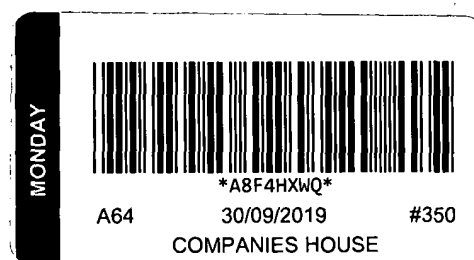


VENTUS INVESTMENTS LIMITED

Strategic Report, Directors' Report and consolidated financial statements
For the year ended 31 December 2018

Registered number 03478754



VENTUS INVESTMENTS LIMITED

Strategic report

The directors present their strategic report for the year ended 31 December 2018.

Business Review

The results of the group are shown on page 7 of the financial statements.

During the year the Group undertook a corporate restructure to reduce the administrative burden and cost and thereby promoting the success of the Group. The restructure involved the transfer of the shares in the operating subsidiaries and joint ventures from the intermediate subsidiaries to the company itself, and the intermediate subsidiaries will be dissolved.

The performance during the year under review has been impacted by two main factors:

Wind speeds

The generation achieved during the year was below budget due to lower than predicted wind speeds.

Power prices

Wholesale power prices have been higher than budgeted which has offset the effect of the lower wind speeds.

Principal risks

The principal risks currently facing the group are:

i. Operational availability

The directors closely monitor the wind farm availability which has a direct impact on the performance of the group.

ii. Electricity price

The group is exposed to the wholesale electricity price market and is therefore impacted as the prices rise and fall, as such it seeks to fix prices to minimise this risk.

Future developments

The Group is well positioned to continue to generate profit for the foreseeable future in accordance with the business plan. The outcome of Brexit negotiations is uncertain, but the directors are of the opinion that this will not have a significant impact on the business.

The group made a loss for the year of £1,204,988 for the year, it had net assets of £38,530,234, and the directors consider that the group will continue to settle its liabilities as they fall due, this is supported by the group's projected profits and cash flows by reference to a financial model covering accounting periods up to December 2040, and accordingly the financial statements have been prepared on a going concern basis.

By order of the Board



M A Szczepaniak
Director

30 September 2019

VENTUS INVESTMENTS LIMITED

Directors' report

The directors present their directors' report and audited financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the company during the year was that of a holding company, whose business is the holding of investments in renewable energy assets.

The principal activity of the group was the operation of a group of wind farms.

Directors

The directors who held office during the year and subsequently were as follows:

A-N Le Gal (resigned 11 January 2019)

M A Szczepaniak

V Rosati (appointed 11 January 2019)

During the year an indemnity provision was in force for one or more of the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Proposed Dividend

The directors do not recommend the payment of a dividend (2017: *£nil*).

Statement of disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors report is approved has confirmed that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

(b) that 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.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



M A Szczepaniak
Director

30 September 2019

Registered Office:
2 Hunting Gate
Hitchin
Hertfordshire
SG4 0TJ

VENTUS INVESTMENTS LIMITED

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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.

VENTUS INVESTMENTS LIMITED

Independent auditor's report to the members of Ventus Investments Limited

Opinion

We have audited the financial statements of Ventus Investments Limited ("the company") for the year ended 31 December 2018 which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement 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 group's and of the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 group 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of goodwill and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

VENTUS INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENTUS INVESTMENTS LIMITED *(continued)*

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and 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 their 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

VENTUS INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENTUS INVESTMENTS LIMITED (*continued*)

Directors' responsibilities

As explained more fully in their statement set out on page 3, 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 group and parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

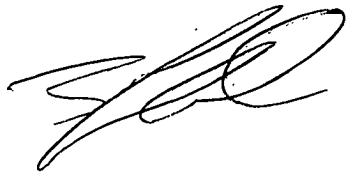
Auditor's responsibilities

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.

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 Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

30 September 2019

VENTUS INVESTMENTS LIMITED

Consolidated profit and loss account for the year ended 31 December 2018

	Notes	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Turnover	2	14,286,737	14,113,466
Administrative expenses		(8,411,448)	(8,316,850)
Operating profit		<u>5,875,289</u>	<u>5,796,616</u>
Share of joint venture profit / (loss)	11	518,878	(441,520)
Interest receivable and similar income	6	1,401,522	1,337,839
Interest payable and similar expenses	7	(7,988,454)	(8,151,673)
Loss before taxation		<u>(192,765)</u>	<u>(1,458,738)</u>
Tax on loss	8	(1,012,223)	(1,025,913)
Loss for the financial year		<u>(1,204,988)</u>	<u>(2,484,651)</u>

The above results relate entirely to continuing activities.

VENTUS INVESTMENTS LIMITED

Consolidated statement of other comprehensive income for the year ended 31 December 2018

	Note	Year ended 31 December 2018 £	Year ended 31 December 2017 (restated; see note 1) £
Loss for the financial year		(1,204,988)	(2,484,651)
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedges	16	1,167,502	878,797
Group's share of Other Comprehensive Income of Joint Ventures		1,099,135	410,954
Other comprehensive income for the year		<u>2,266,637</u>	<u>1,289,751</u>
Total comprehensive income /(loss) for the year		<u>1,061,649</u>	<u>(1,194,900)</u>

VENTUS INVESTMENTS LIMITED

Consolidated balance sheet at 31 December 2018

	Notes	2018 £	2017 (restated; see note 1) £
Fixed assets			
Intangible assets – goodwill	9	75,468,586	78,917,895
Tangible assets	10	55,375,676	57,908,530
Investments in Joint Ventures	11	<u>27,367,521</u>	<u>25,749,508</u>
		158,211,783	162,575,933
Current Assets			
Debtors falling due after more than one year	12	9,587,277	9,534,352
Debtors falling due within one year	12	3,941,142	5,261,235
Cash at bank and in hand		<u>5,769,239</u>	<u>4,989,193</u>
		19,297,658	19,784,780
Creditors: Amounts falling due within one year	13	(3,986,692)	(3,685,458)
Net current assets		<u>15,310,966</u>	<u>16,099,322</u>
Total assets less current liabilities		<u>173,522,749</u>	<u>178,675,255</u>
Creditors: Amounts falling due after more than one year	14	(132,625,855)	(139,851,965)
Provisions for liabilities: deferred tax	15	(2,366,660)	(1,354,705)
Net assets		<u>38,530,234</u>	<u>37,468,585</u>
Capital and reserves			
Called up share capital	17	5,099,623	5,099,623
Share premium account	17	45,896,589	45,896,589
Cash flow hedging reserve	17	(3,966,349)	(5,133,851)
Profit and loss account		(8,499,629)	(8,393,776)
Shareholders' funds		<u>38,530,234</u>	<u>37,468,585</u>

These financial statements were approved by the board of directors on 30 September 2019 and were signed on its behalf by:



M A Szczepaniak
Director

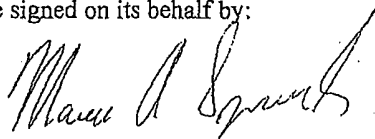
Registered number 03478754

VENTUS INVESTMENTS LIMITED

Company balance sheet at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	20	135,498,320	97,573,222
Current assets			
Debtors falling due after more than one year	12	9,587,276	39,436,998
Debtors falling due within one year	12	319,721	2,040,326
Cash at bank and in hand		94,901	71,662
		<u>10,001,898</u>	<u>41,548,986</u>
Creditors: amounts falling due within one year	13	(103,969)	(75,857)
Net current assets		<u>9,897,929</u>	<u>41,473,129</u>
Total assets less current liabilities		<u>145,396,249</u>	<u>139,046,351</u>
Creditors: amounts falling due after more than one year	14	(87,224,000)	(89,736,178)
Net assets		<u>58,172,249</u>	<u>49,310,173</u>
Capital and reserves			
Called up share capital	17	5,099,623	5,099,623
Share premium account	17	45,896,589	45,896,589
Profit and loss account		7,176,037	(1,686,039)
Shareholders' funds		<u>58,172,249</u>	<u>49,310,173</u>

These financial statements were approved by the board of directors on 30 September 2019 and were signed on its behalf by:



M A Szczepaniak
Director

Registered number 03478754

VENTUS INVESTMENTS LIMITED

Consolidated statement of changes in equity for the year ended 31 December 2018

	Called up share capital £	Share Premium £	Cash flow hedging reserve £	Profit and loss account (restated) £	Total equity (restated) £
Balance as at 1 January 2017, as previously reported	5,099,623	45,896,589	(6,012,648)	(4,413,396)	40,570,168
Impact of correction of errors (note 1)	-	-	-	(1,906,683)	(1,906,683)
Balance as at 1 January 2017 – restated	5,099,623	45,896,589	(6,012,648)	(6,320,079)	38,663,485
Loss for the financial year	-	-	-	(2,484,651)	(2,484,651)
Other comprehensive income for the year (restated; see note 1)	-	-	878,797	410,954	1,289,751
Total comprehensive loss for the year (restated)	-	-	878,797	(2,073,697)	(1,194,900)
Restated balance as at 31 December 2017	5,099,623	45,896,589	(5,133,851)	(8,393,776)	37,468,585
Balance as at 1 January 2018	5,099,623	45,896,589	(5,133,851)	(8,393,776)	37,468,585
Loss for the financial year	-	-	-	(1,204,988)	(1,204,988)
Other comprehensive income for the year	-	-	1,167,502	1,099,135	2,266,637
Total comprehensive income for the year	-	-	1,167,502	(105,853)	1,061,649
Balance as at 31 December 2018	5,099,623	45,896,589	(3,966,349)	(8,499,629)	38,530,234

VENTUS INVESTMENTS LIMITED

Company statement of changes in equity for the year ended 31 December 2018

	Called up share capital £	Share Premium £	Profit and loss account £	Total equity £
Balance as at 1 January 2017	5,099,623	45,896,589	(1,015,328)	49,980,884
Loss for the financial year	-	-	(670,711)	(670,711)
Other comprehensive expense for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(670,711)	(670,711)
Balance as at 31 December 2017	5,099,623	45,896,589	(1,686,039)	49,310,173
Balance as at 1 January 2018	5,099,623	45,896,589	(1,686,039)	49,310,173
Profit for the financial year	-	-	8,862,076	8,862,076
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	8,862,076	8,862,076
Balance as at 31 December 2018	5,099,623	45,896,589	7,176,037	58,172,249

VENTUS INVESTMENTS LIMITED

Consolidated cash flow statement for the year ended 31 December 2018

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Cash flows from operating activities		
Loss for the year	(1,204,988)	(2,484,651)
Adjustments for:		
Depreciation, amortisation and impairment	5,980,413	5,979,834
Interest receivable and similar income	(1,401,522)	(1,337,839)
Decrease/(increase) in trade and other debtors	96,498	(540,187)
Decrease in trade and other creditors	(157,439)	(580,140)
Taxation	1,012,223	1,025,913
Interest payable	7,988,454	8,151,673
Share of joint venture (profit) / loss	(518,878)	441,520
Net cash from operating activities	11,794,761	10,656,123
Cash flows from investing activities		
Sale / (purchase) of fixed asset investment	-	(328,984)
Sale / (purchase) of tangible fixed asset	-	388,190
Repayment of shareholder loan by joint venture	902,201	188,291
Interest received	1,671,940	763,832
Net cash from investing activities	2,574,141	1,011,329
Cash flows from financing activities		
Interest paid	(7,988,454)	(7,736,863)
Repayment of borrowings	(5,600,402)	(4,388,224)
Net cash from financing activities	(13,588,856)	(12,125,087)
Net increase/(decrease) in cash and cash equivalents	780,046	(457,635)
Cash and cash equivalents at 1 January	4,989,193	5,446,828
Cash and cash equivalents at 31 December	5,769,239	4,989,193

VENTUS INVESTMENTS LIMITED

Notes

(forming part of the financial statements)

1 Accounting policies

Ventus Investments Limited (the "Company") is a private company limited by shares and incorporated, domiciled and registered in the UK (Wales).

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time; and
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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 22.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified at fair value through the profit or loss.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2018. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries and joint venture undertakings are carried at cost less impairment.

VENTUS INVESTMENTS LIMITED

Notes (continued)

1 Accounting policies (continued)

Prior year adjustment

During 2018, the Group discovered that Other Comprehensive Income in relation to its Joint Ventures had been omitted from the Consolidated Statement of Other Comprehensive Income. As a consequence, Investments in Joint Ventures and the Profit and Loss Account as included in the Balance Sheet have been misstated. No other amounts in the Profit and Loss Account or Balance Sheet are impacted. The following summarises the impacts on the Group's financial statements.

Investment in Joint Ventures

	As previously reported	Impact of correction	As restated
Balance as at 1 January 2017	27,671,415	(1,906,683)	25,764,732
Share of Other Comprehensive Income	-	410,954	410,954
Other movements	(426,178)	-	(426,178)
Balance as at 31 December 2017	27,245,237	(1,495,729)	25,749,508

Profit and loss account (as included in the Balance Sheet)

	As previously reported	Impact of correction	As restated
Balance as at 1 January 2017	(4,413,396)	(1,906,683)	(6,320,079)
Loss for the year	(2,484,651)	-	(2,484,651)
Other comprehensive income for the year	-	410,954	410,954
Balance as at 31 December 2017	(6,898,047)	(1,495,729)	(8,393,776)

Other Comprehensive Income

	As previously reported	Impact of correction	As restated
For the year ended 31 December 2017	878,797	410,954	1,289,751

There is no impact on the Group's cash flows for the years ended 31 December 2018 and 2017.

Going concern

The directors have reviewed the group's projected profits and cash flows by reference to a financial model covering accounting periods up to December 2040. They have also examined the current status of the group's principal contracts and likely developments in the foreseeable future. Having reviewed the financial facilities available to the group, the directors consider that the group and company will be able to settle liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

Foreign currency

The group's functional and presentation currency is the pound sterling. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account, except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

VENTUS INVESTMENTS LIMITED

Notes (continued)

1 Accounting policies (continued)

Debt issue costs

Costs that are incurred directly in connection with the issue of a capital instrument are netted against the liability and amortised over the life of the underlying instrument.

Interest receivable/payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Capitalisation of interest

Interest costs incurred until the time that separately identifiable tangible fixed assets are brought into commercial use are capitalised as part of the cost of the assets.

Tangible fixed assets and depreciation

All attributable expenditure incurred during the construction of the wind farm, including net finance costs, is included in assets under construction. On completion of the construction of the wind farm, the depreciation of the tangible fixed assets is calculated to write off the cost over the operational phase of the project, which is estimated to be 25 years.

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate the cost to their residual values over their estimated useful lives as follows:

Plant and machinery - 25 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively. Tangible fixed assets are assessed for impairment at each reporting date.

Intangible assets and goodwill

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values of the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life which is estimated to be twenty five years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

VENTUS INVESTMENTS LIMITED

Notes (continued)

1 Accounting policies (continued)

Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Differences between accumulated depreciation and tax allowances for the cost of a fixed asset, if and when all conditions for retaining the tax allowances have been met, are not provided for.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable from the production and sale of electricity which includes wholesale export power and renewable obligation certificates. Turnover excludes value added tax. Turnover from the production and sale of electricity is recognised when the commodity is delivered on the basis of the agreed volumes and rates within the sales contracts. Where the amounts paid in cash differ to the amount delivered, this difference is included within accrued or deferred income accordingly.

Cash and cash equivalents

Cash and cash equivalents for the purposes of the cash flow statement 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.

Operating leases

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

VENTUS INVESTMENTS LIMITED

Notes (continued)

1 Accounting policies (continued)

Financial instruments

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price less attributable transaction costs, unless the arrangement constitutes a financing transaction, 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.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the assets expire or are settled, or (b) substantially all the risk and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and shareholder loans are initially recognised at transaction price plus attributable transaction costs, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate 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 and amortised over the life of the underlying investment.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where a derivative financial instrument qualifies for hedge accounting and is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in Other Comprehensive Income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

VENTUS INVESTMENTS LIMITED

Notes (continued)

2 Analysis of turnover and profit / (loss) before taxation

All turnover and profit / (loss) before taxation is derived from the group's principal activity in the United Kingdom.

3 Expenses and auditor's remuneration

	2018 £	2017 £
<i>Included in profit or loss are the following:</i>		
Depreciation of tangible fixed assets – owned	2,531,104	2,514,399
Amortisation of goodwill	3,449,309	3,465,435
Operating leases – other assets	376,433	360,960
	<hr/>	<hr/>
<i>Auditor's remuneration:</i>		
	£	£
Audit of these financial statements	9,240	4,000
Audit of the subsidiary financial statements	26,700	32,000
	<hr/>	<hr/>

4 Remuneration of directors

No director received remuneration from the company. Key Management Personnel compensation for the year relates solely to the directors, who are remunerated by other companies outside of the group. The estimated amount of remuneration in relation to qualifying services for this group is £nil (2017: £nil).

5 Staff numbers and costs

There were no employees during either year.

6 Interest receivable and similar income

	2018 £	2017 £
Bank interest receivable	5,796	402
Interest receivable on shareholder loans	1,395,726	1,337,437
	<hr/>	<hr/>
	1,401,522	1,337,839
	<hr/>	<hr/>

7 Interest payable and similar expenses

	2018 £	2017 £
Interest payable on bank loans	2,543,059	2,693,120
Interest payable on shareholder loan	5,445,395	5,458,553
	<hr/>	<hr/>
	7,988,454	8,151,673
	<hr/>	<hr/>

VENTUS INVESTMENTS LIMITED

Notes (continued)

8 Taxation

Tax included in profit or loss	2018 £	2017 £
<i>Current tax</i>		
UK corporation tax	268	9,882
<i>Deferred taxation</i>		
Timing differences, origination and reversal	1,011,955	673,687
Adjustments in respect of prior periods	-	342,344
Total tax included in profit or loss	1,012,223	1,025,913

Reconciliation of effective tax rate

	2018 £	2017 £
Loss before tax	(192,765)	(1,458,738)
Tax using the current UK corporation tax rate of 19.0% (2017: 19.25%)	(36,625)	(280,807)
<i>Effects of:</i>		
Non-deductible expenses	1,203,968	1,136,849
Difference between deferred tax and corporation tax rates	(56,533)	(89,164)
Adjustment relating to a prior year	-	342,344
Utilisation of losses	-	(168,302)
Joint venture undertakings	(98,587)	84,993
Total tax included in profit or loss	1,012,223	1,025,913

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 6 September 2016). These include reductions to the main 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.

The Company has not recognised a deferred tax asset in relation to tax losses of £nil (2017: £448,000).

VENTUS INVESTMENTS LIMITED

Notes (continued)

9 Intangible fixed assets

Group	Goodwill £
<i>Cost</i>	
At beginning of year	86,232,735
Impact of corporate simplification	-
At end of year	<u>86,232,735</u>
<i>Amortisation</i>	
At beginning of year	7,314,840
Charged in year	<u>3,449,309</u>
At end of year	<u>10,764,149</u>
<i>Net book value</i>	
At 31 December 2018	<u>75,468,586</u>
At 31 December 2017	<u>78,917,895</u>

The useful life of the goodwill is estimated to be 25 years, in line with the operational life of the underlying windfarm assets.

The Company has no intangible assets.

VENTUS INVESTMENTS LIMITED

Notes (continued)

10 Tangible Assets

Group	Plant and machinery £
<i>Cost</i>	
At beginning of year	63,283,013
Cost adjustments	(1,750)
At end of year	<u>63,281,263</u>
<i>Depreciation</i>	
At beginning of year	5,374,483
Charged in year	2,531,104
At end of year	<u>7,905,587</u>
<i>Net book value</i>	
At 31 December 2018	<u>55,375,676</u>
At 31 December 2017	<u>57,908,530</u>

At the year end £4,952,250 (2017: £4,952,250) of finance costs are included in the cost of tangible fixed assets. During the year £199,460 (2017: £198,090) of interest costs were recognised in the profit and loss account through depreciation, with a resulting net book value of interest costs of £4,335,474 (2017: £4,534,934).

11 Investments in Joint Ventures

The carrying value of the Group's investment in joint venture undertakings was as follows;

Group	2018 £	2017 (restated) £
At beginning of year	25,749,508	25,764,732
Impact of corporate simplification	-	15,342
Share of profits / losses	518,878	(441,520)
Share of other comprehensive income / expense	<u>1,099,135</u>	<u>410,954</u>
At end of year	<u>27,367,521</u>	<u>25,749,508</u>

The Group holds 50% equity investment in Pennant Walters (Pant y Wal) Holdings Limited and Pennant Walters Hirwaun (Holdings) Limited, as a result of the corporate restructure, the equity investments are now held directly rather than via wholly owned subsidiaries, see note 20.

VENTUS INVESTMENTS LIMITED

Notes (continued)

12 Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Amounts falling due within one year				
Trade debtors	-	178,577	-	-
Prepayments and accrued income	3,864,629	5,013,236	319,721	2,040,326
VAT receivable	76,513	69,422	-	-
	<u>3,941,142</u>	<u>5,261,235</u>	<u>319,721</u>	<u>2,040,326</u>
Amounts falling after more than one year				
Shareholder loans to joint ventures	9,587,277	9,534,352	9,587,276	9,534,352
Shareholder loans to subsidiaries	-	-	-	29,902,646
	<u>9,587,277</u>	<u>9,534,352</u>	<u>9,587,276</u>	<u>39,436,998</u>
	<u>13,528,419</u>	<u>14,795,587</u>	<u>9,906,997</u>	<u>41,477,324</u>

The shareholder loans incur interest at rates between 6.75% and 14.0%, with repayments scheduled to commence in December 2036 and final repayments of amounts not previously redeemed are due between 31 March 2038 and 30 June 2040.

As a result of the corporate restructure during the year, the company's shareholder loans to subsidiaries were redeemed.

13 Creditors: amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loan	3,508,566	3,273,067	-	-
Trade creditors	63,542	42,970	24,960	42,000
Accruals and deferred income	412,658	348,033	60,806	13,702
VAT payable	-	-	18,203	20,155
Corporation Tax	1,926	21,388	-	-
	<u>3,986,692</u>	<u>3,685,458</u>	<u>103,969</u>	<u>75,857</u>

VENTUS INVESTMENTS LIMITED

Notes (continued)

14 Creditors: amounts falling due after more than one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Bank loan	42,268,119	45,776,685	-	-
Less: unamortised issue costs	(832,613)	(955,160)	-	-
	<u>41,435,506</u>	<u>44,821,525</u>	<u>-</u>	<u>-</u>
Shareholder loan	87,224,000	89,736,178	87,224,000	89,736,178
Derivative financial instruments (see note 16)	3,966,349	5,133,851	-	-
Other creditors	-	160,411	-	-
	<u>132,625,855</u>	<u>139,851,965</u>	<u>87,224,000</u>	<u>89,736,178</u>

Interest bearing loans and borrowings

Group bank loans are repayable as follows:

	2018 £	2017 £
Within one year	3,508,566	3,273,067
In the second to fifth years	13,974,630	13,730,524
Over five years	<u>28,293,489</u>	<u>32,046,161</u>
	<u>45,776,685</u>	<u>49,049,752</u>

The bank loans comprise of a term loan facility which is repayable in six-monthly instalments commencing in June 2016 and ending in June 2030. The bank loans bear interest at a variable rate based upon floating LIBOR. In respect of the bank loan the company has entered into an interest hedging agreement to be applied to expected borrowings. The hedging agreement fixes 80% of the LIBOR element of the term loan interest rate at 3.063%. The bank loans are secured by way of a fixed and floating-charge over the assets of the company's subsidiary, European Investments (Crook Hill) Limited.

Loan issue costs in respect of this facility have been deducted from the gross proceeds of the term loan and are being amortised over the length of the term loan.

The shareholder loan is provided by the company's immediate parent undertaking RBS Pension Trustee Limited as trustee of the RBS Group Pension Fund, is repayable on 30 June 2040 and incurs interest at a rate of 6.1%.

VENTUS INVESTMENTS LIMITED

Notes (continued)

15 Deferred tax liability

Group	2018 £	2017 £
Balance at start of year	1,354,705	338,674
Charged to profit and loss account	1,011,955	1,016,031
	<u>2,366,660</u>	<u>1,354,705</u>

Deferred tax wholly relates to the difference between tax base and eligible tangible fixed asset value

16 Derivative financial instruments

Interest rate swap

The company's subsidiary, European Investments (Crook Hill) Limited, has entered into an interest rate swap to pay interest at 3.063% and receive interest at LIBOR. The swap is based upon 80% of the forecast principal and repayment profile of the company's bank loan.

The instrument is used to hedge the exposure of the company's subsidiary, European Investments (Crook Hill) Limited, to interest rate movements on the bank loan. The hedging arrangement fixes 80% of the LIBOR element of the loan to 3.063%. The fair value of the interest rate swap is a liability of £3,966,349 (2017: £5,133,851).

Cash flows on both the term loan and the interest swap were paid monthly until they reverted to six-monthly from 31 December 2015.

The company's equity investment, Pennant Walters (Pant Y Wal) Holdings Limited has entered into an interest rate swap to pay interest at 2.873% and receive interest at LIBOR. The swap is based upon 100% of the forecast principal and repayment profile of the company's bank loan.

The instrument is used to hedge the exposure of the company's equity investment, Pennant Walters (Pant Y Wal) Holdings Limited, to interest rate movements on the bank loan. The hedging arrangement fixes 100% of the LIBOR element of the loan to 2.873%. The fair value of the interest rate swap is a liability of £5,695,978 (2017: £7,391,732). Cash flows on both the term loan and the interest swap are paid on six-monthly intervals.

The company's equity investment, Pennant Walters (Hirwaun) Limited has entered into an interest rate swap to pay interest at 4.175% and receive interest at LIBOR. The swap is based upon 100% of the forecast principal and repayment profile of the company's bank loan.

The instrument is used to hedge the exposure of the company's equity investment, Pennant Walters (Hirwaun) Limited, to interest rate movements on the bank loan. The hedging arrangement fixes 100% of the LIBOR element of the loan to 3.761%. The fair value of the interest rate swap is a liability of £5,103,045 (2017: £6,055,809). Cash flows on both the term loan and the interest swap are paid on six-monthly intervals.

VENTUS INVESTMENTS LIMITED

Notes (continued)

17 Capital and reserves

<i>Called up share capital</i>	2018	2017
	£	£
<i>Allotted, called up and fully paid</i>		
5,099,623 (2017: 5,099,623) ordinary shares of £1 each	<u>5,099,623</u>	<u>5,099,623</u>

On 30 September 2015 the company issued 1,471,776 ordinary shares of £1 each to its immediate parent company, RBS Pension Trustee Limited as trustee of the RBS Group Pension Fund, for consideration of £10 for each share, which includes a Share premium £9 per share.

On 9 October 2015 the company issued 1,223,913 ordinary shares of £1 each to its immediate parent company, RBS Pension Trustee Limited as trustee of the RBS Group Pension Fund, for consideration of £10 for each share, which includes a Share premium £9 per share.

On 7 December 2015 the company issued 2,403,932 ordinary shares of £1 each to its immediate parent company, RBS Pension Trustee Limited as trustee of the RBS Group Pension Fund, for consideration of £10 for each share, which includes a Share premium £9 per share.

The total share premium account balance as a result of the above transactions is £45,896,589.

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

18 Related party disclosures

As a wholly owned subsidiary of RBS Pension Trustee Limited, the Company has taken advantage of the exemption granted by FRS 102 not to disclose related party transactions between it and other fellow wholly owned members of the Group.

The Company holds investments in Hirwaun (MB) Investments Limited, Pant Y Wal Investments Limited, European Investments (Lancashire) Limited, European Investments (Lancashire 2) Limited, Reaps Moss Limited, Pennant Walters (Pant Y Wal) Holdings Limited and Pennant Walters Hirwaun (Holdings) Limited. See note 20 for the investment balance at 31 December 2018 and 31 December 2017.

The Company provided administrative, development, financial and technical services to its joint venture undertaking, Pennant Walters (Hirwaun) Limited during the year ended 31 December 2018 totalling £319,015 (year ended 31 December 2017: £215,306). As at 31 December 2018, the Company was owed by Pennant Walters (Hirwaun) Limited £1,984,422 (31 December 2017: £2,506,469), and are reported in prepayments and accrued income (amounts falling due within one year) and shareholder loans to joint ventures (amounts falling due after more than one year).

The Company provided administrative, development, financial and technical services to its joint venture undertaking, Pennant Walters (Pant Y Wal) Limited during the year ended 31 December 2018 totalling £1,310,363 (2017: £1,223,541). As at 31 December 2018, the Company was owed by Pennant Walters (Pant Y Wal) Limited £7,906,243 (31 December 2017: £8,566,358), and are reported in prepayments and accrued income (amounts falling due within one year) and shareholder loans to joint ventures (amounts falling due after more than one year).

VENTUS INVESTMENTS LIMITED

Notes (continued)

19 Operating lease commitments

The group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	31 December 2018 £	31 December 2017 £
Not later than one year	41,794	41,550
Later than one year and not later than five years	167,176	166,200
Later than five years	703,263	740,665
	<u>912,233</u>	<u>948,415</u>

The group had no other off-balance sheet arrangements.

VENTUS INVESTMENTS LIMITED

Notes (continued)

20 Fixed asset investments

Company	31 December	
	2018	2017
	£	£
At 1 January	97,573,222	97,244,238
Impact of corporate simplification	37,925,098	328,984
At 31 December	<u>135,498,320</u>	<u>97,573,222</u>

On 1 October 2015 the company acquired 100% of the issued share capital of Hirwaun (MB) Investments Limited and Pant Y Wal Investments Limited.

On 9 October 2015 the company acquired 100% of the issued share capital of European Investments (Lancashire 2) Limited.

On 7 December 2015 the company acquired 100% of the issued share capital of European Investments (Lancashire) Limited.

As a result of the corporate restructure during the year, on 18 December 2018 the company acquired 100% of the issued share capital of European Investments (Crook Hill) Limited from its subsidiary European Investments (Lancashire) Limited and acquired 100% of the issued share capital of Reaps Moss Limited from its subsidiary European Investments (Lancashire 2) Limited.

The company holds an investment in the following directly owned undertakings incorporated in the United Kingdom, all of which have a registered office at 2 Hunting Gate, Hitchin, Hertfordshire, SG4 0TJ, except for Reaps Moss Limited, which has a registered office at 2nd Floor Palm Grove House, Road Town, Tortola, British Virgin Islands and a UK establishment office address of 2 Hunting Gate, Hitchin, Hertfordshire, SG4 0TJ.

		Proportion of shares held by the Company	
		2018	2017
		£	£
Hirwaun (MB) Investments Limited	Ordinary shares	100%	100%
Pant Y Wal Investments Limited	Ordinary shares	100%	100%
European Investments (Lancashire) Limited	Ordinary shares	100%	100%
European Investments (Lancashire 2) Limited	Ordinary shares	100%	100%
European Investments (Crook Hill) Limited	Ordinary shares	100%	100%
Reaps Moss Limited	Ordinary shares	100%	100%
Pennant Walters (Pant Y Wal) Holdings Limited	Ordinary shares	50%	50%
Pennant Walters Hirwaun (Holdings) Limited	Ordinary shares	50%	50%

The company holds an investment in the following indirectly owned undertakings incorporated in the United Kingdom, all of which have a registered office at 2 Hunting Gate, Hitchin, Hertfordshire, SG4 0TJ, except for Crook Hill Properties Limited, which has a registered office at 2nd Floor Palm Grove House, Road Town, Tortola, British Virgin Islands and a UK establishment office address of 2 Hunting Gate, Hitchin, Hertfordshire, SG4 0TJ.

		Proportion of shares held by the Company	
		2018	2017
		£	£
European Investments (Reaps Moss) Limited	Ordinary shares	100%	100%
Pennant Walters (Pant Y Wal) Limited	Ordinary shares	50%	50%
Pennant Walters (Hirwaun) Limited	Ordinary shares	50%	50%
Crook Hill Properties Limited	Ordinary shares	100%	100%

VENTUS INVESTMENTS LIMITED

Notes (continued)

21 Ultimate control parties

The Company's immediate and ultimate parent company is RBS Pension Trustee Limited, which is incorporated in the United Kingdom. The accounts of RBS Pension Trustee Limited are available from its registered office: 1 Princes Street, London, EC2R 8PB. This company acts as trustee of the RBS Group Pension Fund. RBS Pension Trustee Limited does not consolidate this company. The only group to consolidate Ventus Investments Limited is that headed by Ventus Investments Limited.

22 Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management considers the key sources of estimation uncertainty and critical accounting judgements relate to:

Recoverability of deferred tax assets

The recoverability of deferred tax assets in respect of tax losses is related to the ability of the Group to generate taxable profits in future periods. An asset is recognised to the extent that it is probable that the losses will be recovered against the reversal of deferred tax liabilities or other future taxable profits. It is routinely necessary for management to estimate future profitability of the Group.