered through the future activities of the Company. These judgements are based on a periodic assessment of impairment indicators which are reviewed by management.

Revenue from recycle ROCs for electricity generated from 1 April 2017 is estimated based on external expert sources. Any under or over estimation of the Recycle ROC price is recognised in the subsequent financial period upon publication of the Recycle ROC price.