Registration number: 9756678

Galloper Wind Farm Holding Company Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2018

Galloper Wind Farm Holding Company Limited

Contents

Galloper Wind Farm Holding Company Limited

Company Information

Directors	P Cowling
	C Möckl
	R Sandford
	K Moeller
	F Voss
	C F Mertens
	D McNamara
	R Hoffs
	G Arthur
	E K Eisenberg
	M Porter
	J Duffy
Company secretary	C Barras
	P Sainsbury
Registered office	Windmill Hill Business Park Whitehill Way Swindon Wiltshire SN5 6PB
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

Galloper Wind Farm Holding Company Limited

Strategic Report for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

Fair review of the business

The Galloper project is located off the Suffolk coast and was awarded development rights by The Crown Estate in May 2010. Construction of the project began in November 2015 and was fully complete and inaugurated on 28 September 2018. Generation commenced on 5 November 2017, with all turbines fully commissioned by 17 April 2018. The company underwent a refinancing in December 2018.

Given the nature of the business, the Company's directors are of the opinion that the KPIs necessary for an understanding of the development, performance and position of the business are net assets, revenue and results after tax. These are shown below.

The company's key financial and other performance indicators during the year were as follows:

	2018 £	2017 £
Revenue	171,942,800	3,324,726
Profit/(loss) for the year	29,021,323	(7,219,349)
Total equity	86,518,297	118,790,299

The results for the year are dealt with on page 9 of the financial statements. The position of the Company as at 31 December 2018 is provided on page 13 of the financial statements.

The increase in revenue and profit for the year primarily reflects increased volume of electricity generated in the year as a result of commissioning wind turbines. The Company generated 1,185 GWh of electricity in 2018 (2017: 27 GWh).

Principal risks and uncertainties

The principal risk and uncertainty facing the business is that a decrease in average wind speeds below expectations, or a poor yield as a result of grid or turbine outages, could have a negative impact on revenues and cash flows. Yield risk is managed using yield incentives to contractors, and wind speed risk is monitored by measuring against long term averages.

Approved by the Board on 24 September 2019 and signed on its behalf by:

....

M Porter
Director

Galloper Wind Farm Holding Company Limited

Directors' Report for the Year Ended 31 December 2018

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2018.

Incorporation
The company was incorporated on 1 September 2015.

Directors of the group
The directors who held office during the year and up to the date of signing the financial statements were as follows:

W Bischoff (resigned 23 April 2018)

P Cowling

M Dooley (resigned 29 March 2018)

N Heller (resigned 28 February 2018)

C Möckl

D Roseman (resigned 29 March 2018)

R Sandford

N Slater (resigned 30 January 2018)

J Stuart (resigned 15 September 2018)

JM Isherwood (resigned 8 June 2018)

G Martinez-Navas (resigned 29 March 2018)

K Moeller

D P Tilstone (appointed 30 January 2018 and resigned 29 April 2019)

F Voss (appointed 28 February 2018)

C F Mertens (appointed 29 March 2018)

D McNamara (appointed 28 March 2018)

R Hoffs (appointed 23 April 2018)

G Arthur (appointed 29 March 2018)

E K Eisenberg (appointed 2 May 2018)

M Porter (appointed 8 June 2018)

M Gleeson (appointed 15 September 2018 and resigned 21 May 2019)

The following director was appointed after the year end:

J Duffy (appointed 29 April 2019)

Principal activities
The principal activity of the Company is as a holding company. The Company's wholly owned subsidiary is constructing and operating the Galloper wind farm, which is situated off the Suffolk coast.

Dividends
The directors do not recommend the payment of a final dividend (2017: £nil).

Financial instruments

Objectives and policies

The financial risk management and policies of the Group are disclosed in note 29 to the financial statements, "Financial risk management and impairment of financial assets".

Political donations
During the year the Group made £nil (2017: £nil) political donations.

Future developments
The Group will continue to operate in 2019 and in subsequent years. The Group expects to complete the sale of the Offshore Transmission Network asset in 2019, as required by the UK Government's regulatory regime.

Going concern
The financial statements have been prepared on a going concern basis. The Group meets its capital requirements through its share capital and bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in the performance of the project, show that the Group should be able to operate within the level of its current facilities. After making enquiries the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

Important non adjusting events after the financial period
On 12 July 2019, the Company's subsidiary, Galloper Wind Farm Limited, resolved to reduce its share capital by cancelling and extinguishing 5,000,000 ordinary shares of £1 each, by repaying the amount paid up on those shares to Galloper Wind Farm Holding Company Limited. In addition Galloper Wind Farm Limited also proposed a dividend of £40,500,000 be paid to Galloper Wind Farm Holding Company Limited.

Subsequently on 12 July 2019, the Company resolved to reduce its share premium account from £128,200,878.92 to £123,200,878.92 and the amount by which the share premium is so reduced be repaid to the holders of ordinary shares of £0.01 each in the capital of the Company. It also proposed a dividend payment of £40,500,000 be declared and paid to the shareholders of the Company in proportion to their shareholding.

On 17 September 2019, E.ON SE received the European Commission's antitrust clearance to acquire RWE AG's shareholding in innogy SE. E.ON SE's acquisition of RWE AG's shareholding in innogy SE was completed shortly afterwards on 18 September 2019. After this date the ultimate parent company of shareholder Innogy Renewables UK was no longer RWE AG but was E.ON SE, a company incorporated in Germany. Copies of E.ON SE's financial statements are available upon request from E.ON SE, Brüsseler Platz 1, 45131, Essen, Germany.

Directors' liabilities
The directors are entitled to be indemnified by the Company to the extent permitted by law and the Company's Articles of Association in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities. The Company has executed deeds of indemnity for the benefit of each director in respect of liabilities which may attach to them in their capacity as directors of the Company. The Company purchased and has maintained Directors' and Officers' liability insurance since 12 October 2015, which is renewed annually. Neither the indemnities nor the insurance provide cover in the event that the director is proved to have acted fraudulently.

Disclosure of information to the auditors
Each director has taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Galloper Wind Farm Holding Company Limited

Statement of Directors' responsibilities in respect of the financial statements

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union 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.

Approved by the Board on 24 September 2019 and signed on its behalf by:

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M Porter
Director

Galloper Wind Farm Holding Company Limited

Independent Auditors' Report to the members of Galloper Wind Farm Holding Company Limited

Report on the audit of the financial statements

Opinion

In our opinion, Galloper Wind Farm Holding Company Limited's group financial statements and company financial statements (the "financial statements"):

• give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's profit and the group's and the company's cash flows for the year then ended;

• have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; 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 Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2018; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, and the Consolidated and Company Statements of Cash Flows 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 group 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

ISAs (UK) require us to report to you when:

• 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 group's and 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

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.

Independent Auditors' Report to the members of Galloper Wind Farm Holding Company Limited (continued)

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 Strategic Report and 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and 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 in respect of the financial statements set out on page 5, 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 group's and 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 group or 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.

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.

Independent Auditors' Report to the members of Galloper Wind Farm Holding Company Limited (continued)

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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

N. Comello

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Nigel Comello (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
London

25 September 2019

Galloper Wind Farm Holding Company Limited

Consolidated Income Statement for the Year Ended 31 December 2018

	Note	2018 £	(As restated) 2017 £
Revenue	2	171,942,800	3,324,726
Cost of sales		(73,470,609)	(9,203,098)
Gross profit/(loss)		98,472,191	(5,878,372)
Administrative expenses		(185,210)	(67,976)
Other (losses)/gains	5	(11,835,854)	2,702,218
Operating profit/(loss)		86,451,127	(3,244,130)
Finance income	7	249,056	48,426
Finance costs	7	(44,452,791)	(1,684,566)
Net finance cost	7	(44,203,735)	(1,636,140)
Profit/(loss) before tax		42,247,392	(4,880,270)
Income tax expense	11	(13,226,069)	(2,339,079)
Profit/(loss) for the year		29,021,323	(7,219,349)
Profit/(loss) attributable to:			
Owners of the company		29,021,323	(7,219,349)

The above results were derived from continuing operations.

Galloper Wind Farm Holding Company Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Profit/(loss) for the year		29,021,323	(7,219,349)
Items that may be reclassified subsequently to profit or loss			
Profit/(loss) on cash flow hedges (net)	20	4,689,598	(56,070,136)
Total comprehensive income/(expense) for the year		33,710,921	(63,289,485)
Total comprehensive income/(expense) attributable to:			
Owners of the company		33,710,921	(63,289,485)

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 11.

The notes on pages 18 to 62 form an integral part of these financial statements.

Galloper Wind Farm Holding Company Limited

(Registration number: 9756678)
Consolidated Statement of Financial Position as at 31 December 2018

	Note	2018 £	2017 £
Assets			
Non-current assets			
Property, plant and equipment	12	1,095,608,180	1,311,562,448
Intangible assets	13	45,302,278	60,309,418
Deferred tax assets	11	26,159,496	23,283,442
		1,167,069,954	1,395,155,308
Current assets			
Trade and other receivables	16	129,578,045	18,340,291
Cash and cash equivalents	17	1,533,666	46,454,321
Other current financial assets	15	-	51,500
		131,111,711	64,846,112
Assets classified as held for sale	4	281,215,039	-
Total assets		1,579,396,704	1,460,001,420
Equity and liabilities			
Equity			
Share capital	18	(2,356,010)	(2,320,023)
Share premium	19	(128,200,879)	(194,219,789)
Cash flow hedging reserve	20	40,216,217	44,905,815
Other reserves	21	33,112,672	33,112,672
Retained earnings		(29,290,297)	(268,974)
Total equity		(86,518,297)	(118,790,299)
Non-current liabilities			
Loans and borrowings	22	(939,892,820)	(1,074,644,006)
Provisions	23	(98,294,464)	(93,101,582)
Other payables	24	(22,092,257)	(22,041,667)
Other non-current financial liabilities	15	(47,586,334)	(54,155,418)
Deferred tax liabilities	11	(30,979,835)	(17,899,613)
		(1,138,845,710)	(1,261,842,286)
Current liabilities			
Trade and other payables	25	(37,090,942)	(43,604,517)
Loans and borrowings	22	(306,564,809)	(22,920,660)
Other current financial liabilities	15	(10,376,946)	(12,843,658)
		(354,032,697)	(79,368,835)
Total liabilities		(1,492,878,407)	(1,341,211,121)
Total equity and liabilities		(1,579,396,704)	(1,460,001,420)

The notes on pages 18 to 62 form an integral part of these financial statements.

Galloper Wind Farm Holding Company Limited

(Registration number: 9756678)
Consolidated Statement of Financial Position as at 31 December 2018 (continued)

The financial statements on pages 9 to 62 were approved by the Board on 24 September 2019 and signed on its behalf by:

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M Porter
Director

Galloper Wind Farm Holding Company Limited

(Registration number: 9756678)
Company Statement of Financial Position as at 31 December 2018

	Note	2018 £	2017 £
Assets			
Non-current assets			
Investments in subsidiaries, joint ventures and associates	14	166,018,582	232,001,504
Trade and other receivables	16	8	185,663,784
		166,018,590	417,665,288
Current assets			
Cash and cash equivalents	17	16	16
Total assets		166,018,606	417,665,304
Equity and liabilities			
Equity			
Share capital	18	(2,356,010)	(2,320,023)
Share premium	19	(128,200,879)	(194,219,788)
Other reserves	21	(35,461,689)	(35,461,689)
Retained earnings		(28)	(28)
Total equity		(166,018,606)	(232,001,528)
Non-current liabilities			
Loans and borrowings	22	-	(185,663,776)
Total equity and liabilities		(166,018,606)	(417,665,304)

The Company statement of financial position has been prepared in accordance with IFRS as adopted by the European Union. Galloper Wind Farm Holding Company Limited, the parent company of the Group has applied the exemption set out in section 408 of the Companies Act and is therefore not required to publish a separate Income Statement. The Company result for the year is £nil (2017: £nil).

The financial statements on pages 9 to 62 were approved by the Board on 24 September 2019 and signed on its behalf by:

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M Porter
Director

Galloper Wind Farm Holding Company Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £	Share premium £	Cash flow hedging reserve £	Merger reserve £	Non-distributable reserve £	Retained earnings £	Total equity £
At 1 January 2018	2,320,023	194,219,789	(44,905,815)	35,461,689	(68,574,361)	268,974	118,790,299
Profit for the year	-	-	-	-	-	29,021,323	29,021,323
Other comprehensive expense	-	-	4,689,598	-	-	-	4,689,598
Total comprehensive income	-	-	4,689,598	-	-	29,021,323	33,710,921
New share capital subscribed	35,987	3,562,720	-	-	-	-	3,598,707
Repayment of share capital	-	(69,581,630)	-	-	-	-	(69,581,630)
	35,987	(66,018,910)	-	-	-	-	(65,982,923)
At 31 December 2018	2,356,010	128,200,879	(40,216,217)	35,461,689	(68,574,361)	29,290,297	86,518,297

	Share capital £	Share premium £	Cash flow hedging reserve £	Merger reserve £	Non-distributable reserve £	Retained earnings £	Total equity £
At 1 January 2017	1,782,131	140,968,480	11,164,321	35,461,689	(68,574,361)	7,488,323	128,290,583
Loss for the year	-	-	-	-	-	(7,219,349)	(7,219,349)
Other comprehensive expense	-	-	(56,070,136)	-	-	-	(56,070,136)
Total comprehensive expense	-	-	(56,070,136)	-	-	(7,219,349)	(63,289,485)
New share capital subscribed	537,892	53,251,309	-	-	-	-	53,789,201
At 31 December 2017	2,320,023	194,219,789	(44,905,815)	35,461,689	(68,574,361)	268,974	118,790,299

Galloper Wind Farm Holding Company Limited

Company Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Total equity £
At 1 January 2018	2,320,023	194,219,788	35,461,689	28	232,001,528
New share capital subscribed	35,987	3,562,721	-	-	3,598,708
Repayment of share capital	-	(69,581,630)	-	-	(69,581,630)
At 31 December 2018	2,356,010	128,200,879	35,461,689	28	166,018,606

	Share capital £	Share premium £	Merger reserve £	Retained earnings £	Total £
At 1 January 2017	1,782,131	140,968,480	35,461,689	28	178,212,328
New share capital subscribed	537,892	53,251,308	-	-	53,789,200
At 31 December 2017	2,320,023	194,219,788	35,461,689	28	232,001,528

Galloper Wind Farm Holding Company Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Cash flows used in operating activities			
Profit/(loss) for the year		42,247,392	(4,880,270)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	44,412,902	1,061,039
Financial instrument net (losses)/gains through profit and loss	20	(323,988)	(2,380,802)
Unwind of discount on provisions and long term liabilities	7	1,926,606	416,783
Interest of bank loans	7	30,649,377	748,192
Impairment of assets held for sale	5	11,883,678	-
Finance income	7	(249,056)	(48,426)
Amortisation of debt transaction costs	7	282,198	214,763
Interest on shareholder loan	7	11,588,963	299,053
Cash generated from operations		142,418,072	(4,569,668)
Interest paid on bank loans		(23,969,474)	(748,192)
Interest paid on shareholder loan		(11,888,015)	-
Interest paid on bank loans and other loans		(35,857,489)	(748,192)
Working capital adjustments			
(Increase)/decrease in trade and other receivables	16	(111,237,752)	142,876,845
Increase/(decrease) in trade and other payables		10,950,356	(1,472,325)
Net cash flow generated from/(used in) operating activities		6,273,187	136,086,660
Cash flows used in investing activities			
Interest received	7	249,056	48,426
Interest paid and capitalised to property, plant and equipment	7	(31,567,154)	(34,509,212)
Acquisitions of property plant and equipment		(119,937,510)	(807,765,499)
Net cash flows used in investing activities		(151,255,608)	(842,226,285)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs	18	3,598,708	53,789,200
Payments for purchase of own shares		(69,581,630)	-
Proceeds from bank borrowing drawdowns		1,420,037,579	365,788,814
Repayment of bank borrowing		(1,069,158,251)	(93,567,013)
Payment for debt transaction costs		(17,433,148)	-
Proceeds from other borrowing drawdowns		3,598,708	53,789,200
Repayment of other borrowing		(171,000,200)	-
Net cash flows from financing activities		100,061,766	379,800,201
Net decrease in cash and cash equivalents		(44,920,655)	(326,339,424)
Cash and cash equivalents at 1 January		46,454,321	372,793,745
Cash and cash equivalents at 31 December	17	1,533,666	46,454,321

The notes on pages 18 to 62 form an integral part of these financial statements.

Galloper Wind Farm Holding Company Limited

Company Statement of Cash Flows for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Cash flows used in operating activities			
Profit/(loss) for the year before tax		-	-
Adjustments for:			
Finance income	7	(14,873,371)	(12,886,962)
Finance costs	5	14,873,371	12,886,962
Net cash flow used in operating activities		-	-
Cash flows generated from/(used in) investing activities			
Interest received	7	33,135,655	-
Investment in subsidiaries	14	(3,598,708)	(53,789,200)
Decrease of investment in subsidiaries		69,581,630	-
Advances of loans, classified as investing activities		(3,598,708)	(53,789,200)
Net cash flows generated from/(used in) investing activities		95,519,869	(107,578,400)
Cash flows generated from/(used in) financing activities			
Interest paid	7	(33,135,655)	-
Proceeds from issue of ordinary shares, net of issue costs		3,598,708	53,789,200
Repayment of share capital		(69,581,630)	-
Proceeds from other borrowing draw downs		3,598,708	53,789,200
Proceeds from repayments of loans to related parties		171,000,200	-
Principal repayment of other borrowings		(171,000,200)	-
Net cash flows generated from/(used in) financing activities		(95,519,869)	107,578,400
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		16	16
Cash and cash equivalents at 31 December	17	16	16

The notes on pages 18 to 62 form an integral part of these financial statements.

1 General information

The Company is a private company limited by share capital incorporated in England and Wales and domiciled in United Kingdom.

The address of its registered office is:
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire
SN5 6PB
United Kingdom

These financial statements were authorised for issue by the Board on 24 September 2019.

2 Accounting Policies

Statement of compliance

The consolidated and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The Company has taken advantage of section 408 of the Companies Act 2006 and therefore the separate financial statements of the company do not include the income statement or the statement of comprehensive income of the company on a stand-alone basis.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with IFRSs as adopted by the EU and under historical cost accounting rules modified by revaluation or financial assets and financial liabilities held at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2 Accounting Policies (continued)

Going concern

The Group's business activities, together with the factors likely to affect its future development and performance are set out in the Strategic and Directors' reports. The Strategic and Directors' reports also describe the financial position of the Group, the Group's objectives and policies and processes for managing its capital and financial risk. The Group's borrowing facilities and associated repayment obligations are set out in note 29. Details of the Company's financial instruments and hedging activities; and its exposure to credit and liquidity risk are set out in notes 27, 28 and 29.

The operational wind farm assets are expected to provide sufficient positive cash flows to allow the Group to meet its day to day working capital requirements. The Group's forecasts and projections, taking into account of reasonable possible changes in average wind speeds and wind farm availability, show that the Group should have sufficient cash flows to meet its financial obligations falling due for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking drawn up to 31 December 2018.

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiary, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

The accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 Accounting Policies (continued)

Changes in accounting policy

New standards, interpretation and amendments effective
IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 31 December 2018.

IFRS 9, 'Financial Instruments'
IFRS 9, 'Financial instruments' ("IFRS 9"), has replaced the guidance in International Accounting Standard ("IAS") 39 that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39 and as a result the Group was required to revise its impairment methodology under IFRS 9 for each of its classes of financial assets. The adoption of IFRS 9 from 1 January 2018 resulted in changes in accounting policies, which are set out below in this note. In accordance with the transitional provisions in IFRS 9, comparative disclosures have not been restated.

The transition from IAS 39 to IFRS 9 has no impact on the Group's retained earnings in the current or comparative years, neither has it impacted the hedge accounting applied by the Group. The following table shows a comparison of the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and liabilities as at 1 January 2018:

	Measurement category		Carrying amount (£)		
	Original (IAS39) as at 31December 2017	**New (IFRS 9) as at 1 January 2018**	**Original**	**New**	**Difference**
Current financial assets					
Trade and other receivables	Amortised cost	Amortised cost	13,192,940	13,192,940	-
Cash and cash equivalents	Amortised cost	Amortised cost	46,454,321	46,454,321	-
Derivative financial instruments	FVPL	FVPL	51,500	51,500	-
Non-current financial liabilities					
Bank borrowings	Amortised cost	Amortised cost	(888,980,230)	(888,980,230)	-
Amounts due to related parties	Amortised cost	Amortised cost	(185,663,776)	(185,663,776)	-
Derivative financial instruments	FVPL	FVPL	(55,155,418)	(55,155,418)	-
Current financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	(43,604,517)	(43,604,517)	
Bank borrowings	Amortised cost	Amortised cost	(22,920,660)	(22,920,660)	-
Derivative financial instruments	FVPL	FVPL	(12,843,658)	(12,843,658)	-

2 Accounting Policies (continued)

The foreign currency forwards and interest rate swaps in place at 31 December 2017 qualified as cash flow hedges under IFRS 9. The Group's risk management strategies and hedge documentation are aligned with the requirements of IFRS 9 and these relationships are therefore treated as continuing hedges.

The Group was required to revise its impairment methodology under IFRS 9 for each class of financial asset above. Applying the expected credit loss model did not result in recognising a loss allowance on transition to IFRS 9.

IFRS 15, 'Revenue from Contracts with Customers'

IFRS 15, Revenue from Contracts with Customers ("IFRS 15") was issued by the IASB on May 28, 2014, and has replaced IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue, effective for annual periods beginning on or after January 1, 2018. IFRS 15 sets out the requirements for recognising revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognise revenue which is a change from the risk and reward approach under the current standard.

The Group has performed an evaluation of the impact of IFRS 9 and IFRS 15 on its financial statements and based on the analysis performed, has concluded that the adoption of IFRS 9 and IFRS 15 does not have a material impact on its financial statements. The Group did not have any adjustments to record upon adoption of IFRS 9 or IFRS 15.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018 that have had a material impact on the Group.

IFRS 16, 'Leases'

IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted, subject to EU endorsement and the entity adopting IFRS 15 'Revenue from contracts with customers' at the same time.

2 Accounting Policies (continued)

The Group is not early adopting IFRS 16 and will apply the modified retrospective method in transitioning to IFRS 16. This means that the comparable prior-year figures in the financial statements for the period ending on 31 December 2019 will not be adjusted. The cumulative effect arising from the initial application will be recognised in equity as of 1 January 2019. At the time of transition, the following options and exceptions were applied:

• Renouncement of a renewed assessment as to whether contracts existing before the date of first adoption contain a lease in accordance with IFRS 16;

• Recognition of the right-of-use asset in the amount of the leasing liability, adjusted for lease payments previously recognised as an asset or a liability; and

• Measurement of the right-of-use asset at the date of first-time adoption without considering any initial direct costs.

In addition to the aforementioned transitional regulations, the Group is making use of exemptions allowing for leases relating to short-term or low-value assets not to be recognised on the balance sheet as right-of-use assets. According to current estimates, application of IFRS 16 will lead to an annual increase in depreciation and amortisation of £1,005,000, an increase in net finance costs of £879,000 and a reduction in cost of sales of £1,525,000 in the year ended 31 December 2019.

Furthermore, with the application of IFRS 16, the Group estimates that its property, plant and equipment and other financial liabilities will each increase by approximately £24,133,000 as of 1 January 2019.

Revenue

Revenue comprises the fair value of the consideration received or receivable in respect of the invoiced and accrued value of generated electricity and Renewable Obligations Certificates (ROCs).

Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the Company.

Revenue represents income from a power purchase agreement related to the generation of electricity from the wind farm site. Revenue comprises the value of units of electricity and ROCs supplied during the year and is recognised when the performance obligation has been satisfied, which is when the electricity is delivered. Units are determined by energy volumes recorded on the wind farm meters and market settlement systems. ROCs granted to the Company are recognised as eligible electricity is generated and is immediately transferable to the customer.

Revenue is generated entirely within the United Kingdom.

The Company previously classified income from ROCs under Other Operating Income. During the year, the Company changed its accounting policy in respect of income from ROCs such that it is classified within Revenue.

The Company believes the new classification is preferable as it more closely aligns the accounting for these transactions with the treatment by its shareholders and will aid comparability. This change in classification has been accounted for retrospectively and comparative information has been restated.

2 Accounting Policies (continued)

Categories restated in the Income Statement	As originally reported £	Adjustment £	As restated £
Revenue	1,271,764	2,052,962	3,324,726
Other operating income	2,052,962	(2,052,962)	-

Foreign currency transactions and balances

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Tax

The tax expense 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 in other comprehensive income. In this case, the tax is also recognised in other comprehensive income.

The current income tax charge is calculated on the basis of the laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation. Wind farm assets are classified as "assets under construction" until they become operational. Borrowing costs are capitalised as part of the asset's cost, if they are directly attributable to the acquisition or production of a qualified asset for which a considerable period of time is required to prepare the asset for use or sale. Borrowing costs cease to be capitalised when construction is complete, calculated with reference to the proportion of wind turbine generators that are fully commissioned.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Wind farms	Straight line over 23 years
Motor vehicles	Straight line over 5 years

2 Accounting Policies (continued)

Wind farms are not depreciated until they become operational.

Goodwill
Goodwill is measured as set out above. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Intangible assets
Intangible fixed assets are stated at original cost less accumulated amortisation. Development costs incurred in the initial creation of the Galloper wind farm are capitalised.

Amortisation
Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life.

The useful economic life is currently estimated at 23 years from the date the Galloper wind farm becomes operational and matches the period over which the group will receive the economic benefit arising from the intangible asset.

Asset class	**Amortisation method and rate**
Wind farm development costs	Straight line over 23 years

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 changes in value.

Trade receivables
Trade receivables are amounts due from customers in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional as they do not contain significant financing components. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

2 Accounting Policies (continued)

Borrowings

All borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

Decommissioning of wind farms

A provision is made for the decommissioning of the wind farms based on the Company's best estimate of the cost of decommissioning. These costs are a contractual obligation when the planning consent is granted to ensure appropriate restoration of the land/seabed.

Provisions for decommissioning are recognised in full when the related facilities are constructed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related plant and equipment as a decommissioning asset. The amount recognised is the estimated cost of decommissioning, discounted to its net present value, and will be reassessed financially each year in accordance with local conditions and requirements. Changes in the estimated timing and value of decommissioning costs estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to the wind farm cost. The unwinding of the discount on the decommissioning provision is included as a finance cost.

As at 31 December 2018, decommissioning of the wind farm is expected to be completed in 2041.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distributions to the Company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2 Accounting Policies (continued)

Financial assets

Classification
The Group classifies its financial assets in the following categories: those to be measured subsequently at fair value - either through profit or loss (FVPL) or through OCI (FVOCI) - and those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition. The Group reclassifies its debt investments when and only when its business model for managing those assets changes. The Group holds no equity instruments.

Recognition and derecognition
Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the income statement. The Group does not hold financial assets with embedded derivatives.

Subsequent measurement of financial assets depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its financial assets:.

Amortised cost: Financial assets at amortised cost include assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the income statement and presented in other gain and losses together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the income statement. Financial assets at amortised cost are included in current assets, except for maturities of greater than 12 months after the end of the reporting period; these are classified as non-current assets. The Group's financial assets at amortised cost include trade and other receivables and cash and cash equivalents.

FVPL: Financial assets at FVPL include assets that do not meet the criteria for amortised cost classification. The Group's financial assets at FVPL include derivative financial assets. Changes in fair value of financial assets at FVPL are recognised in other gains and losses in the income statement. To the extent that they are designated and qualify as cash flow hedges, the effective portion of such fair value movements are recognised in the cash flow hedge reserve within equity.

Impairment
From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2 Accounting Policies (continued)

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derivatives and hedging

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates all derivatives as hedges of specific risks associated with the cash flows of recognised assets and liabilities and highly probably forecast transactions (cash flow hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 14, Derivative financial instruments. Movements in the hedging reserve in shareholders' equity are shown in Note 18, Cash flow hedging reserve and Note 26, Hedging instruments. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to any ineffective portion is recognised immediately in the income statement, within other gains and losses.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss. Where the hedged item subsequently results in the recognition of a non-financial asset, typically property, plant and equipment, the deferred hedging gains and losses are included within the initial cost of the asset. The deferred amounts are ultimately recognised in the income statement as the hedged item affects profit or loss, typically through depreciation. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in the income statement within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the income statement.

Descriptions of the hedging instruments used and how they are used to hedge risk exposures are included in Note 27, Financial risk management and impairment of assets. Descriptions of how the Group makes assessments of hedge effectiveness, how the Group establishes the hedge ratio, and the potential sources of ineffectiveness are included in Note 26, Hedging instruments.

3 Critical accounting judgements and key sources of estimation uncertainty

Property, plant and equipment

Property, plant and equipment represent a significant proportion of the assets of the Group. Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance.

Estimation of useful economic life

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the income statement. The useful lives and residual values of the Company's assets are determined by management at the time the asset is acquired and is based on the shorter of technical life, economic life and contractual rights. This is then reviewed annually for appropriateness and extended to the extent that the contractual rights allow it to be extended.

Decommissioning provision

Amounts used in recording a provision for decommissioning of wind farms are estimates based on current legal and constructive requirements. Due to changes in relation to these items, the future actual cash outflows in relation to decommissioning are likely to differ in practice. To reflect the effects due to changes in legislation, requirements and technology and price levels, the carrying amounts of decommissioning provisions are reviewed on a regular basis. The effects of changes in estimates do not give rise to prior year adjustments and are dealt with prospectively over the estimated remaining useful lives for each wind farm. While the Company uses its best estimates and judgement, actual results could differ from these estimates. In estimating decommissioning provisions, the Company applies annual inflation rates of 2.25% (2017: 2.25%) and annual discount rates of 1.78% (2017: 1.94%). The Group estimates that an increase in the inflation rate of 25 basis points would lead to an increase in the decommissioning provision, and corresponding increase in the wind farm cost, of £6,400,949.

Fair value of derivatives and other financial instruments

The fair values of interest rate swaps are estimated using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

The Group has used discounted cash flow analysis for various foreign exchange contracts that are not traded in active markets. The fair value of these financial instruments is estimated by comparing the contracted forward exchange rate to the current market forward exchange rate and discounting the expected future cash flows to net present values using appropriate market rates prevailing at the reporting date. The fair values of interest rate swaps are estimated using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

To comply with the provisions of IFRS 13, the Group incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Group has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

4 Assets classified as held for sale

Assets classified as held for sale relating to the consolidated entity

Plans to dispose of offshore transmission network asset
The directors have announced that the Group intends to dispose of the offshore transmission network asset, which formed a part of its wind farm asset and intangibles. The disposal is expected to be completed by 31 December 2019. The asset is expected to be sold to Diamond Transmission Partners Galloper Limited as required by the UK Government's regulatory regime.

	2018 £	2017 £
Cost or valuation		
At 1 January 2018	-	-
Transfers - wind farm asset	279,890,491	-
Transfers - intangibles	13,208,226	-
Impairment (note 5)	(11,883,678)	-
At 31 December 2018	281,215,039	-

5 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2018 £	2017 £
Foreign exchange gains	47,824	2,702,218
Impairment of non-current assets held for sale	(11,883,678)	-
	(11,835,854)	2,702,218

During the year the Company made an impairment in the value of the OFTO asset of £11,883,678 which is classified as a non-current asset held for sale (see note 4). The impairment was made following the determination of the final transfer value of the asset by Ofgem as part of the regulated sale to Diamond Transmission Partners.

6 Operating profit/(loss)

Arrived at after charging

	2018 £	2017 £
Depreciation expense	42,613,988	1,015,370
Amortisation expense	1,798,914	45,669
Impairment expense (note 5)	11,883,678	-
Operating lease expense - land rent	1,797,360	223,267

7 Net finance cost

	2018 £	2017 £
Finance income		
Interest income on bank deposits	249,056	48,426
Finance costs		
Interest on bank overdrafts and borrowings	(30,649,377)	(748,192)
Unwind of discount on provisions and other long term liabilities	(1,926,606)	(416,783)
Interest on shareholder loan	(11,588,963)	(299,053)
Other finance costs	(287,845)	(220,538)
Total finance costs	(44,452,791)	(1,684,566)
Net finance costs	(44,203,735)	(1,636,140)

Other finance costs include £282,198 (2017: £214,763), in respect of the amortisation of debt transaction costs.

8 Staff costs

The Group had no employees during the year (2017: nil) and had no payroll or other staff costs (2017: £nil).

9 Directors' remuneration

The directors did not receive any emoluments in respect of their services to the Group (2017: £nil).

10 Auditors' remuneration

	2018 £	2017 £
Audit of the financial statements	80,200	55,000
Other fees to auditors		
Other non-audit services	-	12,976

The fee for the audit of Galloper Wind Farm Holding Company Limited has been borne by Galloper Wind Farm Limited.

11 Income tax expense

Tax charged/(credited) in the income statement

	2018 £	2017 £
Deferred taxation		
Origination and reversal of timing differences	13,174,519	2,364,579
Adjustments in respect of previous periods	51,550	(25,500)
Total deferred taxation	13,226,069	2,339,079

The tax expense for the year is higher (2017: higher) than the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

The differences are reconciled below:

	2018 £	2017 £
Profit/(loss) on ordinary activities before tax	42,247,392	(4,880,270)
Profit/(loss) on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	8,027,004	(939,452)
Expenses not deductible for tax purposes	6,697,459	3,616,991
Impact of change in UK tax rates	(1,549,944)	(312,960)
Adjustments to tax charge in respect of previous periods	51,550	(25,500)
Total tax expense	13,226,069	2,339,079

The tax rate for the current year is lower than the prior year due to changes in the UK corporation tax rate which decreased from 20% to 19% from 1 April 2017.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

11 Income tax expense (continued)

Deferred tax

Group

Deferred tax assets and liabilities

The deferred tax asset will be recovered against taxable profits which are forecast to be generated by the wind farm.

2018	Asset £	Liability £	Net deferred tax £
Accelerated tax depreciation	-	(30,793,391)	(30,793,391)
Other items	-	(186,444)	(186,444)
Fair value movements on financial instruments	12,657,650	-	12,657,650
Tax losses carry-forwards	13,501,846	-	13,501,846
	26,159,496	(30,979,835)	(4,820,339)

2017	Asset £	Liability £	Net deferred tax £
Accelerated tax depreciation	-	(16,665,594)	(16,665,594)
Other items	-	(326,276)	(326,276)
Fair value movements on financial instruments	9,666,111	(907,743)	8,758,368
Tax losses carry-forwards	13,617,331	-	13,617,331
	23,283,442	(17,899,613)	5,383,829

11 Income tax expense (continued)

Deferred tax movement during the year:

	At 1 January 2018 £	Recognised in income £	Recognised in other comprehensive income £	At 31 December 2018 £
Accelerated tax depreciation	(16,665,594)	(14,127,797)	-	(30,793,391)
Other items	(326,276)	139,832	-	(186,444)
Fair value movements on financial instruments	8,758,368	877,381	3,021,901	12,657,650
Tax losses carry-forwards	13,617,331	(115,485)	-	13,501,846
Net tax assets/(liabilities)	5,383,829	(13,226,069)	3,021,901	(4,820,339)

Deferred tax movement during the prior year:

	At 1 January 2017 £	Recognised in income £	Recognised in other comprehensive income £	At 31 December 2017 £
Accelerated tax depreciation	(2,193,843)	(14,471,751)	-	(16,665,594)
Other items	233,923	(560,199)	-	(326,276)
Fair value movements on financial instruments	(2,320,887)	(404,990)	11,484,245	8,758,368
Tax losses carry-forwards	519,470	13,097,861	-	13,617,331
Net tax assets/(liabilities)	(3,761,337)	(2,339,079)	11,484,245	5,383,829

12 Property, plant and equipment

Group

	Decommissioning Asset £	Wind farm £	Motor Vehicles £	Total £
Cost or valuation				
At 1 January 2017	-	450,882,444	-	450,882,444
Change in estimate	92,695,103	-	-	92,695,103
Additions	-	768,975,335	24,936	769,000,271
At 31 December 2017	92,695,103	1,219,857,779	24,936	1,312,577,818
At 1 January 2018	92,695,103	1,219,857,779	24,936	1,312,577,818
Change in estimate	3,387,958	-	-	3,387,958
Additions	-	103,204,958	28,388	103,233,346
Transfers	-	(279,890,491)	-	(279,890,491)
Disposals	-	(71,093)	-	(71,093)
At 31 December 2018	96,083,061	1,043,101,153	53,324	1,139,237,538
Accumulated depreciation				
At 1 January 2017	-	-	-	-
Charge for year	87,571	926,137	1,662	1,015,370
At 31 December 2017	87,571	926,137	1,662	1,015,370
At 1 January 2018	87,571	926,137	1,662	1,015,370
Charge for the year	3,514,380	39,089,416	10,192	42,613,988
At 31 December 2018	3,601,951	40,015,553	11,854	43,629,358
Carrying amount				
At 31 December 2018	92,481,110	1,003,085,600	41,470	1,095,608,180
At 31 December 2017	92,607,532	1,218,931,642	23,274	1,311,562,448

In accordance with the Group's accounting policy, the wind farm is depreciated once operational on a turbine-by-turbine basis. The offshore transmission network asset was transferred out of wind farm assets and classified as held for sale immediately following its completion in December 2018, when the asset met the relevant recognition criteria of IFRS 5, Non-current assets held for sale and discontinued operations (note 4).

The cost of the wind farm asset as at 31 December 2018 includes capitalised interest of £112,699,764 (2017: £99,095,842). Since all borrowings have been made solely for the purpose of funding the construction of the Galloper wind farm project, all borrowing costs incurred during construction are deemed to be attributable to the cost of the wind farm. Borrowing costs have ceased to be capitalised to the extent the wind farm construction is complete, calculated on the basis of the number of turbines commissioned as a proportion of the total number of turbines.

13 Intangible assets

Group

	Goodwill £	Other intangible assets £	Total £
Cost or valuation			
At 1 January 2017	196,088	60,158,999	60,355,087
At 31 December 2017	196,088	60,158,999	60,355,087
At 1 January 2018	196,088	60,158,999	60,355,087
Transfers	-	(13,208,226)	(13,208,226)
At 31 December 2018	196,088	46,950,773	47,146,861
Accumulated amortisation			
At 1 January 2017	-	-	-
Amortisation charge	-	45,669	45,669
At 31 December 2017	-	45,669	45,669
At 1 January 2018	-	45,669	45,669
Amortisation charge	-	1,798,914	1,798,914
At 31 December 2018	-	1,844,583	1,844,583
Carrying amount			
At 31 December 2018	196,088	45,106,190	45,302,278
At 31 December 2017	196,088	60,113,330	60,309,418

Goodwill arose on the acquisition of the company's subsidiary, Galloper Wind Farm Limited, during 2015.

Other intangible assets relate to rights, licences and development costs incurred prior to the start of construction of the Galloper wind farm. These assets were transferred from the unincorporated joint venture that previously owned the project.

The offshore transmission network asset was transferred out of intangible assets and classified as non-current assets held for sale immediately following its completion in December 2018, when the asset met the relevant recognition criteria of IFRS 5, Non-current assets held for sale and discontinued operations (note 4).

14 Investments in subsidiaries, joint ventures and associates

Group subsidiaries

Details of the group subsidiaries as at 31 December 2018 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the group 2018	2017
Galloper Wind Farm Limited*	Construction and operation of the Galloper wind farm	England and Wales	100%	100%

* indicates direct investment of the company

Galloper Wind Farm Limited, Windmill Hill Business Park, Whitehill Way, Swindon, SN5 6PB.

14 Investments in subsidiaries, joint ventures and associates (continued)

Summary of the company investments

	2018 £	2017 £
Investments in subsidiaries	166,018,582	232,001,504

Subsidiaries	£
Cost or valuation	
At 1 January 2017	178,212,304
Additions	53,789,200
At 31 December 2017	232,001,504
At 1 January 2018	232,001,504
Additions	3,598,708
Disposals	(69,581,630)
At 31 December 2018	166,018,582
Provision	
At 1 January 2018	-
Provision	-
At 31 December 2018	-
Carrying amount	
At 31 December 2018	166,018,582
At 31 December 2017	232,001,504

On 29 October 2015 the Company purchased the share capital of RWE Innogy Galloper 1 Limited, RWE Innogy Galloper 2 Limited, SSE Renewables (Galloper) No. 1 Limited and SSE Renewables (Galloper) No. 2 Limited (collectively, the "SPVs") from Innogy Renewables UK Limited (formerly known as RWE Innogy UK Limited) for a total consideration of £64,600,000 which was satisfied by the issue of shares. Immediately after they were acquired the SPVs paid dividends to the Company which have been treated as a return of capital and included in the total for disposals above.

On 30 October 2015 the Company sold its investments in the SPVs to Innogy Renewables UK Limited (formerly known as RWE Innogy UK Limited) for a consideration of £32 which was equivalent to their net asset value at that date.

The balance for investments at 31 December 2018 relates to the Company's wholly owned subsidiary, Galloper Wind Farm Limited, which was acquired on 29 October 2015.

15 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value and subsequently remeasured at fair value at each reporting date. Changes in fair values are recorded in the period they arise, either in the income statement or in other comprehensive income. All derivatives are designated in hedge relationships. The gain or loss relating to the effective portion is recognised in the cash flow hedge reserve within equity, and the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Where the fair value of a derivative is positive it is carried as a derivative asset, and where negative as a derivative liability.

During the year, interest rate swap derivatives that were novated and modified as part of the refinancing of Galloper Wind Farm Limited have been redesignated off-market as part of hedge relationships. The new interest rate swaps were recognised at the carrying value of the previous interest rate swaps, because IFRS 9 does not permit recognising a gain or loss on initial recognition of a financial instrument unless it is wholly based on observable amounts or quoted prices. The difference of £9,569,402 reflects the cost to the group of financing the previous interest rate swap liability positions. This financing component of the new interest rate swaps results in a fair value because the derivatives are discounted at Overnight Index Swap rates, which do not take into account the cost of financing (credit spread) specific to Galloper Wind Farm Limited. The opening fair value has been deferred and will be amortised and recognised in the income statement on a straight-line basis over the term of the swaps. The amount recognised at 31 December 2018 has been included in derivative financial instrument liabilities and amounts to £9,542,370. The refinancing of Galloper Wind Farm Limited did not lead to immediate gains or losses in the income statement.

For each class of derivative instrument type the total fair value amounts are as follows:

Group:	Assets	Liabilities	Total
	£	£	£
As at 31 December 2018			
Interest rate swaps	-	(57,963,280)	(57,963,280)
Total	-	(57,963,280)	(57,963,280)
As at 31 December 2017			
Interest rate swaps	-	(66,999,076)	(66,999,076)
Foreign exchange forward contracts	51,500	-	51,500
Total	51,500	(66,999,076)	(66,947,576)

15 Derivative financial instruments (continued)

The fair value of derivative financial instruments at 31 December 2018 and 31 December 2017 are analysed as follows:

Group:	Assets	Liabilities	Total
	£	£	£
As at 31 December 2018			
Current			
Due within one year	-	(10,376,946)	(10,376,946)
Non-current			
Due after one year	-	(47,586,334)	(47,586,334)
	-	(57,963,280)	(57,963,280)
As at 31 December 2017			
Current:			
Due within one year	51,500	(12,843,658)	(12,792,158)
Non-current:			
Due after one year	-	(54,155,418)	(54,155,418)
	51,500	(66,999,076)	(66,947,576)

15 Derivative financial instruments (continued)

The notional amounts of derivatives outstanding at 31 December 2018 and 31 December 2017 are as follows:

Group

At 31 December 2018	Currency	Notional amount
Interest rate swaps	UK pounds	751,000,000

At 31 December 2017	Currency	Notional amount
Forward foreign exchange contracts	Euro	322,408
Interest rate swaps	UK pounds	705,179,439

Exposure arises from the variability in future interest cash flows on liabilities which bear interest at variable rates. Interest rate swaps are maintained, and designated as cash flow hedges, where they qualify, to manage this exposure. Fair value changes on designated cash flow hedges are initially recognised directly in the cash flow hedge reserve, as gains or losses recognised in equity and any ineffective portion is recognised immediately in the income statement. Amounts are transferred from equity and recognised in the income statement or capitalised as the income or expense is recognised on the hedged item.

Forward foreign currency contracts are used to hedge anticipated and committed future currency cash flows. Where these contracts qualify for hedge accounting they are designated as cash flow hedges. On recognition of the underlying transaction in the financial statements, the associated hedge gains and losses, deferred in equity, are transferred and included with the recognition of the underlying transaction. All derivatives are designated as cash flow hedges and the gains or losses on the derivative are ultimately recognised in depreciation in the case of fixed assets.

The change in fair value of interest swaps in the period was an increase of £9,035,796 (2017: increase of £1,237,835).

16 Trade and other receivables

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Trade receivables	45,916,711	3,052,312	-	-
Receivables from related parties	15,008,657	-	8	185,663,784
Prepayments	965,480	5,147,351	-	-
Amounts on restricted deposit	67,000,000	9,000,000	-	-
Other receivables	687,197	1,140,628	-	-
Total current trade and other receivables	129,578,045	18,340,291	8	185,663,784

16 Trade and other receivables (continued)

Details of non-current trade and other receivables

Company

£nil (2017: £185,663,784) is the balance due from related parties and is classified as non current. This balance relates to a loan to the Company's subsidiary which was repaid during the year as a result of the refinancing of that subsidiary in December 2018.

The fair value of those trade and other receivables classified as financial assets held at amortised cost are disclosed in note 27 "Financial instruments".

The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in note 29 "Financial risk management and impairment of financial assets".

17 Cash and cash equivalents

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Cash at bank	1,533,666	46,454,321	16	16

18 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Share capital of £0.01 each	235,600,976	2,356,010	232,002,268	2,320,023

On incorporation the company issued 1 ordinary share of £1. A further 7 £1 ordinary shares were allotted at par on 10 September 2015.

On 28 October 2015 all of the issued shares were divided into 800 ordinary shares of £0.01 each.

On 29 October 2015 the company issued 64,600,000 ordinary shares as consideration for the acquisition of the 4 SPV entities which owned the Galloper wind farm project.

On 29 October 2015 the company issued a further 27,670,928 ordinary shares for an aggregate cash consideration of £27,670,928.

On 2 December 2015 the company issued a further 207,996 ordinary shares for an aggregate cash consideration of £207,996.

On 28 January 2016 the company issued a further 5,043,860 ordinary shares for an aggregate cash consideration of £5,043,860.

On 25 February 2016 the company issued a further 4,631,272 ordinary shares for an aggregate cash consideration of £4,631,272.

On 29 March 2016 the company issued a further 1,606,360 ordinary shares for an aggregate cash consideration of £1,606,360.

On 27 April 2016 the company issued a further 2,714,752 ordinary shares for an aggregate cash consideration of £2,714,752.

On 25 May 2016 the company issued a further 2,268,348 ordinary shares for an aggregate cash consideration of £2,268,348.

18 Share capital (continued)

On 28 June 2016 the company issued a further 5,367,380 ordinary shares for an aggregate cash consideration of £5,367,380.

On 27 July 2016 the company issued a further 4,118,352 ordinary shares for an aggregate cash consideration of £4,118,352.

On 26 August 2016 the company issued a further 9,898,788 ordinary shares for an aggregate cash consideration of £9,898,788.

On 28 September 2016 the company issued a further 6,130,548 ordinary shares for an aggregate cash consideration of £6,130,548.

On 27 October 2016 the company issued a further 4,486,936 ordinary shares for an aggregate cash consideration of £4,486,936.

On 28 November 2016 the company issued a further 34,075,280 ordinary shares for an aggregate cash consideration of £34,075,280.

On 21 December 2016 the company issued a further 5,391,492 ordinary shares for an aggregate cash consideration of £5,391,492.

On 27 January 2017 the company issued a further 3,195,372 ordinary shares for an aggregate cash consideration of £3,195,372.

On 24 February 2017 the company issued a further 7,871,124 ordinary shares for an aggregate cash consideration of £7,871,124.

On 28 March 2017 the company issued a further 5,160,048 ordinary shares for an aggregate cash consideration of £5,160,048.

On 26 April 2017 the company issued a further 6,618,000 ordinary shares for an aggregate cash consideration of £6,618,000.

On 26 May 2017 the company issued a further 6,097,348 ordinary shares for an aggregate cash consideration of £6,097,348.

On 29 June 2017 the company issued a further 5,990,060 ordinary shares for an aggregate cash consideration of £5,990,060.

On 27 July 2017 the company issued a further 4,359,008 ordinary shares for an aggregate cash consideration of £4,359,008.

On 29 August 2017 the company issued a further 3,521,564 ordinary shares for an aggregate cash consideration of £3,521,564.

18 Share capital (continued)

On 28 September 2017 the company issued a further 3,309,300 ordinary shares for an aggregate cash consideration of £3,309,300.

On 27 October 2017 the company issued a further 1,795,088 ordinary shares for an aggregate cash consideration of £1,795,088.

On 28 November 2017 the company issued a further 3,999,804 ordinary shares for an aggregate cash consideration of £3,999,804.

On 22 December 2017 the company issued a further 1,872,484 ordinary shares for an aggregate cash consideration of £1,872,484.

On 30 January 2018 the company issued a further 1,078,080 ordinary shares for an aggregate cash consideration of £1,078,080.

On 27 February 2018 the company issued a further 1,800,872 ordinary shares for an aggregate cash consideration of £1,800,872.

On 28 March 2018 the company issued a further 719,756 ordinary shares for an aggregate cash consideration of £719,756.

19 Share premium

	Group and Company 2018 £	Group and Company 2017 £
Opening balance	194,219,789	140,968,480
Premium arising on the issue of equity shares	3,562,720	53,251,309
Capital repayment	(69,581,630)	-
At 31 December	128,200,879	194,219,789

20 Cash flow hedging reserve

	Group 2018 £	Group 2017 £
Opening balance	(44,905,815)	11,164,321
Net gains or losses taken to equity		
- Accrued interest	5,851,542	-
- Amounts recycled to tangible fixed assets	(12,844,152)	(39,008,838)
- Fair value of foreign exchange forward contracts taken to equity	(51,500)	(27,402,576)
- Interest rate swaps	9,035,795	1,237,835
Movement in year	1,991,685	(65,173,579)
Transfer to Profit & Loss Account (Hedge ineffectiveness)	(323,988)	(2,380,802)
Income tax related to gains/(losses) recognised in other comprehensive income	3,021,901	11,484,245
Movement in year	4,689,598	(56,070,136)
At 31 December	(40,216,217)	(44,905,815)

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective for cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item upon recognition, consistent with the applicable accounting policy.

21 Other Reserves

Group

	Merger reserve	Non-distributable reserve	Total
	£	£	£
At 1 January 2017	35,461,689	(68,574,361)	(33,112,672)
Movement during the year	-	-	-
At 31 December 2017	35,461,689	(68,574,361)	(33,112,672)
At 1 January 2018	35,461,689	(68,574,361)	(33,112,672)
Movement during the year	-	-	-
At 31 December 2018	35,461,689	(68,574,361)	(33,112,672)

Details of the merger reserve are given below in the note regarding the reserves of the Company.

During 2015 the Company's subsidiary acquired the assets and liabilities of the entities through which the previous joint venture partners owned the Galloper wind farm project. The Group has adopted predecessor accounting for this transaction and has recorded the assets and liabilities acquired at their predecessor carrying amounts. The difference between the carrying amounts of the net assets acquired and the consideration given has been recognised as a non-distributable reserve.

There were £nil (2017: £nil) movements in respect of the other reserves during the current year.

Company

	2018	2017
	£	£
Opening balance	35,461,689	35,461,689
Closing balance	35,461,689	35,461,689

On 29 October 2015 the Company acquired the 4 entities through which the joint venture partners owned the Galloper wind farm project. The consideration for this was satisfied by the issue of 64,600,000 ordinary shares of the company. As this transaction constitutes a 'share for share exchange', the Company has applied section 611 of Companies Act 2006 ("group reconstruction relief"). Group reconstruction relief is an optional relief that allows a company to record minimal share premium. This 'minimum premium' is equal to the difference between the aggregate value of the nominal share capital issued and the cost of investment recorded in the original parent. The share premium on the consideration shares above the minimum premium has been allocated to the merger reserve.

There were £nil (2017: £nil) movements in respect of other reserves during the current year.

21 Other Reserves (continued)

	£
Consideration	64,600,000
Nominal value of shares issued	646,000
Premium arising	63,954,000
Minimum premium per permitted by s611 Companies Act 2006	28,492,311
Allocated to merger reserve	35,461,689

22 Loans and borrowings

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	939,892,820	888,980,230	-	-
Amounts due to related parties	-	185,663,776	-	185,663,776
	939,892,820	1,074,644,006	-	185,663,776

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Current loans and borrowings				
Bank borrowings	306,564,809	22,920,660	-	-

Group

Bank borrowings
The Group underwent a refinancing during the year in which overall bank borrowing increased and unsecured loans from the Company's shareholders were repaid.

Secured bank debt is denominated in UK pounds with a nominal interest rate based on a fixed margin over LIBOR, and is repayable in instalments with the final instalment due on 31 December 2036. The carrying amount at year end is £1,246,457,629 (2017: £911,900,890).

The bank loans are secured by a charge over all of the assets of Galloper Wind Farm Limited.

Company

Other borrowings

The Company repaid the unsecured loan from its shareholders during 2018. The loan carried interest at a fixed rate of 9%.

Further disclosure on loans and borrowings is disclosed in note 27 "Financial instruments".

The Group's exposure to market and liquidity risk, including maturity analysis, in respect of loans and borrowings is disclosed in note 29 "Financial risk management and impairment of financial assets".

23 Decommissioning provision

Group

	2018	2017
	£	£
Opening balance	93,101,582	-
Recognition of decommissioning provision in current year	3,387,959	92,695,102
Unwind of discount in the year	1,804,923	406,480
At 31 December	98,294,464	93,101,582

The provision for the decommissioning of the wind farm represents the net present value of the Group's best estimate of the costs to decommission the wind farm at the end of its useful life. The provision was re-estimated at the end of the year to reflect current management expectations of the future liability. In estimating decommissioning provisions, the Group applies annual inflation rates of 2.25% (2017: 2.25%) and annual discount rates of 1.78% (2017: 1.94%).

24 Non current liabilities - Other payables

Group

	31 December 2018	31 December 2017
	£	£
Power curve upgrade kit	22,092,257	22,041,667

This non-current liability relates to the installation cost of the power curve upgrade kit on all turbines at Galloper wind farm. It will be cash settled bi-annually in equal instalments of £2,500,000 from June 2019 onwards.

25 Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade payables	19,253	89,640	-	-
Accrued expenses	35,405,826	43,514,877	-	-
Amounts due to related parties	1,665,863	-	-	-
	37,090,942	43,604,517	-	-

25 Trade and other payables (continued)

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note.

The Group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 29 "Financial risk management and impairment of financial assets".

26 Commitments

Group

Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2017 - £45,503,397).

Operating leases

The total future value of minimum lease payments is as follows:

	2018 £	2017 £
Within one year	1,521,874	1,484,231
In two to five years	6,087,498	5,936,923
In over five years	63,918,724	63,821,927
	71,528,096	71,243,081

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,797,360 (2017 - £223,267)

Other financial commitments

The total amount of other financial commitments not provided in the financial statements was £118,224,535 (2017 - £118,569,587).

The Company has entered into land related arrangements and other contracts for equipment and maintenance and other services for the Galloper wind farm. The Company's obligations under certain of these contracts have been guaranteed by letters of credit with a face value of £118,224,535 (2017 - £118,569,587).

27 Financial instruments

Group

Financial assets

The Group assessed the measurement classification its financial assets as at 1 January 2018, following the introduction of IFRS 9, 'Financial instruments'. There has been no change to measurement categories or carrying values of financial assets as a result of this change - a full comparison is provided in Note 2, Accounting policies.

27 Financial instruments (continued)

	Amortised cost	Assets at fair value through profit or loss
	31 Dec 2018	31 Dec 2018
Assets as per statement of financial position	£	£
Trade and other receivables (excluding prepayments)	128,612,565	-
Cash and cash equivalents	1,533,666	-
Derivative financial instruments	-	-
At 31 December 2018	130,146,231	-

	Amortised cost	Assets at fair value through profit or loss
	31 Dec 2017	31 Dec 2017
Assets as per statement of financial position	£	£
Trade and other receivables (excluding prepayments)	13,192,940	-
Cash and cash equivalents	46,454,321	-
Derivative financial instruments	-	51,500
At 31 December 2017	59,647,261	51,500

Valuation methods and assumptions

Assets at fair value through profit or loss:
Fair value estimates of derivatives are based on relevant market information and information about the financial instruments which are subjective in nature. The fair value of these financial instruments is estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the reporting date.

Financial instruments carried at fair value are required to be measured by reference to the following levels:
• Level 1: quoted prices in active markets for identical assets or liabilities;
• Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
• Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments carried at fair value have been measured by a Level 2 valuation method.

Assets held at amortised cost:
The fair value of assets held at amortised cost approximates to the carrying amount because of the short maturity of these instruments that do not include a significant financing component.

27 Financial instruments (continued)

Financial liabilities

There has been no change to the carrying values of financial liabilities as a result of introduction of IFRS 9, 'Financial instruments' on 1 January 2018 (Note 2).

	Other financial liabilities at amortised cost	Liabilities at fair value through profit or loss
	31 Dec 2018	31 Dec 2018
Liabilities as per statement of financial position	£	£
Trade and other payables	37,090,942	
Borrowings	1,246,457,629	
Derivative financial instruments		57,963,280
	1,283,548,571	57,963,280

	Other financial liabilities at amortised cost	Liabilities at fair value through profit or loss
	31 Dec 2017	31 Dec 2017
Liabilities as per statement of financial position	£	£
Trade and other payables	43,604,517	
Borrowings	1,097,564,666	
Derivative financial instruments		66,999,076
	1,141,169,183	66,999,076

Description of instruments

Trade and other payables: Trade and other payables comprise amounts due to suppliers and accruals.
Borrowings: Borrowings comprise bank loans and loans from shareholders.

27 Financial instruments (continued)

Valuation methods and assumptions

Financial liabilities at amortised cost
The fair value of trade and other payables and the current portion of borrowings equal their carrying amount as the impact of discounting is not significant.

All financial liabilities carried at fair value have been measured by a Level 2 valuation method and are disclosed in note 15.

Specific valuation techniques used to value financial instruments include the following:
-quoted market prices or dealer quotes are used for similar instruments;
-the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
-the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value; and
-other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The carrying value of the non-current portion of borrowings is a good approximation of fair value as the interest rates of these borrowings are considered to be at market value and hence the discounted value of the future cash flows gives the same value as the carrying value.

Company

Financial assets

	Amortised cost 31 Dec 2018	Amortised cost 31 Dec 2017
Assets as per statement of financial position	£	£
Trade and other receivables	8	185,663,784
Cash and cash equivalents	16	16
	24	185,663,800

Valuation methods and assumptions

Assets held at amortised cost:
The valuation methods used are the same as those described above used for evaluating the Group position.

27 Financial instruments (continued)

Financial liabilities

	Other financial liabilities at amortised cost	Other financial liabilities at amortised cost
	31 Dec 2018	31 Dec 2017
Liabilities as per statement of financial position	£	£
Borrowings	-	185,663,776
	-	185,663,776

Valuation methods and assumptions

Financial liabilities at amortised cost
The fair value of trade and other payables and the current portion of borrowings equal their carrying amount as the impact of discounting is not significant. All financial liabilities carried at fair value have been measured by a Level 2 valuation method.

28 Hedging instruments

Group

Cash flow hedges
The Group expects that for all designated hedge relationships, changes in value of both the Hedging Instrument and the Hedged Transaction will offset and systematically move in opposite directions given the critical terms of the Hedging Instrument and the Hedged Transactions are closely aligned. The Group performs periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and the hedging instrument.

The potential sources of hedge ineffectiveness are as follows:

1. Credit risk - movements in the Group's and hedging counterparty's credit spread could result in movements in fair value of the Hedging Instrument that would not be reflected in the movements in the value of the Hedged Transactions.

2. Redesignated hedges - The Group's hedges were restructured to match changes to the Company's loans in 2018. These changes to the hedge instruments require redesignation under IFRS 9, resulting in hedges that had a non-zero fair value at redesignation date. The redesignation of hedges with a non-zero fair value creates hedge ineffectiveness due to the unwind of the discounting on the fair value of the derivative instrument at the designation date.

3. The possibility of changes to the critical terms of the Hedged Transactions due such that they no longer match those of the Hedging Instrument. The Group would reflect such mismatch when modelling the hedged item for the purpose of measuring hedge ineffectiveness.

Each hedging instrument is designated in a 1:1 hedge ratio against an equivalent notional amount of hedged item. Should an insufficient amount of hedged item be available the hedging instrument will be dedesignated or proportionally designated as appropriate.

28 Hedging instruments (continued)

Cash flow hedges - fair value and notionals

	Derivative assets	Derivative liabilities	Changes in fair value in period	Nominal amounts	Change in fair value of hedged item
	£	£	£	£	£
Interest rate swaps	-	(57,963,397)	(2,325,815)	751,000,000	(2,289,942)
	-	(57,963,397)	(2,325,815)	751,000,000	(2,289,942)

Cash flow hedges - OCI Reconciliation and P&L impacts

	Opening OCI	Amounts deferred and recognised in OCI	Reclassify to assets under construction	Reclassify to income statement interest	Closing OCI	Hedge ineffectiveness
	£	£	£	£	£	£
FX Forwards	(14,491,634)	3,321	14,488,313	-	-	31
Interest rate swaps	66,999,075	(2,735,252)	(1,503,874)	(10,324,254)	52,435,695	323,957
	52,507,441	(2,731,931)	12,984,439	(10,324,254)	52,435,695	323,988

	Closing OCI for continuing hedges	Closing OCI for hedging relationships where hedge accounting is no longer applied	Closing OCI
	£	£	£
FX Forwards	-	-	-
Interest rate swaps	2,215,337	50,220,398	52,435,735
	2,215,337	50,220,398	52,435,735

During 2018 the average strike prices of the interest rate swaps hedging instruments was 2.54% (2017: 2.26%).

Company

Cash flow hedges

The Company does not hold any hedging instruments. All hedging instruments within the Group are held by its subsidiary Galloper Wind Farm Limited.

29 Financial risk management and impairment of financial assets

Group

Credit risk and impairment

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash deposits and receivables from third parties. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each balance. Where appropriate, letters of credit are used to mitigate the credit risk from customers.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions and the group has policies that limit the amount of credit exposure to any one financial institution.
This risk is minimised by:

- investing in liquid cash funds only with a single financial institutions that has a minimum rating of AA, with at least 50% of liquidity investments in funds with a minimum rating of A-, using Standard and Poor's credit rating symbols;
-requiring parent company guarantees when dealing with any subsidiary of a rated company; and
-entering into transactions only with leading companies that have a good credit rating.

Credit risk exposure and management

2018	Maximum amount of exposure £	Loss allowance £	Carrying value £
Cash and cash equivalents	1,533,666	-	1,533,666
Trade and other receivables	129,578,045	-	129,578,045
	131,111,711	-	131,111,711

2017	Maximum amount of exposure £	Loss allowance £	Carrying value £
Cash and cash equivalents	46,454,321	-	46,454,321
Trade and other receivables	18,340,291	-	18,340,291
	64,794,612	-	64,794,612

29 Financial risk management and impairment of financial assets (continued)

Concentrations of credit risk

Trade and other receivables include advance payments of £965,480 (2017: £5,147,351) made by the Company to manufacturers of equipment for the Galloper wind farm.

There is minimum credit risk in relation to cash and cash equivalents as all of it is held with one financial institution.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments.

Foreign exchange risk

The Group is a GBP functional currency entity which incurred fixed asset construction costs in EUR during the period exposing the Group to exchange rate fluctuations between GBP and EUR.

The Group's risk management strategy is to protect the Group against adverse fluctuations in foreign exchange rates by using FX forward contracts to reduce its exposure to variability from foreign exchange impacting cash flows arising from Group's foreign currency denominated fixed asset construction cost cash flows to the extent that it is practicable and cost effective to do so. The Group's EUR FX forwards matured in early 2018.

Interest rate risk

The Group is partially funded using long term floating rate GBP loans that expose the group to potential variability in interest rates.

The Group's risk management strategy is to protect the Group against adverse fluctuations in interest rates utilising pay fixed receive float interest rate swaps to reduce its exposure to variability in cash flows on the Group's forecasted floating-rate debt facility to the extent that it is practicable and cost effective to do so.

Sensitivity analysis

Movements in interest rates will not have any impact on the Group's profit or loss as all interest expense is capitalised during the construction of the wind farm project.

Since all of the Group's interest rate swaps are in cash flow hedging relationships all of the movement in the value of financial assets and liabilities caused by a change in the interest rate assumed at 31 December 2017 would be taken to other comprehensive income ("OCI") as follows:

-an increase in interest rates at 31 December 2018 by 0.25% would have caused an increase in OCI of £16,225,003;

- a decrease in interest rates at 31 December 2018 by 0.25% would have caused a decrease in OCI of (£16,738,686).

29 Financial risk management and impairment of financial assets (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities where due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The Group manages this risk by ensuring that it maintains sufficient levels of committed borrowing facilities and cash and cash equivalents. The level of headroom available under the group's available facilities is monitored as part of the Group's planning process.

Maturity analysis

The table below analyses the undiscounted cash flows related to the Company's non-derivative financial liabilities and derivative financial liabilities:

2018	Within 1 year £	Between 1 and 5 years £	After more than 5 years £	Total £
Non-derivative financial liabilities				
Trade and other payables	37,090,942	-	-	37,090,942
Bank borrowings	307,435,003	182,554,103	775,921,284	1,265,910,390
Power curve upgrade kit liability	5,000,000	17,500,000	-	22,500,000
Interest on bank borrowings	30,915,445	93,545,812	160,501,582	284,962,839
	380,441,390	293,599,915	936,422,866	1,610,464,171
Derivative financial instruments	11,050,625	30,302,640	33,501,296	74,854,561
Total	391,492,015	323,902,555	969,924,162	1,685,318,732

2017	Within 1 year £	Between 1 and 5 years £	After more than 5 years £	Total £
Trade and other payables	43,604,517	-	-	43,604,517
Bank borrowings	22,724,949	365,861,976	526,447,079	915,034,004
Power curve upgrade kit liability	-	20,000,000	2,500,000	22,500,000
Interest on bank borrowings	23,307,544	67,123,433	82,623,590	173,054,567
Other borrowings (including interest)	-	186,450,541	42,107,725	228,558,266
Derivative financial instruments	14,150,064	52,488,059	65,732,401	132,370,524
	103,787,074	691,924,009	719,410,795	1,515,121,878

29 Financial risk management and impairment of financial assets (continued)

Capital risk management

Capital components
The capital structure of the Group consists of net debt (borrowings after deducting cash and bank balances) and equity (share capital, reserves and retained earnings) as follows:

	2018	2017
	£	£
Loans and borrowings	1,246,457,629	1,097,564,666
Cash and cash equivalents	(1,533,666)	(46,454,321)
Net debt	1,244,923,963	1,051,110,345
Equity	86,518,297	118,790,299
Total capital	1,331,442,260	1,169,900,644

Externally imposed capital requirements
Part of the Group's capital risk management is to ensure compliance with the general covenants and financial covenants included in the Group's various borrowing facilities. There have been no breaches of covenants in the year ended 31 December 2018.

Capital management
The Group's objectives when managing capital are to ensure it will continue as a going concern in order to maximise the income and capital return to its shareholders through an appropriate level of gearing.

Company

Credit risk and impairment
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash deposits and receivables from third parties. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each balance.

The principal credit exposure faced by the Company is the risk that its subsidiary could not repay the loan made to it.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments.

Foreign exchange risk

The Company does not have any income, expenses, assets or liabilities denominated in foreign currencies and so does not have any foreign exchange risk.

29 Financial risk management and impairment of financial assets (continued)

Sensitivity analysis

A sensitivity analysis has not been prepared as the Company did not have any balances denominated in foreign currencies at 31 December 2018.

Interest rate risk

The Company does not have a transaction exposure to changing interest rates as interest on its borrowings from shareholders and loan to subsidiary are charged at a fixed rate.

Sensitivity analysis

The Company's borrowings from shareholders are matched by a loan to its subsidiary. Interest on both of these balances is based on a fixed rate and so any change in market interest rates would not have an impact on the Company's profit or loss.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities where due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages this risk by ensuring that it maintains sufficient levels of committed borrowing facilities and cash and cash equivalents. The level of headroom available under the Company's available facilities is monitored as part of the Company's planning process.

At 31 December 2018 the Company had undrawn committed borrowing facilities of £nil (2017: £457,411,160) and cash and cash equivalents of £nil (2017: £46,454,321).

Maturity analysis

The Company had no debt or interest outstanding as at 31 December 2018.

2017	Between 1 and 5 years £	After more than 5 years £	Total £
Other borrowings (including interest)	186,450,541	42,107,725	228,558,266

30 Related party transactions

Summary of transactions with other related parties

Income and receivables from related parties

2018	Other related parties £
Amounts receivable from related party	8

2017	Other related parties £
Amounts receivable from related party	8

Loans to related parties

2018	Subsidiary £
At start of year	185,663,776
Advanced	3,598,708
Repaid	(171,000,200)
Interest charged	14,873,371
Interest received	(33,135,655)
At end of year	-

Terms of loans to related parties
The Company has provided loans to its subsidiary, Galloper Wind Farm Limited, on which interest is charged at a fixed rate of 9%. The loans were repaid during 2018.

Loans from related parties

2018	Other related parties £
At start of year	185,663,776
Advanced	3,598,708
Repaid	(171,000,200)
Interest charged	14,873,371
Interest paid	(33,135,655)
At end of year	-

Terms of loans from related parties
The Company's shareholders have provided loans to the Company on which interest is charged at a fixed rate of 9%. The loans were repaid during 2018.

30 Related party transactions (continued)

Contracts with related parties

	Transactions for the year ended 31 December 2018	Outstanding balance receivable / (payable)
Siemens Wind Power Limited		
Wind turbine supply agreement	64,853,228	-
Innogy Renewables UK Limited		
Sales	41,333,096	15,008,657
Purchases	(13,090,507)	-
innogy SE		
Purchases	(2,364,097)	(1,655,863)

	Transactions for the year ended 31 December 2017	Outstanding balance receivable / (payable)
Siemens Wind Power Limited		
Wind turbine supply agreement	368,021,012	-

Commitments relating to Siemens Gamesa Limited contracts are not included in the above total £nil (2017: 45,503,397).

31 Parent and ultimate parent undertaking

The Company does not have an immediate parent company since at 31 December 2018 it is owned by 4 legal entities that are part of a joint venture, with the following shareholdings:

Shareholder	Holding	Ultimate Parent of the shareholder
Aldeburgh Offshore Wind Investments Limited	25%	Sumitomo Corporation, incorporated in Japan and ESB, incorporated in Ireland
Innogy Renewables UK Limited	25%	RWE AG, incorporated in Germany
Siemens Project Ventures GmbH	25%	Siemens AG, incorporated in Germany
UK Green Investment Galloper Limited	25%	Macquarie Limited, incorporated in Australia

Decisions are agreed mutually between shareholders and therefore the directors are of the opinion there is no ultimate controlling party or ultimate parent company.

32 Non adjusting events after the financial period

On 12 July 2019, the Company's subsidiary, Galloper Wind Farm Limited, resolved to reduce its share capital by cancelling and extinguishing 5,000,000 ordinary shares of £1 each, by repaying the amount paid up on those shares to Galloper Wind Farm Holding Company Limited. In addition Galloper Wind Farm Limited also proposed a dividend of £40,500,000 be paid to Galloper Wind Farm Holding Company Limited.

Subsequently on 12 July 2019, the Company resolved to reduce its share premium account from £128,200,878.92 to £123,200,878.92 and the amount by which the share premium is so reduced be repaid to the holders of ordinary shares of £0.01 each in the capital of the Company. It also proposed a dividend payment of £40,500,000 be declared and paid to the shareholders of the Company in proportion to their shareholding.

On 17 September 2019, E.ON SE received the European Commission's antitrust clearance to acquire RWE AG's shareholding in innogy SE. E.ON SE's acquisition of RWE AG's shareholding in innogy SE was completed shortly afterwards on 18 September 2019. After this date the ultimate parent company of shareholder Innogy Renewables UK was no longer RWE AG but was E.ON SE, a company incorporated in Germany. Copies of E.ON SE's financial statements are available upon request from E.ON SE, Brüsseler Platz 1, 45131, Essen, Germany.