

## EDF Renewables Solar Limited

Annual report and financial statements

Registered number 11762485

31 December 2021



EDF Renewables Solar Limited  
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31 December 2021  
Registered number 11762485

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## **Company information**

|                          |   |
|--------------------------|---|
| <b>Directors</b>         | Hassaan Majid<br>Matthieu Hue   |
| <b>Registered office</b> | Alexander House<br>1 Mandarin Road<br>Rainton Bridge Business Park<br>Houghton le Spring<br>Sunderland<br>DH4 5RA |
| <b>Auditor</b>           | KPMG LLP<br>66 Queen Square<br>Bristol<br>BS1 4BE   |

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## **Strategic report**

The Directors present their annual report and financial statements for the year ended 31 December 2021 for EDF Renewables Solar Limited (the "Company").

### **Business review**

The Company operates renewable solar-related energy projects in the UK. It was incorporated on 11 January 2019. Construction of the solar sites was completed at the start of 2021.

The Company is currently operating solar technology for electricity generation at a retailer's store.

The Company finances have been funded by long-term shareholder loans from its immediate parent undertaking, EDF Energy Renewables Limited.

### **Principal risks and uncertainties**

The principal risks to the profitability of the Company are as follows:

#### *Solar irradiance*

Lower solar irradiance than anticipated will result in less electricity being generated. The level of solar irradiance will vary across seasons and years. Although the Company does not have any control over solar irradiance, it ensures that there are adequate reserves in place to ensure it can withstand significant short-term variability in electricity production relating to solar resource.

#### *Covid-19*

Covid-19 risks relate to construction and operational costs of the Company. The Company has implemented Covid secure ways of working, which have been extended to significant service providers. As a result there has been no significant disruption to the Company's market, customers or supply chain as a result of Covid-19 during or post year end. Any additional costs that may be incurred would be the result of Covid-19 related delays to the supply of plant, property or equipment or skilled human resource. These are short-term in nature and managed by the Company through its existing processes.

#### *Interest rate risk*

The Company has exposure to interest rate fluctuations on its borrowings from its immediate parent undertaking, EDF Energy Renewables Limited. The Company's exposure to interest rate fluctuations on these borrowings is managed by continual reviews of the interest rate exposure and its impact on the forecast profitability of the Company.

#### *Financial risks*

The risk is mitigated through engaging with counterparties with sound credit worthiness which is reviewed on a regular basis.

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## Strategic report (continued)

### Principal risks and uncertainties (continued)

#### *Health and Safety*

The health and safety of all contractors and the public is a key risk given the nature of the Company's business. To minimise this risk, the Company is committed to creating a culture that views safe working as the only way of working and to reviewing all processes and procedures to ensure it delivers this. Training is provided to ensure the safety of the contractors that are set to work. In addition, a confidential helpline has been set up for the use of anyone within the organisation to help eradicate unsafe practices and safeguard all contractors who work at the wind farm site. The Directors also review health and safety performance at each of its scheduled Board meetings.

### Business Environment, Performance and Key Performance Indicators

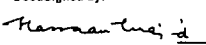
The Company operated across 14 sites with a total capacity of 4 MW.

|                         | Year ended<br>31 December<br>2021 |
|-------------------------|-----------------------------------|
| Generation Volume (MWh) | 3,955                             |
| Revenue (£000)          | 509                               |
| Operating profit (£000) | 32                                |

### Future outlook

As the solar sites owned and operated by the Company are currently in operation, the Company will continue to receive renewable products for its generation output. In addition, as these products and the electricity generated are sold under long term PPAs, management considers that this will support the Company's financial projections leading to strong profitability and cash flows.

Approved by the Board on 7 July 2022 and signed on its behalf by:

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Hassaan Majid  
Director

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

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## Directors' report

### Principal activities of the Company

The principal activity of the company is the ownership, construction and operation of solar renewable energy projects in the UK.

### Results and dividends

The loss for the year, before taxation, amounted to £354,000 (2020: £244,000), and after taxation, amounted to £385,000 (2020: £196,000). The Directors do not recommend the payment of a dividend (2020: £Nil).

### Directors of the Company

The Directors, who held office during the year, were as follows:

Hassaan Majid

Pierre-Arthur Lestrade (appointed 22 December 2021 and resigned 16 May 2022)

Matthieu Hue (resigned 22 December 2021)

The following Director was appointed after the year end:

Matthieu Hue (appointed 16 May 2022)

None of the Directors have had a service contract with the Company in the current year.

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

### Political contributions

The Company made no political contributions in the year.

### Going concern

Notwithstanding net liabilities of £596,000 at 31 December 2021 and a loss for the year then ended of £385,000, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides including the impact of Covid-19, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the Company's intermediate parent company, EDF Renewables Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £6,000,000. EDF Renewables Limited has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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## Directors' report

### Disclosure of information to the auditor

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

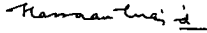
- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's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

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

### Auditor

It is noted that KPMG LLP as appointed by the members are deemed to be re-appointed as the auditor to the Company for the financial year ending 31 December 2022 in accordance with the provisions of Section 487(2) of the Companies Act 2006 and that the Directors have been authorised to set the remuneration of the auditor.

Approved by the Board on 7 July 2022 and signed on its behalf by:

DocuSigned by:  
  
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Hassaan Majid  
Director

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

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## **Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

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 elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so; and
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



## **Independent auditor's report to the members of EDF Renewables Solar Limited**

### **Opinion**

We have audited the financial statements of EDF Renewables Solar Limited (the "Company") for the year ended 31 December 2021, which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101, *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

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

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

Our conclusions based on this work:

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

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

## **Independent auditor's report to the members of EDF Renewables Solar Limited (continued)**

### **Fraud and breaches of laws and regulations - ability to detect**

#### **Identifying and responding to risks of material misstatement due to fraud**

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

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes. the financial statements are not in agreement with the accounting records and returns; or
- Considering remuneration incentive schemes and performance targets for management and Directors;
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are limited incentives, rationalizations and/or opportunities to fraudulently adjust revenue recognition. Revenue is relatively simple from one activity of power generation traded under a long term agreement.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted with unusual account combinations and increasing carrying value of assets.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

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

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

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

## **Independent auditor's report to the members of EDF Renewables Solar Limited (continued)**

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

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

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

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

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

### **Strategic report and Directors' report**

The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

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

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

## **Independent auditor's report to the members of EDF Renewables Solar Limited (continued)**

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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



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

12 July 2022

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**Profit and loss account and other comprehensive income**  
*for the year ended 31 December 2021*

|  | Note    | 2021<br>£ 000       | 2020<br>£ 000       |
|--|---------|---------------------|---------------------|
| <b>Turnover</b>                              |         | <b>508</b>          | -                   |
| Cost of sales                                |         | <u>(125)</u>        | <u>-</u>            |
| <b>Gross profit</b>                          |         | <b>383</b>          | -                   |
| Administrative expenses                      |         | (339)               | (238)               |
| Loss on disposal of assets                   |         | <u>(12)</u>         | <u>-</u>            |
| <b>Operating profit/(loss)</b>               | 2, 3, 4 | <b>32</b>           | (238)               |
| Interest payable and similar expenses        | 5       | <u>(387)</u>        | <u>(6)</u>          |
| <b>Loss before tax</b>                       |         | <b>(355)</b>        | (244)               |
| Tax (charge)/credit on loss                  | 6       | <u>(32)</u>         | <u>48</u>           |
| <b>Loss for the year</b>                     |         | <u><b>(387)</b></u> | <u><b>(196)</b></u> |
| <b>Total comprehensive loss for the year</b> |         | <u><b>(385)</b></u> | <u><b>(196)</b></u> |

There was no other comprehensive income for the current year other than that included in the profit and loss account.

All results are derived from continuing operations.

The notes on pages 14 to 24 form part of these financial statements.

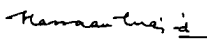
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**Balance sheet**  
*at 31 December 2021*

|  | Note | 2021<br>£ 000 | 2020<br>£ 000 |
|--|------|---------------|---------------|
| <b>Fixed assets</b>  |      |               |               |
| Tangible assets  | 7    | 4,865         | 4,633         |
| <b>Current assets</b>  |      |               |               |
| Debtors  | 8    | 286           | 299           |
| Cash at bank and in hand                                       |      | 422           | 645           |
|  |      | <u>708</u>    | <u>944</u>    |
| <b>Creditors: Amounts falling due within one year</b>          | 9    | <u>(188)</u>  | <u>(331)</u>  |
| <b>Net current assets</b>                                      |      | <u>520</u>    | <u>613</u>    |
| <b>Total assets less current liabilities</b>                   |      | 5,385         | 5,246         |
| <b>Creditors: Amounts falling due after more than one year</b> | 10   | (6,000)       | (5,509)       |
| <b>Provisions for liabilities</b>                              |      |               |               |
| Deferred tax liabilities                                       | 12   | <u>19</u>     | <u>52</u>     |
| <b>Net liabilities</b>   |      | <u>(596)</u>  | <u>(211)</u>  |
| <b>Capital and reserves</b>                                    |      |               |               |
| Called up share capital  | 13   | -             | -             |
| Profit and loss account  | 13   | <u>(596)</u>  | <u>(211)</u>  |
| <b>Shareholders' deficit</b>                                   |      | <u>(596)</u>  | <u>(211)</u>  |

The notes on pages 14 to 24 form part of these financial statements.

The financial statements of EDF Renewables Solar Limited (registered number 11762485) were approved by the Board of Directors on 7 July 2022 and signed on its behalf by:

DocuSigned by:  
  
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Hassaan Majid  
Director

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## Statement of changes in equity

|                                       | Called up<br>share capital<br>£ 000 | Profit and loss<br>account<br>£ 000 | Total equity<br>£ 000 |
|---------------------------------------|-------------------------------------|-------------------------------------|-----------------------|
| <b>Balance as at 1 January 2021</b>   | -                                   | (211)                               | (211)                 |
| <b>Loss for the year</b>              | -                                   | (385)                               | (385)                 |
| <b>Balance as at 31 December 2021</b> | -                                   | (596)                               | (596)                 |

|                                | Called up<br>share capital<br>£ 000 | Profit and loss<br>account<br>£ 000 | Total equity<br>£ 000 |
|--------------------------------|-------------------------------------|-------------------------------------|-----------------------|
| Balance as at 1 January 2020   | -                                   | (15)                                | (15)                  |
| Loss for the year              | -                                   | (196)                               | (196)                 |
| Balance as at 31 December 2020 | -                                   | (211)                               | (211)                 |

The notes on pages 14 to 24 form part of these financial statements.

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## Notes to the financial statements

### 1 Accounting policies

EDF Renewables Solar Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK and resident in the UK for tax purposes. The registered number is 11762485 and registered address is Alexander House, 1 Mandarin Road, Rainton Bridge Business Park, Houghton le Spring, Sunderland, DH4 5RA, UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("UK Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Electricité de France SA, includes the Company in its consolidated financial statements. The consolidated financial statements of Electricité de France SA are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Electricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of key management personnel;
- Disclosure of separate lease information; and
- Disclosures in respect of Revenue disaggregation, performance obligations, transaction prices and significant judgements and changes in contract assets and liabilities.

As the consolidated financial statements of Electricité de France SA include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The disclosures required by IFRS 7 Financial Instrument Disclosures and IFRS 13 Fair Value Measurement have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

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



## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

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

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 17.

#### *Going concern*

Notwithstanding net liabilities of £596,000 as at 31 December 2021 and a loss for the year then ended of £385,000, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides including the impact of Covid-19, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the Company's intermediate parent company, EDF Renewables Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2021 amounted to £6,000,000. EDF Renewables Limited has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of acquisition of each asset less estimated residual value, evenly over its expected useful life, as follows:

Solar renewable energy project: 30 years

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

#### *Capitalised costs*

All expenditure directly attributable to bringing the solar farm into the location and condition necessary for use is capitalised. Costs include PV module costs, installation, logistics, cabling, storage, direct labour and the cost of materials.

#### *Cash and cash equivalents*

Cash comprises cash in hand and deposits held which are repayable on demand.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### *Accounting treatment for finance costs*

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the assets ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete. The capitalisation rate used is the interest costs incurred on shareholder loans.

All other finance costs are recognised in the profit and loss account over the term of such instruments, at a constant rate on the carrying amount.

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

#### *Taxation (continued)*

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### *Impairment of non-financial assets excluding deferred tax assets*

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### *Impairment of non-financial assets excluding deferred tax assets (continued)*

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### *Turnover*

Turnover comprises the value of electricity generated. The values of sales are fixed by PPA with the Company and Tesco Stores Limited, which sets out the price which will be paid for each unit of electricity generated.

All electricity generated by the Company is sold to Tesco Stores Limited at a price per kilowatt hour ("kWh") described in the terms of the PPA. Any electricity not purchased by Tesco Stores Limited will be sold and transferred to third parties.

Revenues from sales of electricity are recognised in the period in which the output is delivered. Electricity generated which has not been invoiced at the year end is recognised as accrued income.

#### *Change in accounting policy*

The Company has adopted the following IFRSs in these financial statements:

- Amendments to IFRS 9: Interest Rate Benchmark Reform has been adopted from 1 January 2021. The Phase 2 has been applied retrospectively, however, in accordance with the exceptions permitted in the Phase 2 amendments, the Company has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Company has no transactions for which the benchmark rate had been replaced with an alternative benchmark as at 31 December 2020, there is no impact on the opening equity balances as a result of retrospective application.

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### *Interest rate benchmark reform*

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

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

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

### 2 Expenses and auditor's remuneration

*Included in profit/loss are the following:*

|                                  | 2021<br>£ 000 | 2020<br>£ 000 |
|----------------------------------|---------------|---------------|
| Depreciation expense             | 287           | -             |
| Asset management charge          | 40            | 20            |
| Operation and maintenance charge | 91            | -             |

Audit fees of £9,500 (2020: £7,000) were borne by EDF Energy Renewables Limited and recharged to the Company as part of the wider management fee.

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent undertaking and controlling party, Electricité de France SA.

## Notes to the financial statements (continued)

### 3 Directors' remuneration

None of the Directors have had a service contract with the Company in the current year. They are all employed by companies within the EDF group and no portion of their remuneration can be specially attributed to their services to the Company.

### 4 Staff numbers and costs

The Company had no employees in the year ended 31 December 2021 (2020: Nil).

### 5 Interest payable and similar expenses

|                                 | 2021<br>£ 000 | 2020<br>£ 000 |
|---------------------------------|---------------|---------------|
| On loans from group companies   | 491           | 86            |
| Interest on loans - Capitalised | (104)         | (80)          |
| <b>Total interest payable</b>   | <b>387</b>    | <b>6</b>      |

### 6 Income tax

(a) Total tax credit recognised in the profit and loss account

|   | 2021<br>£ 000 | 2020<br>£ 000 |
|---|---------------|---------------|
| <b>UK current tax</b>                                     |               |               |
| Total current tax charge                                  | -             | -             |
| <b>UK deferred tax</b>                                    |               |               |
| Origination and reversal of timing differences            | (14)          | (48)          |
| Effect of tax rate change on opening balance              | (1)           | -             |
| Adjustments in respect of prior periods                   | 47            | -             |
| Total deferred tax charge/(credit) for the year (note 12) | 32            | (48)          |
| <b>Total tax charge/(credit) on loss</b>                  | <b>32</b>     | <b>(48)</b>   |

## Notes to the financial statements (continued)

### 6 Income tax (continued)

(b) Reconciliation of effective tax rate:

|   | 2021<br>£ 000 | 2020<br>£ 000 |
|---|---------------|---------------|
| Loss before tax   | (354)         | (244)         |
| Tax using the UK corporation tax rate of 19% (2020: 19%)                | (67)          | (48)          |
| Fixed asset differences   | 54            | -             |
| Expenses not deductible for tax purposes                                | 2             | -             |
| Adjustments to tax charge in respect of previous periods - deferred tax | 47            | -             |
| Remeasurement of deferred tax for changes in tax rates                  | (4)           | -             |
| Total tax charge/(credit)   | 32            | (48)          |

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

### 7 Tangible fixed assets

|                            | Solar assets<br>under<br>construction<br>£ 000 | Total<br>£ 000 |
|----------------------------|--|----------------|
| <b>Cost</b>                |  |                |
| At 1 January 2021          | 4,633  | 4,633          |
| Additions                  | 519  | 519            |
| <b>At 31 December 2021</b> | <b>5,152</b>                                   | <b>5,152</b>   |
| <b>Depreciation</b>        |  |                |
| At 1 January 2021          | -  | -              |
| Charge for the year        | 287  | 287            |
| <b>At 31 December 2021</b> | <b>287</b>                                     | <b>287</b>     |
| <b>Net book value</b>      |  |                |
| <b>At 31 December 2021</b> | <b>4,865</b>                                   | <b>4,865</b>   |
| At 31 December 2020        | 4,633  | 4,633          |

Interest of £104,000 was capitalised during the year (2020: £80,000).

## Notes to the financial statements (continued)

### 8 Debtors

|                | 2021<br>£ 000 | 2020<br>£ 000 |
|----------------|---------------|---------------|
| Accrued income | 10            | -             |
| Other debtors  | 211           | 181           |
| Other taxation | 65            | 118           |
|                | <u>286</u>    | <u>299</u>    |

All balances are expected to be recovered within one year.

### 9 Creditors: amounts falling due within one year

|                 | 2021<br>£ 000 | 2020<br>£ 000 |
|-----------------|---------------|---------------|
| Trade creditors | 110           | 197           |
| Accruals        | 78            | 134           |
|                 | <u>188</u>    | <u>331</u>    |

### 10 Creditors: amounts falling due after more than one year

|  | 2021<br>£ 000 | 2020<br>£ 000 |
|--|---------------|---------------|
| Amounts owed to group undertakings (note 11) | 6,000         | 5,509         |
|  | <u>6,000</u>  | <u>5,509</u>  |

### 11 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

|                  | 2021<br>£ 000 | 2020<br>£ 000 |
|------------------|---------------|---------------|
| Shareholder loan | 6,000         | 5,509         |
|                  | <u>6,000</u>  | <u>5,509</u>  |

## Notes to the financial statements (continued)

### 11 Interest-bearing loans and borrowings (continued)

#### *Terms and debt repayment schedule*

|                  | Currency | Nominal interest rate                  | Year of maturity | Carrying amount<br>2021<br>£ 000 | Carrying amount<br>2020<br>£ 000 |
|------------------|----------|--|------------------|----------------------------------|----------------------------------|
| Shareholder loan | GBP      | 3 month SONIA plus<br>200 basis points | 2029             | 6,000                            | 5,509                            |
| <b>Total</b>     |          |  |                  | <b>6,000</b>                     | <b>5,509</b>                     |

The shareholder loan attracts interest on a daily basis at a rate of 3 month SONIA plus 200 basis points (2020: 3 month SONIA plus 180 basis points). The loan is repayable on the maturity date.

### 12 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

|                              | 2021<br>£ 000 | 2020<br>£ 000 |
|------------------------------|---------------|---------------|
| Accelerated tax depreciation | 19            | 51            |
|                              | <b>19</b>     | <b>51</b>     |

#### *Deferred tax movement during the year:*

|                              | At 1<br>January<br>2021<br>£ 000 | Recognised<br>in profit and<br>loss account<br>£ 000 | At<br>31<br>December<br>2021<br>£ 000 |
|------------------------------|----------------------------------|--|---------------------------------------|
| Accelerated tax depreciation | 51                               | (32)   | 19                                    |

#### *Deferred tax movement during the prior year:*

|                              | At 1 January<br>2020<br>£ 000 | Recognised<br>in profit and<br>loss account<br>£ 000 | At<br>31 December<br>2020<br>£ 000 |
|------------------------------|-------------------------------|--|------------------------------------|
| Accelerated tax depreciation | 3                             | 48   | 51                                 |

Of the amounts recognised in the profit and loss account, all relate to the current year.



## Notes to the financial statements (continued)

### 13 Capital and reserves

|                            | 2021<br>Number | 2021<br>£ 000 | 2020<br>Number | 2020<br>£ 000 |
|----------------------------|----------------|---------------|----------------|---------------|
| Ordinary shares of £1 each | 100            | -             | 100            | -             |
|                            | 100            | -             | 100            | -             |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

#### *Profit and loss account*

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

### 14 Financial commitments

Amounts contracted for but not provided in the financial statements amounted to £147,000 (2020: £500,000). These relate to £Nil (2020: £442,000) of total commitments on engineering, procurement and construction contracts; £Nil (2020: £13,000) of commitments on logistics and storage contracts; £Nil (2020: £45,000) of professional fees and site management contracts; and £147,000 (2020: £45,000) of O&M services agreement.

### 15 Related party transactions

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

### 16 Parent undertaking and controlling party

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

At 31 December 2021, Electricité de France SA, a company incorporated in France, is regarded by the Directors as the Company's ultimate parent company and controlling party. This is the largest group for which consolidated financial statements are prepared. Copies of that Company's consolidated financial statements may be obtained from its registered office, Electricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France. The smallest parent undertaking for which consolidated accounts are prepared is EDF Renouvelables S.A. Copies of the company's consolidated financial statements may be obtained from its registered office, EDF Renouvelables S.A., Coeur Défense -100, Esplanade du Général de Gaulle 92932 Paris La Défense Cedex.

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## **Notes to the financial statements (continued)**

### **17 Accounting estimates and judgement**

The preparation of financial statements requires the use of accounting estimates and judgements, and requires management to exercise judgement in applying accounting policies. We continually evaluate our judgements and assumptions.