

Strategic report, Directors' report and Financial Statements
For the year ended 31 December 2019

Enbridge Rampion UK Ltd

Registered No: 09798117



Enbridge Rampion UK Ltd

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Enbridge Rampion UK Ltd
Strategic report
for the year ended 31 December 2019

The directors of Enbridge Rampion UK Ltd (the “Company”) present their strategic report for the year ended 31 December 2019.

Review of the business

The Company’s sole shareholder is Enbridge UK Holdings Ltd.

Both the level of business during the year and the financial position of the Company at the year end were as expected.

At 31 December 2019, the Company had net assets of USD 458 073 790.

During the year to 31 December 2019 the Company provided additional equity funding to Rampion Offshore Wind Limited increasing its investment by USD 19 716 261 acquiring 15 148 413 ordinary shares of GBP 1 each. The Company holds 24.9% of the shares of Rampion Offshore Wind Limited as at 31 December 2019.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risk of the Enbridge Inc. consolidated group (the “Group”) and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Green Power and Transmission segment in which the Company is included, are discussed within the Group’s annual report, which does not form part of this report.

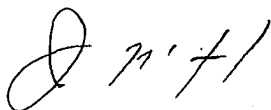
In 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time has spread across the world to a significant number of countries including the United Kingdom. COVID-19 has caused disruption to business and economic activity, albeit the Company’s investments in the renewable energy sector means that it is better positioned than most. The primary impact on the financial performance of the Company’s investment is considered to be the impact on energy commodity prices. The Company’s associate undertaking (Rampion Offshore Wind Limited) generates most of its revenues through fixed price sales of Renewable Obligation Certificates (ROCs) however it is exposed to movements in the day-ahead commodity prices on sales of energy. Renewable generation continues to be treated as critical national infrastructure by the government and measures have been implemented to manage COVID related risks including a site specific business continuity plan. The position on COVID-19 is being monitored closely but it is not practicable at this time to determine the future financial impact.

Key performance indicators (‘KPIs’)

Enbridge Rampion UK Ltd holds 24.9% investment in the Rampion Offshore Wind Limited, an offshore wind farm. The directors believe that analysis using KPIs for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company.

Enbridge Rampion UK Ltd
Strategic report (continued)
for the year ended 31 December 2019

Approved by the Board of Directors on 24 September 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'I R McFeely', is positioned above the printed name.

I R McFeely
Director

Enbridge Rampion UK Ltd
Registered No: 09798117
33 St. James's Square, London, England,
SW1Y 4JS

Enbridge Rampion UK Ltd
Directors' report
for the year ended 31 December 2019

The directors present their report and the audited financial statements for the year ended 31 December 2019.

Directors of the Company

The directors who were in the office during the year to 31 December 2019 and up to the date of signing these financial statements were:

A C Buglass
V G Julier
I R McFeely
D K Wudrick (Appointed 11 September 2020)

Principal activity

The Company's principal activity during the year was that of an investment company, providing ongoing equity financing to Rampion Offshore Windfarm Limited for the construction of the windfarm. Commercial completion of the windfarm was reached during December 2019.

Results and dividends

The Company's profit for the financial year to 31 December 2019 is USD 35 159 301. An interim dividend of USD 6 000 000 was approved in June 2019 and paid in July 2019. The directors do not recommend the payment of a final dividend.

Future developments

The Company intends to hold the investment in Rampion Offshore Wind Limited for at least twelve months from the date of approval of these financial statements.

Financial risk management

Objectives and Policies

The Company's ultimate controlling party is Enbridge Inc. and in common with other Enbridge Inc. subsidiaries, the Company must comply with the Enbridge Inc. group's (the "Group") policies, processes and systems that set out the principles and framework for managing group-wide risk. Additionally, Company level guidelines have been adopted which are in line with the framework of the Group's policies, processes and systems. The Company utilizes the Enbridge Inc. central treasury team and the Enbridge Finance Luxembourg SA treasurer to service the treasury requirements of the Company. Further information on the Enbridge Inc. group policies, processes and systems is available in the annual report of Enbridge Inc.

Price risk, credit risk, liquidity risk and cash flow risk

Foreign exchange risk management

The Company operates within the framework of the Group's policies for foreign exchange risk management and the Company's specific guidelines in line with the Group's framework approved by the Company's board of directors. The Group has implemented a policy whereby, at a minimum, it hedges a level of foreign currency denominated earnings exposures over a five-year forecast horizon.

Enbridge Rampion UK Ltd
Directors' report (continued)
for the year ended 31 December 2019

Price risk, credit risk, liquidity risk and cash flow risk (continued)

Foreign exchange risk management (continued)

A combination of qualifying and non-qualifying derivative instruments can be used to hedge anticipated foreign currency denominated revenues and expenses, and to manage variability in cash flows. The Company does not use derivative instruments for speculative purposes.

Credit risk management

The Company is subject to the Group's policy, which sets a credit limit for each financial institution with which the Company does a significant amount of business. Credit risk assessment involves quantitative and qualitative criteria including ratings by external credit rating services where these are available.

Liquidity risk management

The Company manages liquidity risk via its intragroup funding from its credit facility, long-term debt and short-term debt. During the year, additional shares were issued and debt raised to fund the purchase of additional equity of Rampion Offshore Wind Limited.

Political donations

No political donations were made during the year.

Directors' indemnities

The Company maintains liability insurance for its directors. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This insurance cover was in force during the year and is still in force at the date of approving these financial statements.

Post balance sheet events

The directors have considered the effect of (COVID-19) on the entity's operations as referred to in page 3 of the Strategic Report under "Principal risks and uncertainties".

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of the directors' approval of these financial statements. Therefore, they adopt the going concern basis in preparing these financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared these financial statements in accordance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101") and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under company law, the directors must not approve these 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 year.

Enbridge Rampion UK Ltd
Directors' report (continued)
for the year ended 31 December 2019

Statement of directors' responsibilities (continued)

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, 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 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. The directors 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.

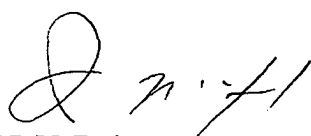
In the case of each director in office at the date the Directors' Report is approved:

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board of Directors on 24 September 2020 and signed on its behalf by:



I R McFeely
Director

Enbridge Rampion UK Ltd
Registered No: 09798117
33 St. James's Square, London, England,
SW1Y 4JS

Independent auditors' report to the members of Enbridge Rampion UK Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Enbridge Rampion UK Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic report, Directors' report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the income statement, the statement of changes in equity 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 company 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- 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 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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.

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.

Independent auditors' report to the members of Enbridge Rampion UK Ltd

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 2019 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 company and its 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, 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 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.

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.

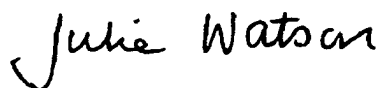
Other required reporting

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

We have no exceptions to report arising from this responsibility.



Julie Watson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
24 September 2020

Enbridge Rampion UK Ltd
Income Statement
for the year ended to 31 December 2019

	Note	1 January to 31 December 2019 USD	1 January to 31 December 2018 USD
Income from associated undertaking	4	42 158 349	28 462 762
Other income / (expense)	5	291 908	(80 068)
Total Income		42 450 257	28 382 694
Administrative expenses		(148 875)	(76 534)
Operating profit		42 301 382	28 306 160
Finance income	8	27 896 803	45 753 513
Finance costs	8	(36 428 466)	(31 420 927)
Profit before taxation		33 769 719	42 638 746
Income tax credit / (expense)	9	1 389 582	(3 534 605)
Profit for the financial year		35 159 301	39 104 141

As the Company has no other comprehensive income for the year, a separate statement of comprehensive income has not been presented.

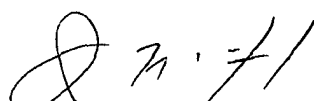
The notes on pages 13 to 25 form part of these financial statements

Enbridge Rampion UK Ltd
Statement of financial position
as at 31 December 2019

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		As at 31 December 2019 USD	As at 31 December 2018 USD
	Note		
Fixed assets			
Investments	10	470 537 499	450 821 238
Derivative financial instruments	11	32 925 392	39 939 510
		503 462 891	490 760 748
Current assets			
Amounts owed by group undertakings		5 488	-
Prepayments	12	18 987	18 964
Cash and cash equivalents		19 978 468	5 275 182
		20 002 943	5 294 146
Creditors - amounts falling due within one year	13	(5 150 451)	(5 509 230)
Net current assets / (liabilities)		14 852 492	(215 084)
Total assets less current liabilities		518 315 383	490 545 664
Creditors - amounts falling due after more than one year	14	(55 000 000)	(55 000 000)
Deferred tax liabilities	15	(5 241 593)	(6 631 175)
Total liabilities falling due after more than one year		(60 241 593)	(61 631 175)
Net assets		458 073 790	428 914 489
Capital and reserves			
Called up share capital	16	361 148 452	361 148 452
Share premium account		302 080	302 080
Profit and loss account		96 623 258	67 463 957
Total shareholders' funds		458 073 790	428 914 489

The financial statements on pages 10 to 25 were approved by the Board of Directors on 24 September 2020 and were signed on its behalf by:


I R McFeely
 Director

Enbridge Rampion UK Ltd
 Registered No: 09798117
 33 St. James's Square, London, England,
 SW1Y 4JS

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

Enbridge Rampion UK Ltd
Statement of changes in equity
as at 31 December 2019

	Called up share capital USD	Share premium account USD	Profit and loss account USD	Total Shareholders funds USD
Balance as at 1 January 2019	361 148 452	302 080	67 463 957	428 914 489
Profit for the financial year	-	-	35 159 301	35 159 301
Total comprehensive income for the year	-	-	35 159 301	35 159 301
Dividends paid	-	-	(6 000 000)	(6 000 000)
Balance as at 31 December 2019	361 148 452	302 080	96,623,258	458 073 790

Prior year

	Called up share capital USD	Share premium account USD	Profit and loss account USD	Total Shareholders funds USD
Balance as at 1 January 2018	423 005 016	302 080	(33 496 748)	389 810 348
Profit for the financial year	-	-	39 104 141	39 104 141
Total comprehensive income for the year	-	-	39 104 141	39 104 141
Share capital reduction	(61 856 564)	-	61 856 564	-
Balance as at 31 December 2018	361 148 452	302 080	67 463 957	428 914 489

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

Enbridge Rampion UK Ltd
Notes to the financial statements
for year ended to 31 December 2019

NOTE 1 – GENERAL INFORMATION

Enbridge Rampion UK Ltd.'s (hereafter the "Company") principal activity is that of an investment company.

The Company is a private limited by shares company, and is incorporated and domiciled in the UK. The address of the Company's registered office is One Fleet Place, London EC4M 7WS.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The Company has prepared these financial statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). These financial statements have been prepared under the going concern basis, historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through the profit and loss, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The following exemptions from the requirements of International Financial Reporting Standards ("IFRS") have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- No statement regarding the potential impact for forthcoming changes in financial reporting standards.

Enbridge Rampion UK Ltd
Notes to the financial statements (continued)
As at 31 December 2019

2.1.1 Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of the directors' approval of these financial statements. Therefore, they adopt the going concern basis in preparing these financial statements.

2.1.2 Changes in accounting policy and disclosures

No new standards, amendments or interpretations, effective for the first time for the financial year beginning after 1 January 2019, have had a material impact on the Company.

2.2 Consolidation

The company is a wholly owned subsidiary of Enbridge UK Holdings Ltd and of its ultimate parent, Enbridge Inc. It is included in the consolidated financial statements of Enbridge Inc., which are publically available. Therefore the company is exempt by virtue of section 401 (exemption for company included in non-EEA group accounts of larger group) of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The address of the ultimate parent is 200, Fifth Avenue Place, 425 – 1st Street SW, Calgary, Alberta, T2P 3L8, Canada and it is registered with Industry Canada under number 2276020. The consolidated financial statements are prepared by the ultimate parent company and are available at its registered address and are available on the following website: <http://www.enbridge.com/investmentcenter/investor-documents-and-filings>.

2.3 Foreign currency translation

These financial statements are presented in United States Dollars ("USD") which is the Company's functional currency. All financial information is presented in USD.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income'.

2.4 Investments in associated undertakings

Investments in associated undertakings are held at cost less accumulated impairment losses.

At each balance sheet date, the Company reviews the carrying value of its investments to assess whether there is an indication that those assets may be impaired. If any such indication exists, the company makes an estimation of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is estimated to be less than its carrying value, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised immediately in the income statement.

Enbridge Rampion UK Ltd
Notes to the financial statements (continued)
for year ended to 31 December 2019

2.5 Financial instruments

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Derivatives are also categorised as held for trading unless they are designated as hedges. The company has not applied hedge accounting and all derivatives are measured at fair value through profit and loss. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss' category are presented in the income statement within interest income or expenses in the year in which they arise.

Loans and receivables (including trade receivables and prepayments) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting year. These are classified as non-current assets. The Company's loans and receivables comprise receivables and cash in the balance sheet. Initial measurement takes place at fair value plus transaction costs. They are subsequently measured at amortised cost, using the effective interest method. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

Financial liabilities (including trade payables and borrowings) are measured at amortised cost, using the effective interest method. Initial measurement takes place at fair value net of transaction costs incurred. In subsequent years, the amortisation and accretion of any premium or discount is included in finance costs/income.

The allowance for expected credit losses for other financial assets is calculated on a 12-month basis and is based on the portion of expected credit losses to result from default events possible within 12 months of the reporting date. The company monitors for significant changes in credit risk and where this is materially different to credit losses calculated on a 12-month basis changes the allowance to reflect the risk of expected default in the contractual lifetime of the financial asset.

The company assesses at each reporting date whether any indicators exist that a financial asset or group of financial assets has become credit impaired. Where an asset is considered to be credit impaired a specific allowance is recognised based on the actual cash flows that the company expects to receive and is determined using historical credit loss experience and forward-looking factors specific to the counterparty and the economic environment. Any shortfall is discounted at the original effective interest rate for the relevant asset.

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

2.6 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Enbridge Rampion UK Ltd
Notes to the financial statements (continued)
for year ended to 31 December 2019

2.7 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.8 Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholder's funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholder's funds, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred 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 tax asset is realised or the deferred income tax liability is settled.

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

Deferred 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 taxes 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 balances on a net basis.

2.9 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.10 Dividend distribution

Final dividends to the Company's shareholder are recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholder. Interim dividends are recognised when paid.

Enbridge Rampion UK Ltd
Notes to the financial statements (continued)
for year ended to 31 December 2019

NOTE 3 - JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions, which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of these financial statements, and the reported amounts of revenues and expenses during the reporting year. These judgements are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in these financial statements. For further details on the use of discounted cash flow calculations ("DCF") please refer to note 10.

NOTE 4 – INCOME FROM ASSOCIATED UNDERTAKING

	1 January to 31 December 2019	1 January to 31 December 2018
	USD	USD
Dividends received	42 158 349	17 462 762
Monetised dividend hedges	-	11 000 000
Total interest receivable and similar income	42 158 349	28 462 762

NOTE 5 – OPERATING PROFIT / (LOSS)

Operating profit / (loss) is stated after charging:

	1 January to 31 December 2019	1 January to 31 December 2018
	USD	USD
Foreign currency gains / (losses)	290 769	(80 068)
Services provided by the Company's UK statutory auditors:		
- Audit fees payable for the UK statutory audit	(17 203)	(8 832)
Total	273 566	(88 900)

NOTE 6 – DIRECTORS' REMUNERATION

Directors' remuneration for the year was as follows:

	1 January to 31 December 2019	1 January to 31 December 2018
	USD	USD
Aggregate emoluments	23 064	22 008
Total	23 064	22 008

The aggregate emoluments were paid to two directors. The highest paid director's emoluments was USD 11 532 for the year ending 31 December 2019. No amounts of remuneration were paid out to the remaining two directors in respect of qualifying services rendered during the period.

Enbridge Rampion UK Ltd
Notes to the financial statements (continued)
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NOTE 7 - EMPLOYEES

For the reporting year, the Company did not employ any employees.

NOTE 8 – NET FINANCE COSTS

	1 January to 31 December 2019	1 January to 31 December 2018
	USD	USD
Realised gains on derivative financial instruments	27 812 514	24 961 719
Unrealised gains on derivative financial instruments	-	20 791 794
Current account interest	84 289	-
Total finance income	27 896 803	45 753 513

Finance expenses

	1 January to 31 December 2019	1 January to 31 December 2018
	USD	USD
Commitment fee on loans from related parties	(95 699)	(300 462)
Interest expenses on loans from related parties	(4 340 530)	(3 482 944)
Realised losses on derivative financial instruments	(23 818 226)	(27 637 521)
Unrealised losses on derivative financial instruments	(8 174 011)	-
Total finance expense	(36 428 466)	(31 420 927)

Net finance costs

	1 January to 31 December 2019	1 January to 31 December 2018
	USD	USD
Interest income	27 896 803	45 753 513
Interest expense	(36 428 466)	(31 420 927)
Net finance (expense)/ income	(8 531 633)	14 332 586

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Notes to the financial statements (continued)
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NOTE 9 – INCOME TAX EXPENSE

	1 January to 31 December 2019	1 January to 31 December 2018
	USD	USD
Current tax:		
UK Corporation tax on profits for the year	-	-
Total current tax credit	-	-
Deferred tax:		
Origination and reversal of temporary differences	(1 389 582)	3 534 605
Total deferred tax	(1 389 582)	3 534 605
Income tax (credit) / expense	(1 389 582)	3 534 605

The tax in the income statement for the year varied from the average standard rate of corporation tax in the UK due to the following factors:

	1 January to 31 December 2019	1 January to 31 December 2018
	USD	USD
Tax losses brought forward	(4,593,421)	(5,635,379)
(Loss)/Profit before taxation of USD 33,769,719 (2018: profit of USD 42,638,746) at average UK standard rate of corporation tax of 19.00%	6,416,247	8,101,362
Effects of		
Expenses not deductible for tax purposes	1,556,048	200
Income not taxable in determining taxable profit	(8,010,086)	(7,268,366)
Corporate interest restriction	318,092	208,761
Tax losses carried forward	4,313,120	4,593,421
Deferred tax recognised	(1,389,582)	3 534 605
Total tax for the year	(1,389,582)	3 534 605

The tax rate for the current year is the standard rate of corporation tax in the UK for the year ended 31 December 2019 of 19.00%.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and 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.

Enbridge Rampion UK Ltd
Notes to the financial statements (continued)
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NOTE 10 – INVESTMENTS

	Associated Undertakings USD
As at 1 January 2019	450 821 238
Additions	19 716 261
As at 31 December 2019	470 537 499

Investments comprise of equity shares in Rampion Offshore Wind Limited, which are not publicly traded. Rampion Offshore Wind Limited is incorporated in the United Kingdom having its registered office at Westwood Way, Westwood Business Park, Coventry, CV4 8LG. The principal activity of Rampion Offshore Wind Limited is the operation of the Rampion Offshore Wind Farm.

During the year to 31 December 2019, additional shares totalling 15 148 413, of one British Pound (GBP 1) each, in Rampion Offshore Wind Limited were issued to the Company, fully subscribed and entirely paid-up, for an amount of USD 19 716 261 (GBP 15 148 413).

The Company holds 24.9% of the shares of Rampion Offshore Wind Limited ("ROW") at as 31 December 2019.

The Company assesses at each balance sheet date whether there is objective evidence that the investment in ROW is impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Discounted cash flow calculations ("DCF") of ROW were prepared based on various assumptions. The cash flows have been discounted using a pre-tax discount rate of 4.2%. Based on the DCF a surplus in excess of USD 196 million has been identified which supports the cost of the investment. The directors concluded that the carrying value of the investment is supported by the underlying net assets and the expected future net cash inflows.

NOTE 11 – DERIVATIVE FINANCIAL INSTRUMENTS

The Company has the following financial assets measured at fair value through profit or loss:

	31 December 2019 USD	31 December 2018 USD
Derivative financial instruments	32 925 392	39 939 510
Total	32 925 392	39 939 510

The Company has the following financial liabilities measured at fair value through profit or loss:

	31 December 2019 USD	31 December 2018 USD
Derivative financial instruments	(4 009 871)	(2 849 978)
Total	(4 009 871)	(2 849 978)

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Notes to the financial statements (continued)
for year ended to 31 December 2019

NOTE 11 – DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

11.1 Derivative financial instruments

The Company entered into forward foreign currency contracts under an ISDA Master Agreement between Enbridge Inc. and the Company to mitigate the exchange rate risk for forecast foreign currency dividend distributions from the Company's investment, Rampion Offshore Windfarm Ltd (see note 10). As at 31 December 2019 the outstanding contracts are as follows:

- USD 355 394 253, maturing 31 December 2025;
- USD 35 739 303, maturing 31 December 2026; and,
- USD 44 323 701, maturing 31 December 2027.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilize observable inputs. The key assumptions used in valuing the derivatives are the exchange rates for GBP:USD.

NOTE 12 – PREPAYMENTS

	31 December 2019	31 December 2018
	USD	USD
Prepayments	18 987	18 964
Total	18 987	18 964

NOTE 13 - CREDITORS :AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2019	31 December 2018
	USD	USD
Loans from related parties (note 16)	1 054 717	2 563 360
Trade payables	3 062	885
Amounts owed to group undertakings	4 046 371	2 926 361
Accruals	46 301	18 624
Total	5 150 451	5 509 230

Amounts owed to group undertakings are costs incurred on Enbridge Rampion UK Ltd's behalf and are comprised of USD 4 009 871 (see note 11) of unrealised losses on forward foreign currency contracts under an ISDA Master Agreement between Enbridge Inc. and the Company (see note 11.1) and an amount of USD 36 500 due to Enbridge UK Holdings Ltd. The amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and is repayable on demand.

NOTE 14 - CREDITORS –:AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2019	31 December 2018
	USD	USD
Loans from related parties (note 16)	55 000 000	55 000 000
Total	55 000 000	55 000 000

Enbridge Rampion UK Ltd
Notes to the financial statements (continued)
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NOTE 15 – DEFERRED TAX LIABILITIES

The deferred tax included in the Statement of financial position is as follows:

	31 December 2019	31 December 2018
	USD	USD
Short term differences	5 241 593	6 631 175
Deferred tax liability	5 241 593	6 631 175

	2019	2018
	USD	USD
Movement on deferred tax balance		
Liability at 1 January	6 631 175	3 096 570
(Credit) / expense to the income statement	(1 389 582)	3 534 605
Liability at 31 December	5 241 593	6 631 175

Enbridge Rampion UK Ltd
Notes to the financial statements (continued)
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NOTE 16 – LOANS AND OTHER BORROWING

	Principal	Interest Rate	Issued on	Repaid on	Lender	Maturity date	31 December 2019		
							Falling due after more than one year - Loan Principal	Falling due within one year - Loan Principal	Falling due within one year - Accrued Interest
Long-term term promissory note	55 000 000	6.58%	03.04.2018	-	EL S.à r.l	03.04.2028	55 000 000	-	1 054 717
Credit facility drawdown	1 500 000	3.6646%	08.11.2018	-	EFL SA	Matured	-	-	-
							55 000 000	-	1 054 717

Enbridge Rampion UK Ltd
Notes to the financial statements (continued)
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NOTE 16 – LOANS AND OTHER BORROWING (continued)

On 29 June 2016 the Company entered into a credit facility, as the borrower, with Enbridge Finance Luxembourg SA, as the lender, maturing on 28 June 2017. On the 28 June 2018 the credit facility was extended for a further year. On 26 November 2018 the total commitment under the facility was reduced from USD 75 million to USD 40 million. The interest rate applicable on each loan drawdown was the aggregate of the 0.95% margin and the LIBOR. The credit facility was subject to a commitment fee of 0.475% per annum on the available commitment. The credit facility was not renewed at the maturity date of 28 June 2019. The expense for the commitment fee is recorded in the income statement under finance costs (see note 7).

The interest rates on the credit facility drawdowns, subordinated long-term promissory notes and subordinated short-term promissory notes were determined on market conditions, therefore arm's length pricing was applied.

NOTE 17 – CALLED UP SHARE CAPITAL

Ordinary shares of GBP 1 each

Allotted, called-up and fully paid

Number:	Class	Nominal Value USD	USD
1	Ordinary	1.12	1
83,829,750	Ordinary	1.53988297	129,088,004
219,153,654	Ordinary	1.341145834	293,917,010
(36,000,000)	Ordinary	1.718237877	(61,856,564)
266,983,405			361,148,452

On 3 November 2015, 83 829 750 ordinary shares were issued for GBP 83 829 750 (USD: 129 088 005). On 20 December 2017, 219 153 654 ordinary shares were issued for GBP 219 153 654 (USD: 293 917 010). On 10 May 2018 the Company undertook a share capital reduction and cancelled its shares by GBP 36 000 000 (USD: 61 856 564).

All shares rank pari passu in all respects.

NOTE 18 - CONTROLLING PARTIES

The immediate parent undertaking is Enbridge UK Holdings Ltd.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Enbridge Inc., registered with Industry Canada under number 2276020. The consolidated financial statements are available at its registered address, 200, Fifth Avenue Place, 425 – 1st Street SW, Calgary, Alberta, T2P 3L8, Canada, and are available on the following website: <http://www.enbridge.com/investmentcenter/investor-documents-and-filings>.

Enbridge Rampion UK Ltd
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NOTE 19 - EVENTS AFTER THE END OF REPORTING YEAR

On 9 June 2020 the company declared an interim dividend for an amount of USD 30 000 000 to be paid to Enbridge UK Holdings Ltd, the sole shareholder, during the month of June 2020. The interim dividend was paid on the 12 June 2020.

In 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time has spread across the world to a significant number of countries including the United Kingdom. COVID-19 has caused disruption to business and economic activity, albeit the Company's investments in the renewable energy sector means that it is better positioned than most. The primary impact on the financial performance of the Company's investment is considered to be the impact on energy commodity prices. The Company's associate undertaking (Rampion Offshore Wind Limited) generates most of its revenues through fixed price sales of Renewable Obligation Certificates (ROCs) however it is exposed to movements in the day-ahead commodity prices on sales of energy. Renewable generation continues to be treated as critical national infrastructure by the government and measures have been implemented to manage COVID related risks including a site specific business continuity plan. The position on COVID-19 is being monitored closely but it is not practicable at this time to determine the future financial impact. Also note that this is considered a non-adjusting post balance sheet event.