Registration number: 08681230

European Investments (Earlseat) Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2018

European Investments (Earlseat) Limited

Contents

European Investments (Earlseat) Limited

Company Information

Directors	Mr Steven Hughes Mr Fraser Merry Mr Mitesh Patel
Company secretary	Mr Dominic Hearth
Registered office	Beaufort Court Egg Farm Lane Kings Langley Hertfordshire WD4 8LR
Bankers	Lloyds Bank PO Box 72 Bailey Drive Gillingham Business Park Gillingham Kent ME8 0LS
Auditors	Deloitte LLP Statutory Auditor London United Kingdom

European Investments (Earlseat) Limited

Strategic Report for the Year Ended 31 December 2018

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

Principal activity
The principal activity of the company is that of a holding company. The principal activity of the group is the generation and sale of wind generated electricity and associated benefits. The Directors do not anticipate any changes to the business activities in the forthcoming year.

Fair review of the business
The group made a profit for the year ended 31 December 2018 of £942,152.00 (2017: £76,569.00) and revenue of £4,109,868.00 (2017: £3,589,015.00).

The company made a profit for the year ended 31 December 2018 of £20,639.00 (2017: £7,580.00).

Total revenue was 14.5% higher than the prior year, due to both increased wind speeds and rising unit prices. Cost of sales was 9.46% lower than the prior year, consequently gross profit was 46.86% higher. the assets and liabilities of the group at the end of the financial year are set out on page 11.

The company's subsidiary is evaluated using key performance indicators. The two main financial indicators are revenue and profit, as detailed above. The company's key non-financial performance indicator is yield for the year and was 37,823 MWh (2017: 39,919 MWh) which is a 5.25% decrease.

Dividends
No interim dividends were paid during the year (2017: £Nil). The Directors do not recommend the payment of a final dividend (2017: £Nil).

Principal risks and uncertainties
The principal risks and uncertainties of the business relate to the level of wind arising at the site during the year and the variability of market prices.

Financial risk management
Details regarding managements approach to financial risk management can be found in note 2.

Approved by the Board on 28 June 2019 and signed on its behalf by:

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Mr Mitesh Patel
Director

European Investments (Earlseat) Limited

Directors' Report for the Year Ended 31 December 2018

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

The requirements for Financial Risk Management, Future Developments and Dividends are disclosed in the Strategic Report.

Directors of the group
The directors who held office during the year were as follows:

Mr Steven Hughes

Mr Richard Russell (resigned 14 November 2018)

Mr Fraser Merry (appointed 14 November 2018)

Mr Mitesh Patel (appointed 22 November 2018)

Company Secretary
Mr Dominic Hearth served as the company secretary throughout the current and prior year.

Directors' liabilities
Neither the Company nor the Group has made any qualifying third party indemnity provisions for the benefit of its directors.

Going concern
The financial position of the Group is set out in the Consolidated Balance Sheet, the Consolidated Statement of Cash Flows and the accompanying notes to the financial statements.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the notes to the financial statements.

Disclosure of information to the auditor
Each director has taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Approved by the Board on 28 June 2019 and signed on its behalf by:

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Mr Mitesh Patel
Director

European Investments (Earlseat) Limited

Directors' Responsibilities Statement

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

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

- select suitable accounting policies and then apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent Auditor's Report to the Members of European Investments (Earlseat) Limited

Report on the audit of the financial statements

Opinion

• In our opinion the financial statements of European Investments (Earlseat) Limited (the 'parent company') and its subsidiaries (the 'group'):
• 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 profit for the year then ended;
• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
• the consolidated profit and loss account;
• the consolidated statement of comprehensive income;
• the consolidated and parent company balance sheets;
• the consolidated and parent company statements of changes in equity;
• the consolidated cash flow statement; and
• the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:
• the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
• the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent Auditor's Report to the Members of European Investments (Earlseat) Limited (continued)

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of European Investments (Earlseat) Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
• the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
• the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion: adequate accounting records have not been kept 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 respect of these matters.

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

Marianne Milnes

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Marianne Milnes (FCA) (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

London
United Kingdom

28 June 2019

European Investments (Earlseat) Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Revenue	3	4,110	3,589
Cost of sales		(1,869)	(2,061)
Gross profit		2,241	1,528
Administrative expenses		(19)	(7)
Operating profit	4	2,222	1,521
Other interest receivable and similar income		1	-
Interest payable and similar expenses	5	(1,288)	(1,379)
		(1,287)	(1,379)
Profit before tax		935	142
Taxation	9	7	(65)
Profit for the financial year		942	77
Profit/(loss) attributable to:			
Owners of the company		942	77

The group has no recognised gains or losses for the year other than the results above.

All transactions are derived from continuing operations.

European Investments (Earlseat) Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Profit for the year		942	77
Total comprehensive income/(loss) for the year		942	77

The notes on pages 15 to 29 form an integral part of these financial statements.

European Investments (Earlseat) Limited

(Registration number: 08681230)
Consolidated Balance Sheet as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Tangible assets	10	16,207	17,035
Current assets			
Debtors	12	2,226	1,645
Cash at bank and in hand		549	420
		2,775	2,065
Creditors: Amounts falling due within one year	13	(340)	(274)
Net current assets		2,435	1,791
Total assets less current liabilities		18,642	18,826
Creditors: Amounts falling due after more than one year	13	(15,223)	(16,376)
Provisions for liabilities	14	(882)	(855)
Net assets		2,537	1,595
Capital and reserves			
Called up share capital	15	3,177	3,177
Profit and loss account	16	(640)	(1,582)
Equity attributable to owners of the company		2,537	1,595
Total equity		2,537	1,595

Approved and authorised by the Board on 28 June 2019 and signed on its behalf by:

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Mr Mitesh Patel

Director

European Investments (Earlseat) Limited

(Registration number: 08681230)
Company Balance Sheet as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Investments	11	3,282	3,282
Current assets			
Debtors	12	15,207	16,340
Creditors: Amounts falling due within one year	13	(14)	(10)
Net current assets		15,193	16,330
Total assets less current liabilities		18,475	19,612
Creditors: Amounts falling due after more than one year	13	(15,222)	(16,379)
Net assets		3,253	3,233
Capital and reserves			
Called up share capital	15	3,177	3,177
Profit and loss account	16	76	56
Total equity		3,253	3,233

The company made a profit after tax for the financial year of £20,639 (2017: profit of £7,580).

Approved and authorised by the Board on 28 June 2019 and signed on its behalf by:

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Mr Mitesh Patel

Director

European Investments (Earlseat) Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2018
Equity attributable to the parent company

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	3,177	(1,582)	1,595
Profit for the year	-	942	942
Total comprehensive income	-	942	942
At 31 December 2018	3,177	(640)	2,537

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	3,177	(1,659)	1,518
Profit for the year	-	77	77
Total comprehensive loss	-	77	77
At 31 December 2017	3,177	(1,582)	1,595

European Investments (Earlseat) Limited

Company Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	3,177	56	3,233
Profit for the year	-	20	20
Total comprehensive income	-	20	20
At 31 December 2018	3,177	76	3,253

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	3,177	49	3,226
Profit for the year	-	7	7
Total comprehensive income	-	7	7
At 31 December 2017	3,177	56	3,233

The notes on pages 15 to 29 form an integral part of these financial statements.

European Investments (Earlseat) Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
Cash flows from operating activities			
Profit for the year		942	77
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	838	1,027
Finance income		(1)	-
Finance costs	5	1,288	1,379
Income tax expense/(credit)	9	(7)	65
		3,060	2,548
Working capital adjustments			
Increase in debtors	12	(569)	(420)
Increase/(decrease) in creditors	13	66	(234)
Cash generated from operations		2,557	1,894
Income taxes (paid)/received		(3)	1
Net cash flow from operating activities		2,554	1,895
Cash flows from financing activities			
Interest paid		1	(1,357)
Repayment of other borrowing		(2,426)	(763)
Net cash flows from financing activities		(2,425)	(2,120)
Net increase/(decrease) in cash and cash equivalents		129	(225)
Cash and cash equivalents at 1 January		420	654
Effect of exchange rate fluctuations on cash held		-	(9)
Cash and cash equivalents at 31 December		549	420

The notes on pages 15 to 29 form an integral part of these financial statements.

1 General information

The company is a private company limited by share capital and incorporated in United Kingdom under the Companies Act 2006 and registered in England and Wales. The particular accounting policies adopted by the directors are described below.

The address of its registered office is:
Beaufort Court
Egg Farm Lane
Kings Langley
Hertfordshire
WD4 8LR

These financial statements were authorised for issue by the Board on 28 June 2019.

2 Accounting policies

Statement of compliance
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation
These consolidated financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The consolidated financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £000 unless otherwise stated.

Basis of consolidation
The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2018.

No profit and loss account is presented for European Investments (Earlseat) Limited as permitted by section 408 of the Companies Act 2006.

2 Accounting policies (continued)

Basis of consolidation (continued)
A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

In the parent company financial statements investments in subsidiaries are accounted for at cost less impairment.

Cash flow statement
In accordance with the requirements of FRS 102, a cash flow statement for the individual company has not been prepared.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The group recognises revenue when:
The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the group's activities.

Finance income and costs policy
Interest received and paid is recognised on a time apportioned basis.

The company has elected not to capitalise borrowing costs in accordance with FRS 102 section 25.

2 Accounting policies (continued)

Tangible assets
Tangible assets are stated in balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes the cost of replacing parts of the property, plant and equipment, and borrowing costs for long-term construction projects if the recognition criteria are met. All repair and maintenance costs are recognised in the profit and loss account as incurred. The present value of the expected costs for the decommissioning of the asset after its use, is included in the cost of the respective asset if the recognition criteria for a provision are met.

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Property, plant and equipment	4.17% straight line

Leases
Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

2 Accounting policies (continued)

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Creditors

Trade creditors 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 the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

2 Accounting policies (continued)

Decommissioning costs
Provisions for decommissioning are recognised in full when the related facilities are constructed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to plant and equipment. The unwinding of the discount on the decommissioning provision is included as a finance cost. The carrying amount for the provision as at 31 December 2018 was £882,375 (2017: £854,559).

Financial instruments

Classification
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Recognition and measurement
The company has chosen to adopt the recognition and measurement provisions of Sections 11 and 12 of FRS 102 for financial instruments.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on the going concern basis.

The Renewables Infrastructure Group (UK) Investments Ltd, has confirmed to the directors that it will not demand repayment for existing intercompany loans such that insolvency would result, for a period of at least twelve months from the date of signing of the Annual Report and Financial Statements.

The directors have considered the company's cash flow forecast for the period to the end of June 2020 and are satisfied that the company, taking account of reasonably possible changes in trading performance and the current funds available, is able to operate for at least twelve months from the signing of the Annual Report and Financial Statements. For this reason the directors believe that the company has adequate resources to continue in operational existence and therefore it is appropriate that the company continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Summary of significant accounting policies and key accounting estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The most critical accounting judgements and estimates in determining the financial condition and results of the company are those requiring a greater degree of subjective or complete judgement. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Deferred tax

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Decommissioning provision

Decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new technology or experience at other assets. The expected timing, work scope, amount of expenditure and risk weighting may also change. Therefore significant estimates and assumptions are made in determining the provision for decommissioning, which at 31 December 2018 was £882,375 (2017: £854,559).

Financial risk Management

The Group's risk management focuses on the major areas of credit risk and liquidity risk.

2 Accounting policies (continued)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The group's policy to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market process. Market prices comprise of a number of types of risk, the following are discussed below.

Interest rate risk

The Group's interest rate risk arises from long-term borrowings. The group's only long term debt incurs a fixed interest rate and therefore the group does not have significant exposure to this risk.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The group does not have significant exposure in this respect.

Regulatory risk

Regulatory risk is the risk that a change in regulations and law that might affect an industry or a business. Renewable energy projects are dependent for their commercial viability on a suitable regulatory regime. There is a risk that governments introduce retrospective changes to the regime that is agreed at the time the project commenced. This however is unusual in the market and changes to the regulatory regime are more typically for future projects.

Energy resource risk

The energy resource risk is the risk that the amount of the renewable energy resource (e.g. wind and solar irradiation) that is available for a given project is lower than the amount that is expected in the financial model.

Capital risk management

Capital held by the Group and managed centrally as part of The Renewables Infrastructure Group UK comprises share capital and reserves which can be found in the Consolidated Balance Sheet on page 10.

Changes in accounting estimate

Decommissioning Provision

The company revised the total expected costs of decommissioning the wind farm at the end of its useful economic life to £100k per turbine in line with a recent study performed on similar assets.

2 Accounting policies (continued)

The effect of the change on assets, liabilities, income and expense in the current year is as follows:

	£ 000
Other property, plant and equipment	10
Provisions	(10)

Change in estimation of useful economic life

The company updated the expected useful life of its wind farms on 1 January 2018 from 20 years to 24 years.

The effect of the change on assets, liabilities, income and expense in the current year is as follows:

	£ 000
Depreciation charge Balance Sheet	186
Depreciation charge Profit and Loss	(186)

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2018 £ 000	2017 £ 000
Sale of electricity, including renewable incentives	4,110	3,589

The analysis of the group's revenue for the year by market is as follows:

	2018 £ 000	2017 £ 000
UK	4,110	3,589

4 Operating profit

Arrived at after charging

	2018 £ 000	2017 £ 000
Depreciation expense	838	1,028
Operating lease expense - property	141	143

5 Interest payable and similar charges

	2018 £ 000	2017 £ 000
Unwinding of discount on provision	17	17
Foreign exchange losses	-	9
Interest payable on loans from group undertakings	1,271	1,353
	1,288	1,379

6 Staff costs

The company had no employees in the current nor previous financial year.

7 Directors' remuneration

No director received any form of remuneration in lieu of their services to the Company in the current nor previous financial year.

8 Auditors' remuneration

Audit fees were £6,307 for the financial year ended 31 December 2018 (2017: £6,372).

9 Taxation

Tax charged/(credited) in the income statement

	2018 £ 000	2017 £ 000
Current taxation		
UK corporation tax	5	3
Deferred taxation		
Arising from origination and reversal of timing differences	(12)	62
Tax charge/(credit)	(7)	65

The tax on profit/(loss) before tax for the year is lower than the standard rate of corporation tax in the UK (2017: higher than the standard rate of corporation tax in the UK) of 19% (2017: 19.25%).

The differences are reconciled below:

	2018 £ 000	2017 £ 000
Profit before tax	935	142
Corporation tax at standard rate	178	27
Expenses not deductible for tax purposes	26	27
Tax rate changes	(22)	(7)
Adjustments to tax charge in respect of prior years	(189)	11
Tax increase arising from group relief	-	7
Total tax (credit)/charge	(7)	65

The rate of corporation tax changed from 20% to 19% on 1 April 2017. At the Summer Budget 2016, the Government announced a reduction in the rate from 19% to 17% for the year beginning 1 April 2020. As deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods of reversal, the company has restated all deferred tax closing balances using a rate of 17%.

9 Taxation (continued)

Deferred tax

Group

Deferred tax assets and liabilities

2018	Asset £ 000
Fixed asset timing differences	283
Short term timing differences	15
Losses	8
	306

2017	Asset £ 000
Fixed asset timing differences	272
Short term timing differences	12
Losses	16
	300

10 Tangible assets

Group

	Other property, plant and equipment £ 000
Cost or valuation	
At 1 January 2018	20,537
Increase due to change in decommissioing provision	10
At 31 December 2018	20,547
Depreciation	
At 1 January 2018	3,502
Charge for the year	838
At 31 December 2018	4,340
Carrying amount	
At 31 December 2018	16,207
At 31 December 2017	17,035

11 Investments

Company

	2018 £ 000	2017 £ 000
Investments in subsidiaries	3,282	3,282

As at 31 December 2018, the company owned 100% of the shares in Earlseat Wind Farm Limited, registered office address Beaufort Court, Egg Farm Lane, Kings Langley, Hertfordshire, WD4 8LR, which is involved in the production and sale of wind generated electricity.

12 Debtors

		Group		Company	
	Note	2018 £ 000	2017 £ 000	2018 £ 000	2017 £ 000
Trade debtors		839	214	-	-
Amounts owed by related parties	18	-	-	15,207	16,340
Other debtors		189	189	-	-
Prepayments		154	151	-	-
Accrued income		726	784	-	-
Deferred tax assets	9	312	300	-	-
Income tax asset		6	7	-	-
		2,226	1,645	15,207	16,340
Less non-current portion		(501)	(489)	(15,207)	(16,340)
Total current trade and other debtors		1,725	1,156	-	-

Details of non-current trade and other debtors

Group

£311,942 (2017: £300,018) of Deferred tax asset is classified as non current.

£189,000 (2017: £189,000) of Other debtors is classified as non current.

Company

£15,206,783 (2017: £16,340,322) of Amounts owed by Group undertakings is classified as non current. Amounts owed by group undertakings consist of a loan from the Company's subsidiary undertaking. Interest is payable at 8.15% per annum.

13 Creditors

		Group		Company	
	Note	2018 £ 000	2017 £ 000	2018 £ 000	2017 £ 000
Due within one year					
Trade creditors		20	84	-	-
Social security and other taxes		227	143	-	-
Accrued expenses		78	33	-	-
Income tax liability		15	14	14	10
		340	274	14	10
Due after one year					
Amounts owed to Group undertakings	18	15,223	16,376	15,222	16,379

Amounts owed to group undertakings consist of a loan from the Company's immediate parent undertaking. Interest is payable at 8% per annum.

14 Other provisions

Group

	Decommissioning Provision £ 000
At 1 January 2018	855
Increase (decrease) in existing provisions	10
Unwinding of discount	17
At 31 December 2018	882

A provision has been recognised for decommissioning costs associated with the wind farm owned by Earlseat Wind Farm Ltd.

European Investments (Earlseat) Limited is committed to decommissioning the wind farm as a result of the construction of the wind farm for the production of power.

The decommissioning provision provides for the future costs of decommissioning of the wind farm. The decommissioning costs were estimated at the time of construction based on the number of turbines installed. The provision has been discounted at an annual rate of 2% (2017: 2%) and this discount will be unwound and charged to the profit and loss account until 2038, the estimated date of decommissioning.

15 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	**£**	**No.**	**£**
Ordinary 'A' shares of £1 each	3,176,855	3,176,855	3,176,855	3,176,855

The company has one class of share that carry no right to fixed income.

16 Reserves

The group and company's profit and loss reserve represents cumulative profit or losses, net of dividends and other adjustments.

17 Obligations under leases and hire purchase contracts

Group

Operating leases

The company has entered into lease agreements with the landowners on which its wind farm is situated to pay rent based on fixed amounts and amounts linked to turnover and production. Future minimum rentals payable under non-cancellable operating leases are as follows:

	2018 £ 000	2017 £ 000
Not later than one year	118	125
Later than one year and not later than five years	472	498
Later than five years	1,975	1,763
	2,565	2,386

The amount of non-cancellable operating lease payments recognised as an expense during the year was £141,000 (2017: £142,870).

18 Related party transactions

Group

Loans from related parties

2018	Parent £ 000
At start of year	(16,376)
Repaid	2,427
Interest transactions	(1,271)
At end of year	(15,220)

Company

The Company has elected not to disclose transactions with its subsidiary entity or parent entity under 33.1a of FRS 102.

Terms of loans from related parties

Intercompany borrowings consist of unsecured loan notes maturing in 2034 denominated in GBP and bearing interest at 8%. The loan notes are redeèmable on 31 December 2034.

19 Parent and ultimate parent undertaking

The company's immediate parent is European Wind Investments Group Limited, incorporated in the United Kingdom. The registered office address is 12 Charles II Street, London, SW1Y 4QU.

The ultimate parent is The Renewables Infrastructure Group (UK) Limited, incorporated in the United Kingdom. The registered office address is 12 Charles II Street, London, SW1Y 4QU

These financial statements are available upon request from Companies House

The ultimate controlling party is The Renewables Infrastructure Group Limited, which is owned by a number of investors with no one investor having individual control. The registered office address is East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3PP.