



Porth Wen Solar Limited
Annual report and Financial statements
Registered number 08808755
31 December 2022

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Porth Wen Solar Limited
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31 December 2022
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Company information

Directors	Hassaan Majid Matthieu Hue
Registered office	Alexander House 1 Mandarin Road Rainton Bridge Business Park Houghton Le Spring Sunderland DH4 5RA
Auditor	KPMG LLP 66 Queen Square Bristol BS1 4BE

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Directors' report

Principal activities of the Company

The Directors present their report and the financial statements for the year ended 31 December 2022 for Porth Wen Solar Limited (the "Company").

The principal activity of the Company is the development of a solar farm in North Anglesey, Wales.

The company is entitled to the Small Companies exemption from the requirement to prepare a Strategic Report.

Results and dividends

The profit for the year, before taxation, amounted to £1,000 (2021: loss of £(242,000)). The loss for the year, after taxation, amounted to £(65,000) (2021: loss of £(70,000)). During the year the Company paid dividends of £Nil (2021: £Nil).

Principal risks and uncertainties

Interest rate risk

The Company has exposure to interest rate fluctuations on its borrowings from its shareholders. The Company continually reviews the interest rate exposure and its impact on the forecast profitability of the Company. This risk is limited due to the borrowings being with the shareholders of the Company.

Financial risks

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Company adopts a prudent approach to liquidity management and mitigates against cash flow and liquidity risk by continuously monitoring forecasted and actual cash flows and maintaining sufficient cash reserves to meet its obligations. The Company's main exposure to credit risk is its cash balances with banks and customers. The risk is mitigated through engaging with counterparties with sound credit worthiness which is reviewed on a regular basis.

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.

Climate Change

The Company generates renewable energy products and the principal activities of the Company aim to directly combat the impact of climate change by leading the way in the delivery and operation of renewable technologies. The current UK regulatory and political environments are aligned with the objectives of the Company and the Directors see the commitment to a growth in renewable energy as a significant opportunity for the Company.

Directors' report

Principal risks and uncertainties (continued)

Ukraine conflict

The Directors have considered the impact of the continued invasion of Ukraine by Russia on the Company at 31 December 2022. These prices remain significantly above the long term expected averages. The company has not experienced any significant delays as a result of the conflict, but the Company has experienced supply chain pricing issues. As the Company is in the development and construction phase, it has incurred higher costs during this stage than expected due to the increased prices across the supply sector.

Future outlook

The Directors expect that the Company will complete construction of the solar project and commence operations in the forthcoming year.

Directors of the company

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

Hassaan Majid

Matthiue Hue (appointed 16 May 2022)

Pierre-Arthur Lestrade (resigned 16 May 2022)

Going Concern

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

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's immediate parent company, EDF Energy Renewables Limited, providing additional financial support during that period. EDF Energy Renewables Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

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Directors' report

Directors' indemnities

The Company had made qualifying third party indemnity provisions for the benefit of its directors during the year and remain in force at the date of this report.

Political contributions

The Company made no political contributions in the year (2021: £Nil).

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this annual report confirms that:

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

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

Auditor

It is noted that KPMG LLP as appointed by the members are deemed to be re-appointed as the auditor to the Company for the financial year ending 31 December 2023 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.

27 July 2023
Approved by the Board on and signed on its behalf by:

DocuSigned by:



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Hassaan Majid

Director

Alexander House
1 Mandarin Road
Houghton Le Spring
Sunderland
DH4 5RA

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Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting 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 PORTH WEN SOLAR LIMITED

Opinion

We have audited the financial statements of Porth Wen Solar Limited ("the Company") for the year ended 31 December 2022 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 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS101 *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

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORTH WEN SOLAR LIMITED *(continued)*

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORTH WEN SOLAR LIMITED *(continued)*

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

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

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit. ; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORTH WEN SOLAR LIMITED *(continued)*

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



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

28 July 2023

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Profit and Loss Account and Other Comprehensive Income
for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Administrative expenses		(11)	1
Operating (loss)/profit	2, 3, 4	(11)	1
Interest payable and similar expenses	5	12	(243)
Profit/(loss) before tax		1	(242)
Taxation	6	(66)	172
Loss for the year		(65)	(70)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Effective portion of changes in fair value of cash flow hedges		(1,160)	193
Tax relating to other comprehensive income		290	-
Other comprehensive (loss)/income for the year		(870)	193
Total comprehensive (loss)/income for the year		(935)	123

All results are derived from continuing operations.

The notes on pages 13 to 26 form part of these financial statements.

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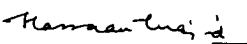
Balance sheet

as at 31 December 2022

			(As restated per note 13)
	Note	2022 £ 000	2021 £ 000
Fixed assets			
Tangible assets	7	<u>19,312</u>	<u>8,564</u>
Current assets			
Debtors	8	1,588	292
Other financial assets		-	258
Cash at bank and in hand		<u>-</u>	<u>4,975</u>
		1,588	5,525
Creditors: Amounts falling due within one year	9	<u>(2,891)</u>	<u>(3,894)</u>
Net current (liabilities)/assets		<u>(1,303)</u>	<u>1,631</u>
Total assets less current liabilities		18,009	10,195
Creditors: Amounts falling due after more than one year	10	<u>(19,513)</u>	<u>(10,764)</u>
Net liabilities		<u>(1,504)</u>	<u>(569)</u>
Capital and reserves			
Cash flow hedging reserve		(677)	193
Profit and loss account	14	<u>(827)</u>	<u>(762)</u>
Shareholders' deficit		<u>(1,504)</u>	<u>(569)</u>

The notes on pages 13 to 26 form part of these financial statements.

Approved and authorised by the Board on 27 July 2023 and signed on its behalf by:

DocuSigned by:

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 Hassaan Majid
 Director

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Statement of changes in equity
 for the year Ended 31 December 2022

	Cash flow hedge reserve	Profit and loss account	Total equity
	£ 000	£ 000	£ 000
At 1 January 2022	193	(762)	(569)
Loss for the year	-	(65)	(65)
Other comprehensive income	<u>(870)</u>	<u>-</u>	<u>(870)</u>
At 31 December 2022	<u>(677)</u>	<u>(827)</u>	<u>(1,504)</u>

	Cash flow hedge reserve	Profit and loss account	Total
	£ 000	£ 000	£ 000
At 1 January 2021 (unaudited)	-	(692)	(692)
Loss for the year	-	(70)	(70)
Other comprehensive income	<u>193</u>	<u>-</u>	<u>193</u>
At 31 December 2021	<u>193</u>	<u>(762)</u>	<u>(569)</u>

The notes on pages 13 to 26 form part of these financial statements.

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Notes to the financial statements

1 Accounting policies

General information and basis of accounting

Porth Wen Solar Limited (the "Company") is a private company limited by shares incorporated, domiciled and registered in England in the UK and resident in the UK for tax purposes. The registered number is 08808755 and the address of the registered office is Alexander House, 1 Mandarin Road, Rainton Bridge Business Park, Houghton Le Spring DH4 5RA. The nature of the Company's operations and its principal activities are set out in the Directors' Report on pages 2 to 4.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 13 to these financial statements.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("UK 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.

- 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;
- Disclosures in respect of key management personnel; and
- Disclosure of separate lease information.

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:

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

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

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Notes to the financial statements (continued)

1 Accounting policies (continued)

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

No material judgements were made by the Directors in the application of these accounting policies that have significant effect on the financial statements and there are no estimates with a significant risk of material adjustment in the next year.

Measurement convention

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

Going Concern

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

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's immediate parent company, EDF Energy Renewables Limited, providing additional financial support during that period. EDF Energy Renewables Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

Tangible fixed assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation. Residual Value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Solar renewable energy project: 40 years.

Buildings: 17 years

No depreciation is charged on assets in the course of construction until the asset becomes operational.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Capitalised costs

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

Financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Impairment

A financial asset (including trade and other debtors) not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Notes to the financial statements (continued)

1 Accounting policies (continued)

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.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- amounts expected to be payable under a residual value guarantee.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Derivative financial instruments and hedging

The group has entered into forward currency contracts to manage its exposure to currency payments required under construction contracts. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. This amount is reclassified from the cash flow hedge reserve to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. Any ineffective portions of those movements are recognised in profit or loss for the period.

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Notes to the financial statements (continued)

1 Accounting policies (continued)

Interest rate benchmark reform

The Company has adopted the Phase 2 amendments and retrospectively applied them from 1 January 2021. When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest benchmark reform, the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- The change is necessary as a direct consequence of the reform; and
- The new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e., the basis immediately before the change.

When the changes were made to a financial asset or a financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applied the policies on accounting for modifications to the additional changes.

2 Operating (loss)/profit

Fees payable to KPMG LLP for the audit of the company's annual accounts were £10,480 (2021: £11,000) and borne by EDF Energy Renewables Limited.

3 Directors' remuneration

None of the Directors had a service contract with the Company in the current or prior year, and received no remuneration from the Company during either year. They are all employed by other companies within the EDF group, and remuneration has been borne by those companies. Remuneration in respect of qualifying services for the Company is estimated to be a nominal amount (less than £5,000).

4 Staff costs

The Company had no employees in 2022 (2021: Nil) .

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Notes to the financial statements (continued)

5 Finance costs

	2022	2021
	£ 000	£ 000
Interest payable on loans from group undertakings	422	286
Interest payable on lease liabilities	125	-
Effective interest rate adjustment	(12)	-
Capitalised borrowing costs	(547)	(43)
Total interest (receivable)/payable	(12)	243

The effective interest rate adjustment is due to a change in estimates in the calculation of intercompany loan interest.

6 Income tax

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

	2022	2021
	£'000	£'000
Current taxation		
UK corporation tax	-	-
Total current tax charge	-	-
Deferred taxation		
Origination and reversal of timing differences	66	(172)
Total deferred tax charge	66	(172)
Total tax charge on profit	66	(172)

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6 Income tax (continued)

(b) Reconciliation of effective tax rate:

	2022	2021
	£'000	£'000
Profit/(loss) before tax	1	(242)
Tax using the UK corporation tax rate of 19% (2021: 19%)	-	(46)
<i>Effects of:</i>		
Adjustments to deferred tax charge in respect of previous periods	66	-
Remeasurement of deferred tax for changes in tax rates	-	(41)
Movement in deferred tax not recognised	-	(85)
Total tax charge	66	(172)

The Finance Act 2021 to increase the corporation tax rate to 25% from 1 April 2023 was substantively enacted on 24 May 2021. Deferred tax assets and liabilities at 31 December 2022 have been calculated based on the expected tax rate that will apply to the period in which the asset is realised or liability is settled.

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7 Tangible assets

	Land and buildings	Assets under construction	Total
	£ 000	£ 000	£ 000
Cost			
At 1 January 2022	2,882	5,682	8,564
Additions	-	11,298	11,298
Adjustment in relation to IFRS 16	(478)	-	(478)
At 31 December 2022	2,404	16,980	19,384
Depreciation			
At 1 January 2022	-	-	-
Charge for the year	72	-	72
At 31 December 2022	72	-	72
Carrying amount			
At 31 December 2022	2,332	16,980	19,312
At 31 December 2021 (as restated)	2,882	5,682	8,564

Interest of £547,000 was capitalised to assets under construction during the year (2021: £43,000).
The adjustment in relation to IFRS 16 is due to a change in the estimates used in the IFRS 16 model.

Right-of-use assets

In the above table, the NBV of right of use assets is as follows:

	Land and buildings	Assets under construction	Total
	£ 000	£ 000	£ 000
At 31 December 2022	2,332	-	2,332
At 31 December 2021 (as restated)	2,882	-	2,882

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Notes to the financial statements (continued)

8 Debtors

	2022 £ 000	2021 £ 000
Deferred tax assets	331	107
Other Taxation	<u>1,257</u>	<u>185</u>
	<u><u>1,588</u></u>	<u><u>292</u></u>

9 Creditors

(As restated)

	2022 £ 000	2021 £ 000
Other creditors	2	-
Accruals	499	3,786
Amounts owed to group undertakings	11	4
Trade creditors	2,165	45
Intercompany cash pool facility	89	-
Lease liabilities	<u>125</u>	<u>59</u>
	<u><u>2,891</u></u>	<u><u>3,894</u></u>

The intercompany cash pool facility can fluctuate daily between a receivable or payable position depending on cash requirements that day.

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10 Creditors: amounts falling due after more than one year

(As restated)

	2022 £ 000	2021 £ 000
Amounts owed to group undertakings	16,395	7,986
Derivative liabilities	904	-
Lease liabilities	2,214	2,778
	<u>19,513</u>	<u>10,764</u>

11 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.

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Carrying amount 2022 £ 000	Carrying amount 2021 £ 000
Shareholder Loan	GBP	3 month SONIA plus 200 basis points	2031	<u>16,395</u>	<u>7,743</u>

12 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2022 £ 000	2021 £ 000
Accelerated capital allowances	(106)	(171)
Gains / losses on derivative financial instruments (cash flow hedges)	<u>(225)</u>	<u>64</u>
	<u>(331)</u>	<u>(107)</u>

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12 Deferred tax assets and liabilities (continued)

Deferred tax movement during the year:

	At 1 January 2022	Recognised in profit and loss account	Recognised in other comprehensive income	At 31 December 2022
	£ 000	£ 000	£ 000	£ 000
Accelerated capital allowances	(171)	66	-	(106)
Gains / losses on derivative financial instruments (cash flow hedges)	64	-	(290)	(225)
	<u>(107)</u>	<u>66</u>	<u>(290)</u>	<u>(331)</u>

Deferred tax movement during the prior year:

	At 1 January 2021	Recognised in profit and loss account	Recognised in other comprehensive income	At 31 December 2021
	£ 000	£ 000	£ 000	£ 000
Accelerated capital allowances	-	(171)	-	(171)
Gains / losses on derivative financial instruments (cash flow hedges)	-	-	64	64
	<u>-</u>	<u>(171)</u>	<u>64</u>	<u>(107)</u>

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13 Leases

Retrospective adjustment for change in accounting policy

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2022, the comparative information presented in these financial statements for the year ended 31 December 2021 and in the preparation of an opening FRS 101 balance sheet at 1 January 2021 (the Company's date of transition). In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (FRS 102). An explanation of how the transition from FRS 102 to FRS 101 has affected the Company's financial position, financial performance and cash flows is set out below.

Following the change of the accounting standard from FRS 102 to FRS 101 in the current year, accounting adjustments in the prior year amounts were identified for the retrospective adoption of IFRS 16. The adjustment made have the following impact in the previously reported figures: Tangible assets has increased from £5,682,000 to £8,564,000 and correspondingly Creditors: Amounts falling more than one year increased from £3,790,000 to £3,894,000 and Creditors: Amounts falling due within one year increased from £7,986,000 to £10,764,000. The adjustment above has no impact on the previously reported opening reserves.

Right-of-use assets

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 7).

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	31 December
	2022
	£ 000
Leases under IFRS 16	
Interest expense on lease liabilities	<u><u>125</u></u>

14 Share capital

Allotted, called up and fully paid

	2022		2021
	Number	£ 000	Number
	100	-	100
Ordinary shares of £1 each	<u>100</u>	<u>-</u>	<u>100</u>

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14 Share capital (continued)

Profit and loss account

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

15 Commitments

Total amounts contracted for but not provided for in the financial statements amounted to £17,020,000 (2021: £21,230,000). These relate to £Nil (2021: £907,000) of total commitments on grid connection, £874,000 (2021: £2,604,000) of commitments on the ICP contract, £Nil (2021: £648,000) of commitments on enabling works, £10,000 (2021: £44,000) of commitments on archaeology work and £16,137,000 (2021: £17,027,000) of total commitments on PV panels.

The Company has outstanding forward currency contracts to purchase USD 22,274,000 (2021: USD 24,330,000) being £18,462,000 (2021: £18,026,000) converted at the year-end date.

	2022	2022	2021	2021
	Inflow	Outflow	Inflow	Outflow
	£	£	£	£
Less than one year	18,469,000	(19,372,000)	18,059,000	(17,803,000)
	<u>18,469,000</u>	<u>(19,372,000)</u>	<u>18,059,000</u>	<u>(17,803,000)</u>

16 Related party transactions

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

17 Parent and ultimate parent undertaking

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

Electricité de France SA, a company incorporated in France, is regarded by the Directors as the Company's ultimate parent company and controlling party. This is the largest group for which consolidated financial statements are prepared. Copies of that Company's consolidated financial statements may be obtained from Electricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France. The smallest parent undertaking for which consolidated accounts are prepared is EDF Renouvelables S.A. Copies of the company's consolidated financial statements may be obtained from EDF Renouvelables S.A., Coeur Défense -100, Esplanade du Général de Gaulle 92932 Paris La Défense Cedex.