Vestas-Celtic Wind Technology Ltd

Annual Report

for the year ended 31 December 2018

Registered Number SC216807

Vestas-Celtic Wind Technology Ltd

Annual report
for the year ended 31 December 2018

Contents

Directors and advisers

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are stated below:

Klaus Steen Mortensen - resigned 6th February 2018
Malin Inga Samuelsson - resigned 6th February 2018
Svend Aage Pedersen - resigned 6th February 2018
Cornelis De Baar - appointed 6th February 2018
Hans Martin Smith - appointed 6th February 2018
Guido Hinrichs - appointed 6th February 2018

Solicitors
HBJ Gateley Wareing LLP
146 West Regent Street
Glasgow
G2 4TB

Bankers
Nordea Bank AB
6th Floor, 5 Aldermanbury Square
London
EC2V 7AZ

Registered office
Exchange Tower
19 Canning Street
Edinburgh
Midlothian
EH3 8EH
Scotland

Vestas-Celtic Wind Technology Ltd

Strategic report for the year ended 31 December 2018

The Directors present their Strategic report for the Company for the year ended 31 December 2018.

Principal activities

The principal activities of the Company during the year were the marketing, sales, construction and maintenance of wind turbine installations in the United Kingdom.

Review of the business and future developments

The UK government issued a letter to the industry body RenewablesUK in November 2018 stating that it continues to be committed to delivering significant decarbonization in the UK's energy mix and stressing the importance of building capacity to generate electricity through a diverse mix of renewables technologies. The current government is also clear in its policy that it does not believe that more large-scale onshore wind is appropriate to add to the energy mix on a subsidised basis.

Despite the adverse political environment, it is the belief that there will continue to be an onshore wind market which is being confirmed by an increasing number of projects moving forward on a merchant or corporate PPA basis. The expectance of an onshore annual market is supported by the upcoming CFD auction where remote island projects can participate, an increased demand from corporate off takers and recently 3 nuclear plants were shelved leaving a 6GW gap in the energy mix.

Onshore installations were approximately 600MW in 2018 down from 2.7GW in 2017. The industry foresees around 300MW of installations in 2019 which is expected to grow further into 2020.

It has been another successful year in 2018 when considering the financial performance of the Company. We have experienced an increase in turnover, and consequently profits have also increased in the current financial year. A proportion of the revenue is due to a delay in the completion of some construction projects in 2017 but the majority of the revenue and associated profits are due to the completion or part-completion of construction projects in 2018. The increase should be attributed to the strong positioning Vestas have in the UK market. The gross profit margin has decreased in 2018 from 5.5% to 5% and net profit margin has increased to 0.9% from 0.8% the previous year. Service maintenance contracts are profitable and the construction and subsequent maintenance contracts of newly signed contracts are expected to further increase the profitability of the Company.

There were 2 windfarms partially completed in 2017 (Sanquhar/Stronelairg) and 2 windfarms constructed in 2018 (New Rides/Dorenell) and a further 1 windfarm partially completed (Tom Nan Clach) by the end of the financial year. The largest windfarm fully constructed in 2018 was Dorenell consisting of 59 Wind Turbines at 177MW. One of the windfarms that was only partially constructed by the end of 2017 is Stronelairg. This consists of 66 wind turbines at 228MW and is the largest onshore windfarm constructed. Another order is firm in the backlog and is not due to be installed until 2019, Clocaenog which consists of 27 wind turbines at 97MW.

Vestas Celtic Wind Technology Ltd also has an increasingly profitable portfolio of 85 service contracts totalling 1989MW. Due to the length of some of these service contracts, they will provide revenues until 2042. In 2018 we have been able to generate £798,000 of upside sharing as a result of performing above contractual requirements.

Non-financial risks

Vestas will always be affected by the Government's attitude to renewable energy and wind power generation in particular. As identified above, there is a current level of uncertainty within the political landscape.

Technological advances from competitors are a further risk to the Company. However, Vestas prides itself in being at the forefront of modern technology and is continually developing more advanced machines to remain competitive and the leading manufacture of wind turbines.

For a full review of business activities and future developments together with a commentary on the principal risks and uncertainties, the reader is referred to the Group website www.vestas.com and, in particular but not exclusively, the "Company announcements from Vestas" links contained there in and, the Vestas Wind Systems A/S Annual report 2018, Management report pages 1 to 62 inclusive.

Financial risk management

The Company's operations expose it to a variety of financial risks that include foreign exchange risk, interest rate risk and credit risk.

Foreign exchange rate risk arises from transactions when goods and services are bought or sold in currencies other than Sterling. Significant transactions in foreign currencies are managed by placing foreign exchange contracts with a fellow group Company, Vestas Wind Systems A/S.

All of the Company's funding is provided via a cashpool facility or intergroup loans from Vestas Wind Systems A/S. Interest rate risk includes exposure to changes in the UK Base Rate and LIBOR as interest rates are variable.

The effects of credit risk are controlled as the Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed by the Board. The Board receives regular reports on amounts due and amounts significantly overdue and the relevant action taken.

As a subsidiary of Vestas Wind Systems A/S further details of Group policies in relation to external financial risks, can be found in the Annual report and Financial Statements of this parent Company.

Key Performance Indicators

The management of the business assess the performance of the business against a number of key performance indicators including, but not limited to, safety, total recordable injury rates, order intake in MW, market share, group CM%, TOR in MW, cost reductions, cost per MW, turbine performance, lost production factor and customer loyalty. Earnings before interest and tax is reviewed and stands at £2,822k (2017: £1,862k).

On behalf of the board

Hans Martin Smith
Director
18 September 2019
Vestas-Celtic Wind Technology Ltd
Registered number: SC216807

Vestas Celtic Wind Technology Ltd

Directors' report for the year ended 31 December 2018

The Directors present their report and the unaudited financial statements of the Company for the year ended 31 December 2018.

Future developments

An indication of the likely future developments of the business is included in the strategic report on page 4.

Research and development

The Company undertakes no research and development activities in its own right.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks such as warranty liabilities, site availability, and adverse weather risks which are managed as part of the Vestas Wind Systems Group.

For a full review of business activities and future developments together with a commentary on the principal risks and uncertainties, the reader IS referred to the Group webstte www vestas com and, in particular but not exclusively, the "Company announcements from Vestas" links contained there in and the Vestas Wind Systems A/S Annual report 2018, Management report pages 1 to 62 inclusive.

Financial risk management

Financial risk management is described in the strategic report on page 5.

Results and dividends

The Company's profit for the financial year is £2,808k (2017: profit £1,619k). The Directors do not recommend payment of a dividend (2017: £nil).

Branches outside UK

The Company has a branch in the Republic of Ireland.

Directors

The Directors who served the Company during the year and up to the date of this report are listed on page 3.

Directors Indemnities

The Company maintained throughout the year, and at the date of approval of the financial statements, liability insurance for its directors and officers. This is a qualifying provision for the purposes of the Companies Act 2006.

Disabled employee note

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee involvement

The group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group plays a major role. The group encourages the involvement of employee's by means of in-house newspapers and newsletters, intranet, briefing groups and the availability of the Vestas Wind Systems A/S annual and quarterly reports

Environmental, health and safety issues

For a full review of the Company's policy on environmental, health and safety issues, the reader is referred to the Group website www.vestas.com and, in particular but not exclusively, the "Company announcements from Vestas" links contained therein and, the Vestas Wind Systems A/S Annual report 2018, Management report pages 1 to 62 inclusive..

Brexit

At 31st December 2018, uncertainties around Brexit still remain prevalent. The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy. As not all future events or conditions can be predicted, risk assessments and discussions around Brexit have been ongoing throughout the prior year and will continue into 2019.

The directors have been monitoring ongoing events and have decided to take a precautionary approach to a potential negative impact. The main area of impact facing Vestas is in the import of materials/components from other EU members. Stockpiling for a worst-case scenario has begun and will continue for the foreseeable future until certainties around Brexits' impact is more definite.

Directors Indemnities

The Company maintained throughout the year and at the date of approval of the financial statements, liability insurance for its directors and officers. This is a qualifying provision for the purposes of the Companies Act 2006.

Statement of Directors' responsibilities

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

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

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

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

Approved by the board of directors and signed on their behalf by:

Hans Martin Smith
Director
18 September 2019
Vestas-Celtic Wind Technology Ltd
Registered number: SC216807

Statement of income and retained earnings

for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Turnover	5	313,584	206,922
Cost of sales		(297,795)	(195,598)
Gross profit		15,789	11,324
Administrative expenses		(12,967)	(9,462)
Operating profit	6	2,822	1,862
Net interest receivable and similar income	10	345	85
Profit on ordinary activities before taxation		3,167	1,947
Tax on profit on ordinary activities	11	(359)	(328)
Profit for the financial year		2,808	1,619
Accumulated losses at 1 January		(49,222)	(50,841)
Accumulated losses at 31 December		(46,414)	(49,222)

There is no other comprehensive income for the financial years other than those included above. Accordingly, no separate statement of comprehensive income is presented.

Vestas-Celtic Wind Technology Ltd

Balance sheet as at 31 December 2018

	Note	2018	2017
		£'000	£'000
Fixed assets			
Tangible assets	12	881	893
Investments	13	1,059	1,059
		1,940	1,952
Current assets			
Inventories	14	43,963	28,036
Debtors	15	96,561	98,248
Cash at bank and in hand		-	1
		140,524	126,285
Creditors - amounts falling due within one year	16	(120,349)	(108,930)
Net current assets		20,175	17,355
Creditors - amounts falling due after one year	18	(29)	(29)
Net assets		22,086	19,278
Capital and reserves			
Called up share capital	19	8,200	8,200
Share premium account	19	60,300	60,300
Accumulated loss		(46,414)	(49,222)
Total equity		22,086	19,278

Audit exemption:

For the year ending 31 December 2018 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preperation of accounts.

The notes on pages 10 to 19 are an integral part of these financial statements.

The financial statements on pages 8 to 19 were approved by the board of directors and were signed on its behalf by:

Hans Martin Smith
18 September 2019
Director
Registered number : SC216807

Vestas-Celtic Wind Technology Ltd

Notes to the financial statements for the year ended 31 December 2018

1 General Information

Vestas Celtic Wind Technology Ltd ("the Company") is a private Company limited by shares and is incorporated in England. The address of its registered office is Exchange Tower, 19 Canning Street, Edinburgh, Midlothian, EH3 8EH, Scotland.

2 Statement of Compliance

The financial statements of Vestas-Celtic Wind Technology Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

3 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS102 in these financial statements.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Exemptions for qualifying entities under FRS102

FRS102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions on the basis that the information is included in the consolidated financial statements of the Company's ultimate parent undertaking, Vestas Wind Systems A/S, a Company registered in Denmark:

- from preparing a statement of cash flows;
- from the financial instrument disclosures, required under FRS102 paragraphs 11.39 to 11.48A and the paragraphs 12.26 to 12.29;
- from disclosing the Company key management personnel compensation, as required by FRS102 paragraph 33.7; and
- from disclosing share based payment information, required under FRS102 paragraphs 26.18B, 26.19 - 26.21 and 26.23.
- The Company has also taken advantage of the exemption in accordance with s400 of the Companies Act 2006 and has not prepared consolidated financial statements on the basis that the results of the Company and its subsidiaries are consolidated into the results of Vestas Wind Systems A/S.

The consolidated financial statements of Vestas Wind Systems A/S can be obtained from the address given in note 23.

Notes to the financial statements for the year ended 31 December 2018 (continued)

Foreign currency

Functional and presentation currency

The Company's functional currency is pound sterling which is presented in the financial statements rounded to thousands.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and retained earnings.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income and retained earnings. All other foreign exchange gains and losses are presented in the statement of income and retained earnings within 'Administrative expenses'.

Turnover

Turnover, excluding value added tax, comprises long-term contract sales to customers and amounts attributable to service and maintenance activities.

Sale of small wind power systems based on standard solutions (supply-and-installation projects) are recognised in the profit and loss account, provided that the risk has been transferred to the buyer prior to year end, and provided the income can be measured reliably and is expected to be achieved. Contracts to deliver large wind power systems with a high degree of customisation are recognised in revenue as the systems are constructed based on the stage of completion of the individual contract (turnkey projects) and for where erection of turbines has commenced attributable profit, provided that the income can be measured reliably and is expected to be received.

Revenue attributable to service and maintenance contracts is recognised under the percentage-of completion method. Revenue is recognised based on the cost of services performed to date as a percentage of the total estimated cost of services to be performed.

Long term contracts

In relation to turnkey projects turnover and related profits are determined according to the stage of completion of individual contracts, after allowing for anticipated costs to completion. Smaller supply and installation projects recognise revenue and profit when risk has been transferred to the buyer.

Amounts recoverable on contracts, which are included in debtors, relate to invoices which have been raised in respect of the contracts plus any work still to be invoiced on completed projects which have been transferred to the customer. Payments received on account, which are included in creditors, relate to payments received from customers in advance of the risk being transferred to the buyer. Provisions for estimated losses on contracts are made in the period in which such losses are foreseen and are included in provisions for liabilities and charges.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation. Costs that are directly attributable to bringing the asset into working condition for its intended use are capitalised.

Depreciation is provided using the straight-line method at rates calculated to write off the cost of each asset to its residual value over its expected useful life. The useful lives are as follows:

Asset Category	Useful life
Plant and equipment	10 years
Leasehold improvements	5 years
Vehicles and office equipment	3 - 5 years

The carrying value of tangible fixed assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Impairment losses are recognised in the year in which they are identified.

Investments

Investments have been recorded at cost and are subsequently reviewed for impairment on an annual basis.

Inventories

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a weighted average costing method. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Operating leases

The costs of operating leases are charged to the statement of income and retained earnings when they are incurred.

Taxation

The charge for taxation is based on profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Defined contribution scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge disclosed represents contributions payable by the Company to the fund.

Financial instruments

The Company has adopted Sections 11 and 12 of FRS102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing arrangement, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Financial liabilities

Basic financial liabilities, including trade and other payables, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the profit or loss in finance costs or income as appropriate.

4 Critical accounting judgements and estimation uncertainty

Company management and the board of directors make estimates and assumptions about the future. These estimates and assumptions impact recognised assets and liabilities, as well as revenue and expenses and other disclosures. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within financial year include:

- Provisions recognised when the Company has the potential of a legal or constructive obligation resulting from past events. Estimates have been calculated in a reliable manner and are constantly reviewed to ensure the amount provided for is that which will be required to meet the obligation.
- The cost of inventory and associated provisioning are considered regularly. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.
- All turnover generated by the construction of wind farms has been performed under the completed contract method. Revenue is recognised in the income statement in the accounting period in which transfer of risk (TOR) takes place which is considered to be once commissioning has taken place. Commissioning occurs when the turbine is connected to the grid and has produced 1 kWh.

5 Turnover

Turnover for the year represents the amounts (excluding valued added tax) derived from the Company's principal activities and is attributable to market segments as follows:

	2018 £'000	2017 £'000
Provision of maintenance services - UK	42,160	37,083
Provision of maintenance services - Ireland	1,303	807
Construction of wind farms - UK	270,121	169,032
Total	313,584	206,922

6 Operating profit

	2018 £'000	2017 £'000
Operating profit is stated after charging/ (crediting):		
Inventory recognised as an expense	199,066	128.337
Impairment of inventory included in cost of sales	(84)	1,211
Operating lease charges	1,351	1,204
Foreign exchange losses/(gains)	1,347	(1,844)
Services provided by the Company's auditors:		
Fees payable for the audit	-	-
Fees payable for other services - tax compliance services	-	-

7 Directors'

No Director (2017: nil) received remuneration in respect of their services to the Company. 3 Directors have exercised options over shares of Vestas Wind Systems A/S during the year (2017: 2). No Directors (2017: nil) were members of defined benefit or defined contribution pension schemes during the year.

8 Employee costs

	2018 £'000	2017 £'000
Wages and salaries	12,484	12,333
Social security costs	1,457	1,528
Other pension costs	701	578
Share option costs	108	27
	14,750	14,466

9 Employee information

The average monthly number of persons (including executive Directors) employed by the Company during the year was:

By activity	2018 Number	2017 Number
Selling and administration	31	26
Production and service	190	202
	221	228

10 Net interest receivable and similar income

	2018 £'000	2017 £'000
Interest payable and similar expenses	(210)	(100)
Interest receivable on bank deposits	555	185
Net interest receivable and similar income	345	85

11 Tax on profit

(a) The taxable charge included in statement of income and retained earnings:

	2018 £'000	2017 £'000
Current tax:		
UK Corporation tax charge	95	35
Adjustments in respect of previous year	(200)	(13)
Total current tax (credit)/ charge	(105)	22
Deferred tax:		
Origination and reversal of timing differences	519	346
Effect of changes in tax rates	(55)	(40)
Total deferred tax charge	464	306
Total tax charge on profit on ordinary activities	359	328

(b) Reconciliation of tax charge

The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK for the year ended 31 December 2018 of 19.00% (2017: 19.25%).

The differences are explained below:

	2018 £'000	2017 £'000
Profit on ordinary activities before tax	3,167	1,947
Profit on ordinary activities multiplied by the standard rate of tax in UK : 19.00% (2017 : 19.25%)	601	375
Effects of:		
Tax rate changes	(54)	(40)
Expenses not deductible for tax purposes and other permanent differences	23	6
Effects of group relief	(11)	-
Adjustments in respect of previous periods	(200)	(13)
Total tax charge for the year	359	328

11 Tax on profit (continued)

(c) Tax rate changes

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.

Deferred tax asset

	2018 £'000
Balance at 1 January 2018	(4,867)
Statement of income and retained earnings	464
Balance at 31 December 2018	(4,403)

The deferred tax asset is made up as follows:	Recognised 2018 £'000	Recognised 2017 £'000
Deaccelerated capital allowances	(670)	(650)
STTD's - trading	7	14
Tax losses available	(3,740)	(4,231)
	(4,403)	(4,867)

12 Tangible assets

	Leasehold improvements £'000	Plant and equipment £'000	Vehicles and office equipment £'000	Total £'000
Cost				
At 1 January 2018	688	691	86	1,465
Additions	19	7	86	112
Reclass of asset	(636)		636	-
At 31 December 2018	71	698	808	1,577
Accumulated depreciation				
At 1 January 2018	24	529	19	572
Charge for the year	7	33	84	124
Reclass of Asset	(11)		11	
At 31 December 2018	20	562	114	696
Net book value				
At 31 December 2018	51	136	694	881
At 31 December 2017	664	162	67	893

The reclass relates to capital expenditure incurred for the renovation of the Warrington office. It was decided that, as the costs relate to office equipment, that the reclass should be performed.

13 Investments

	£'000
Cost	
At 1 January 2018 and 31 December 2018	1,995
Impairments	
At 1 January 2018 and 31 December 2018	(936)
Net book value	
At 31 December 2017 and 31 December 2018	1,059

Investments comprise 100% of the ordinary share capital in NEG Micon UK Ltd, a Company registered in England at 302 Bridgewater Place, Birchwood Park, Warrington, Cheshire, WA3 6XG, United Kingdom. The Directors believe that the carrying value of the investments is supported by their underlying net assets.

14 Inventories

	2018 £'000	2017 £'000
Raw materials	-	10
Finished goods	35,678	10,372
Service stock	3,284	4,520
Work in progress	5,002	13,134
	43,963	28,036

15 Debtors

	2018 £'000	2017 £'000
Trade debtors	25,181	6,997
Amounts owed by group undertakings	66,798	85,265
Amounts owed to joint ventures and associates	-	15
Prepayments and accrued income	179	220
Corporation tax	-	200
Deferred tax asset	4,403	4,867
Derivative financial instrument (see note 17)	-	684
	96,561	98,248

Amounts owed by fellow subsidiaries are unsecured, interest free and repayable on demand. £66,394k (2017: £83,697k) of the inter company debtor represents part of the group's borrowings under pooled group borrowing arrangement. Under this agreement the group has access to net borrowings and at any point in time part of the facility including both credit and debit balances is notionally allocated to the Company. These amounts are held at a third party bank but as the Company can only access these amounts subject to the overall group borrowing arrangements they are accounted for as group balances.

16 Creditors - amounts falling due within one year

	2018 £'000	2017 £'000
Payments received on account	24,976	68,852
Trade creditors	26,410	9,809
Amounts owed to group undertakings	32,172	17,663
Other taxation and social security	23,002	1,836
Accruals and deferred income	13,789	10,770
	120,349	108,930

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

17 Financial Instruments

The Company had forward foreign exchange contracts included at fair value in the financial statements as follows:

	2018	2017
	£'000	£'000
Financial (liabilities) / assets at 1 January:	684	(998)
Changes in value dealt with in the statement of income and retained earnings	(684)	1,682
Financial assets/ (liabilities) at 31 December	0	684

18 Creditors - amounts falling due after 1 year

	2018	2017
	£'000	£'000
Legal accruals	29	29
	29	29

19 Share capital and Reserves

(a) Called up share capital

	2018	2017
	£'000	£'000
Allotted and fully paid		
8,200,000 (2017: 8,200,000) ordinary shares of £1	8,200	8,200

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.
There were no changes to share capital during the year.

(b) Reserves

Share premium account – This reserve records the amount above the nominal value received for shares sold. The share premium account cannot be distributed under the Companies Act 2006.
Other reserves relates to the capital redemption reserve.

20 Obligations under operating leases

At 31 December the Company had the following future minimum lease payments under non cancellable operating leases for each of the following periods:

	2018	2017
	£'000	£'000
Payments due:		
Not later than one year	978	1,407
Later than one year and not later than five years	2,098	2,322
Later than five years	1,378	-
	4,454	3,729

21 Contingent Liabilities

The Company has contingent liabilities in respect of contracts entered into in the normal course of business. The Directors do not expect that these will have a material effect on the financial position of the Company.

22 Related Parties

The Company has taken advantage of the exemption contained within FRS 102 and not disclosed transactions or balances with companies that are wholly owned within the Vestas Wind Systems A/S group.

During the year the Company sold £199k (2017: £239k) of services to MHI Vestas Offshore Wind UK Ltd, which is a joint venture. At 31 December 2018 no amounts were owed from MHI Vestas Offshore Wind UK Ltd (2017: £15k).

23 Ultimate parent undertaking

The immediate parent undertaking is Vestas Northern Europe A/S. The ultimate parent undertaking and controlling party is Vestas Wind Systems A/S, a Company incorporated in Denmark and which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the financial statements can be obtained from Vestas Wind Systems A/S, Hedeager 42, 8200 Aarhus N, Denmark.