

UK Renewable Holdco 3 Limited

Annual Report and accounts
for the year ended 31 December 2021

Registered number: 09775674

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Strategic report

For the year ended 31 December 2021

The directors present their Annual Report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2021. The accounts are presented under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

Business strategy

The principal activity of the company is to hold and manage an investment. During the year the company had no investments.

Financial and operational review

As shown in the profit and loss account the company has made a loss of €39k in the year (2020 profit of €259.2m). The balance sheet shows the company's net asset position at the year end of €2.7m (2020 - €2.8m). Since the sale of the investment in 2020, the company is now dormant. The company's directors consider the metrics above to the key performance indicators for the company.

Dividends

The directors do not recommend payment of a final dividend (2020 - €nil). No interim dividend was declared and paid in the year (2020 - €584.0m). No dividend has been declared or paid up to the date of this report.

Outlook, principal risks and uncertainties

Since the sale of the investment in Portugal Renewable Energy in 2020, the company is now dormant. The principal risk of the company is liquidity risk. Based on the underlying cash flow forecast and the support from a wider group the directors deem this risk to be low.

Climate Reporting

Given the company does not trade and therefore consumes less than 40,000 KWH of energy per annum, it is exempt from reporting any disclosures under the Government Streamlined Energy and Carbon reporting regulations (SECR).

Future developments and events after the balance sheet date

Russia's invasion into Ukraine broke on 24 February 2022. The situation is rapidly evolving. The company actively reviews information about the scale and impact of the war however do not consider significant impact to its performance and operations.

Strategic report (continued)

For the year ended 31 December 2020

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 company received an assurance from the group that the repayment of intercompany balances will not be demanded unless the company is in a position to fulfil its liabilities in an orderly manner. The directors have made enquiries and reviewed the forecasts 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.

Approved by the Board of Directors.

Signed on behalf of the Board.

A handwritten signature in black ink, appearing to read 'Mark Horsley', with a horizontal line underneath.

M J Horsley, Director, 25 April 2022

Directors' report

For the year ended 31 December 2021

The directors present their annual report for the affairs of UK Renewable Holdco 3 Limited, together with the accounts and auditor's report for the year ended 31 December 2021. The principle activity, business strategy, financial and operational review, dividends, outlook, future developments, dividends, 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 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.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board of Directors.

Signed on behalf of the Board.



M J Horsley

Director

25 April 2022

3 More London Riverside, London, United Kingdom, SE1 2AQ

3 UK RENEWABLE HOLDCO 3 LIMITED

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements 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 financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 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 financial statements 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 3 Limited

For the year ended 31 December 2021

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of UK Renewable Holdco 3 Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss 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 which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the 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 Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

Independent auditor's report to the members of UK Renewable Holdco 3 Limited (continued)
For the year ended 31 December 2021

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of accounting entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance.

Independent auditor's report to the members of UK Renewable Holdco 3 Limited (continued)
For the year ended 31 December 2021

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 report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 report or the 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.

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.



Anthony Matthews FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
25 April 2022

Profit and loss account

For the year ended 31 December 2021

	Notes	2021 €'000	2020 €'000
Administrative expenses		(39)	(2,010)
Operating loss		(39)	(2,010)
Finance charges (net)	1	-	15,560
Profit on sale of investment		-	245,680
(Loss) / profit on ordinary activities before taxation	2	(39)	259,230
Tax on (loss) / profit on ordinary activities	3	-	-
(Loss) / profit for the financial year		(39)	259,230

All results arise from continuing operations.

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

There is no other comprehensive income or expenses recognised in either period other than shown above, consequently no Statement of Comprehensive Income has been presented.

Balance sheet

As at 31 December 2021

	Notes	2021 €'000	2020 €'000
Current assets			
Cash at bank and in hand		71	127
Debtors – due within one year	5	2,997	2,997
		<u>3,068</u>	<u>3,124</u>
Creditors: Amounts falling due within one year	6	(335)	(352)
Net current assets		<u>2,733</u>	<u>2,772</u>
Net assets (also total assets less current liabilities)		<u>2,733</u>	<u>2,772</u>
Capital and reserves			
Called-up share capital	7	-	-
Profit and loss account		2,733	2,772
Shareholders' funds		<u>2,733</u>	<u>2,772</u>

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

The accounts of UK Renewable Holdco 3 Limited, Registered number 09775674, were approved by the Board of Directors and authorised for issue on 25 April 2022 and signed on its behalf by:



M J Horsley,
Director
25 April 2022

Statement of changes in equity

For the year ended 31 December 2021

	Notes	Called-up share capital	Share Premium account	Profit and loss account	Total
		€'000	€'000	€'000	€'000
1 January 2020		-	299,415	28,118	327,533
Profit for the year		-	-	259,230	259,230
Share premium reduction		-	(299,415)	299,415	-
Dividends declared on equity shares	4	-	-	(583,991)	(583,991)
31 December 2020		-	-	2,772	2,772
Loss for the year		-	-	(39)	(39)
31 December 2021		-	-	2,733	2,733

Statement of accounting policies

For the year ended 31 December 2021

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 3 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 and in accordance with 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 economic environment 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 company received an assurance from the group that the repayment of intercompany balances will not be demanded unless the company is in a position to fulfil its liabilities in an orderly manner. The directors have made enquiries and reviewed the forecasts and have a reasonable expectation that the company has adequate resources 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.

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)

For the year ended 31 December 2021

Net financing income

Interest income is recognised on an accrual basis less any payments received and paid within the reporting period, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at the effective interest rate applicable on the carrying amount.

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.

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.

Foreign Currency

The entity enters into borrowings denominated in foreign currencies and has overseas operations in foreign currencies. No hedges or cross currency swaps are entered in to. Transactions in foreign currencies are translated to the Companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss.

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 2021

1 Finance charges (net)

	2021 €'000	2020 €'000
Interest receivable and similar income		
- Group loans	-	15,560
	<u>-</u>	<u>15,560</u>

All interest receivable is from group loans as disclosed in note 6.

2 Loss 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 for the audit of the company's annual accounts (financial statements) was €6,000 (2020 - €5,000) and the auditor also provided €2,000 of tax compliance services (2020 - €2,000). There are no employees other than the directors in either period.

3 Tax on (loss) / profit on ordinary activities

The tax charge comprises:

	2021 €'000	2020 €'000
Current Tax		
UK corporation tax	-	-
Total tax on (loss) / profit on ordinary activities	<u>-</u>	<u>-</u>

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

	2021 €'000	2020 €'000
(Loss) / profit on ordinary activities before tax	<u>(39)</u>	<u>259,230</u>
Tax on (loss) / profit on ordinary activities at standard UK corporation tax rate of 19% (2020 – 19%)	(7)	49,254
Income not taxable	-	(46,679)
Group relief utilised	-	(2,575)
Deferred tax not recognised	10	-
Effect of rate changes	<u>(3)</u>	<u>-</u>
Tax charge for the period	<u>-</u>	<u>-</u>

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%. The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has been substantively enacted at the balance sheet date, as result deferred tax balances as at 31 December 2021 is measured at 25%

Notes to the accounts (continued)

For the year ended 31 December 2021

4 Dividends on equity shares

	2021 €'000	2020 €'000
Equity shares		
- interim dividend paid – nil per ordinary share (2020 - €292m per ordinary share)	-	583,991

5 Debtors

	2021 €'000	2020 €'000
Amounts falling due within one year:		
Other debtors	2,997	2,997
	<u>2,997</u>	<u>2,997</u>

Other debtors that are due within one year is a withholding tax to be reimbursed to the company. The timing of receiving the reimbursement which is under review by the Portuguese Tax Authority is uncertain and it may be received in more than one year.

6 Creditors: Amounts falling due within one year

	2021 €'000	2020 €'000
Accruals and deferred income	10	13
Amounts owed to group undertakings	325	339
	<u>335</u>	<u>352</u>

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

7 Called-up share capital

	2021 €'000	2020 €'000
<i>Allotted, called-up and fully paid</i>		
2 ordinary shares of £1 each	-	-

The company has one class of ordinary shares which carry no right to fixed income.

Notes to the accounts (continued)

For the year ended 31 December 2021

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.

9 Ultimate controlling party

UK Renewable Holdco 1 Limited is the smallest and largest group in which the results of the company are consolidated and the ultimate controlling party. The immediate parent company is UK Renewable Holdco 2 Limited, which in turn is wholly owned by UK Renewable Holdco 1 Limited, the registered address of both being 3 More London Riverside, London SE1 2AQ. Copies of the accounts are available from the registered address of this company as shown in the Directors' report.

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

Shareholder

Ultimate parent undertaking

Well Diamond Development Limited (50%)

CK Hutchison Holdings Limited

Registered office: PO Box 309, Ugland House, Grand Cayman,

KY1 - 1104, Cayman Islands

Incorporated in Cayman Islands

Good Chain Investment Limited (50%)

Power Assets Holdings Limited

Registered office: Unit 2005, 20th Floor, Cheung Kong Centre,

2 Queen's Road Central, Hong Kong

Incorporated in Hong Kong