

UK Renewable Holdco 2 Limited

Annual Report and accounts
for the year ended 31 December 2017

Registered number: 09775655

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Strategic report

For the year ended 31 December 2017

The directors present their Annual Report on the affairs of the company, together with the accounts and auditor's report, for the year ended 31 December 2017 and the prior period, being from incorporation on 14 September 2015 to 31 December 2016 (474 days). The accounts are presented under Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council.

Business strategy

The principal activity of the company is to hold and manage an investment in UK Renewable Holdco 3 Limited.

Financial and operational review

As shown in the profit and loss account the company has made a profit of €19.0m in the year (2016 period - €28.0m). The balance sheet shows the company's net asset position of €328.5m has not moved with profit being equal to declared dividend (2016 - €328.5m). Given the company is owned by UK Renewable Holdco 1 Limited the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of UK Renewable Holdco 1 Limited is discussed in the strategic report with that company's Annual Report and the consolidated financial statements of UK Renewable Holdco 1 Limited which does not form part of this report.

Dividends

The directors do not recommend payment of a final dividend. An interim dividend of €19.0m was declared and paid in the year (2016 period - €28.0m).

Outlook

The directors expect the company to make a profit in the forthcoming year.

Principal risks and uncertainties

The company is primarily financed by equity, with liquidity risk managed through intergroup assets and liabilities. All intercompany balances are deemed recoverable. The carrying value of investments held in the balance sheet not being supported by future cash flows from subsidiaries is a risk, however, the directors consider that this risk is mitigated based on current and projected profitability of the company's investments.

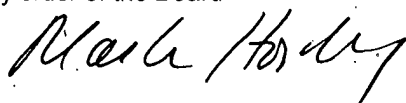
Future Developments and events after the reporting period

There are no future development or significant events after the balance sheet date.

Going Concern

The directors have considered the going concern assumption in preparing these financial statements. The directors' assessment has considered the company's forecasts, current financial resources and taking account of reasonably possible sensitivities in light of current economic uncertainty. The company's business activities, performance and position together with its principal risks and uncertainties likely to affect its future development and performance are set out above. The directors have made enquiries and reviewed the forecast, and have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and accounts.

By order of the Board



M J Horsley, Director, 6 August 2018

Directors' report

For the year ended 31 December 2017

The directors present their annual report for the affairs of UK Renewable Holdco 2 Limited, together with the accounts and auditors report for the year ended 31 December 2017. The principle activity, business strategy, financial and operational review, dividends, outlook, future development, principal risks and uncertainties and going concern are presented in the Strategic report on page 1.

Directors

The directors, who served throughout the period and subsequently except as noted, were as follows:

- L S Chan
- H L Kam
- B Scarsella
- A J Hunter
- M J Horsley
- C Tsai

Director's indemnities

The company has made qualifying third party indemnity provisions for the benefit of its Directors and this remains in force at the date of this report.

Auditor

Each of the directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

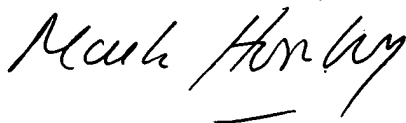
The directors will place a resolution before the annual general meeting to reappoint Deloitte LLP as auditor for the ensuing year.

Directors' report (continued)

Approval of reduced disclosures

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 "reduced disclosure framework". The company's shareholders have been notified about the intention to take advantage of the disclosure exemptions and no objections have been received. The company also intend to take advantage of these exemptions in the accounts to be issued in the following year. Objections may be served on shareholders holding in aggregate 5 per cent or more of the total allocated shares in the company at any time.

By order of the Board



M J Horsley

Director

6 August 2018

3 More London Riverside, London, SE1 2AQ

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these accounts, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of UK Renewable Holdco 2 Limited (continued)

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of UK Renewable Holdco 2 Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies and
- related notes 1 to 9.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Auditor's 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 auditor's 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of UK Renewable Holdco 2 Limited (continued)

Use of our report

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic and directors' report has been prepared in accordance with applicable legal requirements.

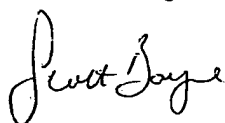
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic and directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.



Scott Bayne FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, England

6 August 2018

Profit and loss account

For the year ended 31 December 2017

	Notes	Year ended 31 December 2017 €'000	474 day period ended 31 December 2016 €'000
Administrative expenses		(10)	(12)
Operating loss		(10)	(12)
Income from subsidiary undertaking		18,981	28,050
Profit on ordinary activities before taxation	1	18,971	28,038
Tax on profit on ordinary activities	2	-	-
Profit for the financial year/period		18,971	28,038

All results arise from continuing operations.

The accompanying notes are an integral part of this profit and loss account.

Statement of comprehensive income

	Year ended 31 December 2017 €'000	474 day period ended 31 December 2016 €'000
Profit for the financial year/period	18,971	28,038
Total comprehensive income	18,971	28,038

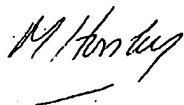
Balance sheet

As at 31 December 2017

	Notes	2017 €'000	2016 €'000
Fixed asset investments	4	328,500	328,500
Current assets			
Debtors	5	7,816	7,325
Cash at bank and in hand		4	20
		7,820	7,345
Creditors: Amounts falling due within one year	6	(7,818)	(7,345)
Net current assets		2	-
Net assets (also total assets less current liabilities)		328,502	328,500
Capital and reserves			
Called-up share capital	7	-	-
Share premium account	7	328,500	328,500
Profit and loss account		2	-
Shareholders' funds		328,502	328,500

The accompanying notes are an integral part of this balance sheet.

The accounts of UK Renewable Holdco 2 Limited, Registered number 09775655, were approved by the Board of Directors and authorised for issue on 6 August 2018 and signed on its behalf by:



M J Horsley

Director

6 August 2018

Statement of changes in equity

For the year ended 31 December 2017

	Called-up share capital	Share premium account	Profit and loss account	Total
	€'000	€'000	€'000	€'000
At inception (14 September 2015)	-	-	-	-
Profit for the year, being total comprehensive income	-	-	28,038	28,038
Dividends declared on equity shares (note 3)	-	-	(28,038)	(28,038)
New shares issued	-	328,500	-	328,500
31 December 2016	-	328,500	-	328,500
Profit for the year, being total comprehensive income	-	-	18,971	18,971
Dividends declared on equity shares (note 3)	-	-	(18,969)	(18,969)
31 December 2017	-	328,500	2	328,502

Statement of accounting policies

For the year ended 31 December 2017

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the prior period.

General information and basis of accounting

UK Renewable Holdco 2 Limited (the company) is a company incorporated in the United Kingdom under the Companies Act. The company is a private company limited by shares and is registered in England and Wales. The address of the companies registered office is 3 More London Riverside, London, SE1 2AQ.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional and presentational currency is considered to be Euros because that is the currency of the primary trade in which the company operates.

The company is exempt from the requirement of FRS 102 (Section 7) to present a cash flow statement, certain financial instrument disclosures, and key management personnel disclosures, as it is a wholly owned subsidiary of UK Renewable Holdco 1 Limited, which prepares consolidated accounts which are publicly available. The company is not required to prepare group accounts as it is a wholly owned subsidiary of UK Renewable Holdco 1 Limited which prepares consolidated accounts which are publicly available.

Going concern

The company's business activities, performance and position together with its principal risks and uncertainties likely to affect its future development and performance are set out in the Strategic report. The directors have made enquiries and reviewed the forecasts and have a reasonable expectation that the company has adequate resources so to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and accounts.

Fixed asset investments

Fixed asset investments are shown at cost less provision for impairment.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Statement of accounting policies (continued)

Financial instruments

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

- (b) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (c) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (d) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (e) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Statement of accounting policies (continued)

Dividend income

Dividend income from subsidiaries is recognised on receipt of the dividend.

Reserves

The profit and loss reserve represents cumulative profits or losses, including unrealised profit net of dividends paid and other adjustments.

Critical accounting judgements and key sources of estimation uncertainty

The directors do not consider there to be any critical accounting judgements or key sources of estimation uncertainty.

Notes to the accounts

For the year ended 31 December 2017

1 Profit on ordinary activities before taxation

The directors did not receive any remuneration in relation to their services to the company during the current period. The fees payable to the company's auditor was €1,000 for the financial statements audit (2016 period - €1,000) and the auditors also provided €2,000 of tax services (2016 period - €2,000). There are no employees other than the directors in either period.

2 Tax on profit on ordinary activities

The tax charge comprises:

	Year ended 31 December 2017 €'000	474 day period ended 31 December 2016 €'000
Current tax		
UK corporation tax	-	-
Total tax on profit on ordinary activities	-	-

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	Year ended 31 December 2017 €'000	474 day period ended 31 December 2016 €'000
Profit on ordinary activities before tax	18,971	28,038
Tax on profit on ordinary activities at standard UK corporation tax rate of 19.25% (2016 period – 20.0%)	3,652	5,608
Effects of:		
Income not taxable	(3,652)	(5,608)
Tax charge for the period	-	-

The company earns its profits in the UK. Therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 19.25%. Finance Act No2 2015 was substantively enacted on 26 October 2015, includes provisions to reduce the corporation tax to 18% with effect from 1 April 2020. In addition, the Finance Act 2016 which was substantially enacted on 6 April 2016 introduced a further reduction in the main rate of corporation tax from 18% to 17% from 1 April 2020. As these rates have been substantially enacted in tax legislation, deferred tax balances have been calculated with reference to these rates in line with the expected period of reversal of the deferred tax balances.

Notes to the accounts (continued)

3 Dividends on equity shares

	Year ended 31 December 2017 €'000	474 day period ended 31 December 2016 €'000
Equity shares		
- interim dividend paid – €18.97m per ordinary share (2016 period - €28.04m per ordinary share)	18,969	28,038

4 Fixed asset investments

	€'000
At 31 December 2016 and 31 December 2017 (cost and net book value)	328,500

The subsidiary represents a 100% holding in the ordinary share capital of UK Renewable Holdco 3 Limited, a company whose principal activity is to act as a holding company, which is incorporated and registered in England and Wales and whose registered address is the same as the company. UK Renewable Holdco 3 Limited is the parent company of:

Company Name	Location	Activity	Shareholding
Portugal Renewable Energy – PTRW Unipessoal Lda	Algés	Holding company	100.000%
IBERWIND - Desenvolvimento e Projectos, S.A.	Algés	Renewable energy	100.000%
IBERWIND II Produção - Soc. Unip., Lda.	Rio Maior	Renewable energy	100.000%
Iberwind III Produção, S.A.	Algés	Renewable energy	100.000%
Bússola Vanguarda - Parque Eólico Unipessoal, Lda.	Algés	Renewable energy	100.000%
Persisteverde - Parque Eólico, Unipessoal, Lda.	Algés	Renewable energy	100.000%
Espiral Elementar - Parque Eólico, Unipessoal, Lda.	Algés	Renewable energy	100.000%
PESM - Parque Eólico da Serra das Meadas, S.A.	Lamego	Renewable energy	100.000%
PESL - Parque Eólico da Serra do Larouco S.A.	Montalegre	Renewable energy	100.000%
ENERFLORA - Produção de Energia Eléctrica, Lda	Mafra	Renewable energy	100.000%
PEVB-Parque Eólico Vila do Bispo, Lda	Vila do Bispo	Renewable energy	100.000%
PECF - Parque Eólico de Chão Falcão, Lda	Porto Mós	Renewable energy	100.000%
PEL-Parque Eólico da Lousã, Lda	Penela	Renewable energy	100.000%
Parque Eólico de Trevim, Lda	Lousã	Renewable energy	100.000%
PESB - Parque Eólico da Serra de Bornes, S.A	Alfândega-da-Fé	Renewable energy	100.000%
HIDROMARÃO-Sociedade Produtora de Energia, S.A	Vila Real	Renewable energy	100.000%
Monte Agraço-Energias Alternativas, Lda.	Monte Agraço	Renewable energy	75.000%
ENTREVENTOS-Energias Renováveis, S.A.	Coimbra	Renewable energy	51.001%
Parque de Pampilhosa da Serra, S.A.	Pampilhosa da Serra	Renewable energy	100.000%
Parque Eólico de Malhadas Góis, S.A.	Pampilhosa da Serra	Renewable energy	100.000%
PESB II, Sociedade Unipessoal, Lda.	Algés	Renewable energy	100.000%
PETM - Sociedade Unipessoal, Lda.	Algés	Renewable energy	100.000%
Parque Eólico de Trevim II, Soc. Unipessoal, Lda.	Algés	Renewable energy	100.000%
Poderosa Equação - Parque Eólico, Unipessoal, Lda.	Algés	Renewable energy	100.000%

The above companies have a registred address of: Rua Joao Chagas.No53, Piso, Freguesia de Alges, Alges

Notes to the accounts (continued)

5 Debtors

	2017 €'000	2016 €'000
Amounts falling due within one year:		
Amounts owed by group undertakings	7,816	7,325
	<u>7,816</u>	<u>7,325</u>

6 Creditors: Amounts falling due within one year

	2017 €'000	2016 €'000
Accruals and deferred income	15	12
Amounts owed to group undertakings	7,803	7,333
	<u>7,818</u>	<u>7,345</u>

Amounts owed to group undertakings are interest free and repayable on demand.

7 Called-up share capital

	2017 €'000	2016 €'000
<i>Allotted, called-up and fully paid</i>		
1 ordinary share of €1 each	-	-
Share premium	328,500	328,500

The company has one class of ordinary shares which carry no right to fixed income. The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

8 Related party transactions

The company is a wholly owned subsidiary and utilises the exemption contained in FRS 102 section 33 2.2, "Related Party Disclosures", not to disclose any transactions with entities that are part of the group.

The company received loan interest from its subsidiary as detailed in the profit and loss account.

The company paid dividends to its parent company as detailed in note 3.

Notes to the accounts (continued)

9 Ultimate controlling party

UK Renewable Holdco 1 Limited is the immediate parent company, the smallest and largest group in which the results of the company are consolidated and ultimate controlling party, the registered address of which is 3 More London Riverside, London SE1 2AQ.

UK Renewable Holdco 1 Limited is wholly owned by a consortium comprising of Hong Kong based companies:

Shareholder

Well Diamond Development Limited (50%)

Good Chain investment Limited (50%)

Ultimate parent undertaking

CK Hutchison Holdings Limited

Registered office: Clarendon Office, HM11, Beermuda

Power Assets Holdings Limited

Registered office: Hutchison House, 10 Harcourt Road Hong Kong