

West Durham Wind Farm (Holdings) 2 Limited

Directors' Report and Financial Statements

For the Year Ended 31 December 2017

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West Durham Wind Farm (Holdings) 2 Limited

Company Information

Directors	M. Fogarty (appointed 1 May 2017) J. Healy (appointed 1 May 2017) J. Redmond (appointed 1 May 2017) M. Young (resigned 1 May 2017) T. Gill F. O'Donnell (resigned 1 May 2017)
Company secretary	J. Healy
Registered number	05654029
Registered office	Tricor Suite 4th Floor 50 Mark Lane London United Kingdom EC3R 7QR
Independent auditors	PricewaterhouseCoopers Chartered Accountants and Statutory Audit Firm One Spencer Dock North Wall Quay Dublin 1 Ireland
Solicitors	ESB Legal Services Two Gateway East Wall Road Dublin 3 Ireland D03 A995

West Durham Wind Farm (Holdings) 2 Limited

Contents

	Page
Directors' Report	1 - 3
Independent Auditors' Report	4 - 6
Profit and Loss Account	7
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10 - 11
Notes to the Financial Statements	12 - 18

West Durham Wind Farm (Holdings) 2 Limited

Directors' Report For the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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.

Principal activity

The company's principal activity is that of a holding company of West Durham Wind Farm (Holdings) Limited, which in turn holds 100% of the share capital of West Durham Windfarm Limited.

Results and dividends

The profit for the year, after taxation, amounted to £1,500 thousand (2016 - £Nil).

The directors approved the payment of a dividend of £1,500 thousand during the year (2016: £Nil).

Small companies note

In preparing this report, the directors have taken advantage of the exemption provided by section 414B of the Companies Act 2006 in relation to the preparation of a Strategic Report. The directors have also taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

West Durham Wind Farm (Holdings) 2 Limited

Directors' Report (continued) For the Year Ended 31 December 2017

Directors, secretary and their interests

The directors who served during the year were:

M. Fogarty (appointed 1 May 2017)
J. Healy (appointed 1 May 2017)
J. Redmond (appointed 1 May 2017)
M. Young (resigned 1 May 2017)
T. Gill
F. O'Donnell (resigned 1 May 2017)

On 1 May 2017, M. Young and F. O'Donnell resigned as directors and on the same date, M. Fogarty, J. Redmond and J. Healy were appointed as directors.

The directors and secretary had no disclosable interests in the shares of the company, or any other group company, as defined in section 177 of the Companies Act 2006, at 31 December 2017 or 31 December 2016.

Political and charitable contributions

The company made no political or charitable contributions during the year (2016 - £Nil).

Principal risks and uncertainties

The company's risk profile reflects the principal activities of the business and is summarised below. Management have put in place a series of processes to mitigate major risk. The main risks facing the business are:

1. Investment performance

West Durham Wind Farm (Holdings) 2 Limited ("WDWHL") has invested in West Durham Wind Farm (Holdings) Limited, which has invested in the operation of a wind farm. The main business risk relates to the possible underperformance of this investment, which could result in inadequate returns and or impairment of the investment. WDWHL has an established process to carefully evaluate and monitor the performance of this investment.

2. Financial

The investment is financed through amounts owed to the company's parent undertaking, and is currently considered adequate to meet any associated repayments required. The company bears no interest rate or currency risk, and liquidity risk is considered to be adequately catered for given the nature of the underlying investments and the company's group relationship with these.

Future developments

The directors have no plans to change the activities and operations of the company in the foreseeable future.

Events since the end of the financial year

There have been no significant events since the Balance Sheet date that the directors believe require adjustment to, or disclosure in the financial statements.

West Durham Wind Farm (Holdings) 2 Limited

**Directors' Report (continued)
For the Year Ended 31 December 2017**

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information (within the meaning of section 418 (2) of the Companies Act 2006).

Auditor

The auditors, PricewaterhouseCoopers, were appointed as auditors during the year and will continue in office in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



J. Healy
Director
Date: 2 July 2018



~~THOMAS GILL~~ **THOMAS GILL**
Director

West Durham Wind Farm (Holdings) 2 Limited

Independent Auditors' Report to the Members of West Durham Wind Farm (Holdings) 2 Limited

Report on the audit of the financial statements

Opinion

In our opinion, West Durham Wind Farm (Holdings) 2 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and financial statements, which comprise:

- the balance sheet as at 31 December 2017;
- the profit and loss account for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Reporting on other information

The other information comprises all of the information in the Directors' Report and financial statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

West Durham Wind Farm (Holdings) 2 Limited

Independent Auditors' Report to the Members of West Durham Wind Farm (Holdings) 2 Limited

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

West Durham Wind Farm (Holdings) 2 Limited

Independent Auditors' Report to the Members of West Durham Wind Farm (Holdings) 2 Limited

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Mary Cleary

Mary Cleary (Senior Statutory Auditor)

for and on behalf of

PricewaterhouseCoopers

Chartered Accountants and Statutory Audit Firm

One Spencer Dock

North Wall Quay

Dublin 1

Ireland

Date: *3 July 2018*

West Durham Wind Farm (Holdings) 2 Limited

Profit and Loss Account For the Year Ended 31 December 2017

	Note	2017 £000	2016 £000
Income from investments			
Dividends received	5	1,500	-
Profit on ordinary activities before taxation		1,500	-
Profit for the financial year		1,500	-

The notes on pages 12 to 18 form part of these financial statements.

West Durham Wind Farm (Holdings) 2 Limited

**Statement of Comprehensive Income
For the Year Ended 31 December 2017**

	2017 £000	2016 £000
Profit for the financial year	1,500	-
Total comprehensive income for the year	1,500	-

The notes on pages 12 to 18 form part of these financial statements.

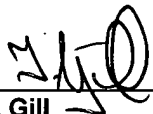
West Durham Wind Farm (Holdings) 2 Limited
Registered number: 05654029

Balance Sheet
As at 31 December 2017

	Note	2017 £000	2016 £000
Fixed assets			
Investments	6	100	100
		<u>100</u>	<u>100</u>
Current assets			
Debtors: amounts falling due within one year	7	3,840	3,840
		<u>3,840</u>	<u>3,840</u>
Creditors: amount falling due within one year	8	(3,940)	(3,940)
		<u>(3,940)</u>	<u>(3,940)</u>
Net current liabilities		<u>(100)</u>	<u>(100)</u>
Total assets less current liabilities		<u>-</u>	<u>-</u>
Net assets		<u>-</u>	<u>-</u>
Capital and reserves			
Share capital	9	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

The company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


T. Gill
 Director
 Date: 2 July 2018


J. Healy
 Director

The notes on pages 12 to 18 form part of these financial statements.

West Durham Wind Farm (Holdings) 2 Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2017**

	Share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2017	-	-	-
Comprehensive income for the year			
Profit for the financial year	-	1,500	1,500
Total comprehensive income for the year	-	1,500	1,500
Dividends paid	-	(1,500)	(1,500)
At 31 December 2017	-	-	-

West Durham Wind Farm (Holdings) 2 Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2016**

	Share capital £000	Total equity £000
At 1 January 2016	-	-
At 31 December 2016	-	-

The notes on pages 12 to 18 form part of these financial statements.

West Durham Wind Farm (Holdings) 2 Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

1. Accounting policies

West Durham Wind Farm (Holdings) 2 Limited is a limited company incorporated and operating in the United Kingdom. This company is a holding company. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements are presented in Sterling, which is the functional currency of the company, rounded to the nearest thousand.

1.1 Basis of preparation of financial statements

The financial statements of West Durham Wind Farm (Holdings) 2 Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, except for derivative financial instruments which are valued at fair value, and in accordance with the Companies Act 2006.

1.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- IAS 1: Presentation of Financial Statements: Certain disclosures including comparative information
- IAS 7: Statement of Cash Flows: A Cash Flow Statement and related notes
- IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 24: Related Party Disclosures: Disclosures in respect of transactions with wholly owned subsidiaries
- IAS 24: Related Party Disclosures: Disclosures in respect of the compensation of key management personnel

As the consolidated financial statements of Electricity Supply Board (ESB), the company's parent undertaking, include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 7: Financial Instrument Disclosures: Disclosures relating to financial instruments
- IFRS 13: Fair Value Measurement
- IAS 36: Impairment of Assets

1.3 Consolidation

The company has availed of the exemptions in FRS 101 and the Companies Act 2016 from preparing consolidated financial statements as the financial statements of West Durham Wind Farm (Holdings) 2 Limited form part of the consolidated financial statements of Electricity Supply Board.

1.4 Investments

The company holds an investment in a subsidiary undertaking, West Durham Wind Farm (Holdings) Limited. A subsidiary is an entity controlled by the company. Control exists when West Durham Holdings 2 Limited is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. These are accounted for at historical cost less any provision for impairment.

West Durham Wind Farm (Holdings) 2 Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

1. Accounting policies (continued)

1.5 Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. The resulting monetary assets and liabilities are translated at the rate ruling at the Balance Sheet date and the exchange differences are dealt with in the Profit and Loss Account. Non-monetary assets and liabilities measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

1.6 Impairment

An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU).

1.7 Debtors

Debtors are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest method less provision made for impairment.

1.8 Creditors

Creditors and other payables are initially recorded at fair value, which is usually the original invoiced amount, and subsequently carried at amortised cost using the effective interest rate method.

1.9 Amounts payable to and receivable from Group companies

Intercompany debtors and creditors, including loans, are non-derivative financial assets and liabilities which are not quoted in an active market. Those with maturities less than twelve months after the Balance Sheet date are included in current assets and current liabilities respectively. Those with maturities greater than twelve months after the Balance Sheet date are included in non-current assets or liabilities, as appropriate. The balances are initially recorded at fair value and thereafter at amortised cost.

**Notes to the Financial Statements
For the Year Ended 31 December 2017**

1. Accounting policies (continued)

1.10 Current and deferred taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Profit and Loss Account, except to the extent that it relates to items recognised directly in other comprehensive income or equity.

Current tax

Current tax is provided at current rates and is calculated on the basis of results for the period.

Deferred tax

Deferred tax is provided using the Balance Sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

1.11 Provisions

A provision is recognised if, as a result of a past event, the company has a present, legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in Interest payable and similar charges.

1.12 Dividend

Dividends paid to shareholders are recognised in the Statement of Changes in Equity when they have been approved by the Directors and paid by the company.

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

1.13 Going Concern

After making enquires, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the company adopts the going concern basis in preparing its financial statements.

West Durham Wind Farm (Holdings) 2 Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

1. Accounting policies (continued)

1.14 Share capital

Financial instruments that have been issued are classified as equity where they meet the definition of equity and confer on the holder a residual interest in the assets of the company. Ordinary shares are classified as equity.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Judgements made by management in the application of FRS 101 that have a significant effect on the financial statements and an estimate with a significant risk of material adjustment is:

1. Carrying value of investment

Assumptions relate to the carrying value of the company's investment in its subsidiary. This involves a review of the underlying financial data and estimation of the likely recoverable amounts. Following a year end review of the carrying value of the investment, no impairment provision was recorded in the Profit and Loss Account for the year ended 31 December 2017.

3. Auditors' remuneration

The following amounts were paid to the company's auditors in respect of the audit of the financial statements:

	2017 £000	2016 £000
Audit fees	2	2
	<u>2</u>	<u>2</u>

The audit fee is paid by a fellow group company.

4. Employees and directors' remuneration

During the year, no director received any emoluments (2016 - £Nil).

The company has no employees (2016 - Nil).

West Durham Wind Farm (Holdings) 2 Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

5. Income from investments

	2017 £000	2016 £000
Dividend received	1,500	-
	<u>1,500</u>	<u>-</u>

During the year the Company received a dividend of £1.5m from West Durham Wind Farm (Holdings) Limited (2016: £Nil).

Dividend received from West Durham Wind Farm (Holdings) Limited is exempt from tax.

6. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2017	100
At 31 December 2017	<u>100</u>
Net book value	
At 31 December 2017	<u>100</u>
At 31 December 2016	<u>100</u>

West Durham Wind Farm (Holdings) 2 Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

6. Fixed asset investments (continued)

Subsidiary undertakings

The following is a subsidiary undertaking of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
West Durham Wind Farm (Holdings) Limited	United Kingdom	Ordinary	100 %	Holding company
West Durham Windfarm Limited*	United Kingdom	Ordinary	100 %	Power Generation

*Shares held indirectly by intermediate holding companies.

Name	Business	Registered office
West Durham Wind Farm (Holdings) Limited	Holding company	Tricor Suite, 4th Floor, 50 Market Lane, London, EC3R 7QR, United Kingdom
West Durham Windfarm Limited*	Power Generation	Tricor Suite, 4th Floor, 50 Market Lane, London, EC3R 7QR, United Kingdom

7. Debtors

	2017 £000	2016 £000
Amounts owed by group undertakings	3,840	3,840
	<u>3,840</u>	<u>3,840</u>

All amounts fall due within one year and bear no interest.

8. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Amounts owed to group undertakings	3,940	3,940
	<u>3,940</u>	<u>3,940</u>

All amounts fall due within one year and bear no interest.

9. Share capital

	2017 £	2016 £
Authorised, allotted, called up and fully paid		
1 Ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

West Durham Wind Farm (Holdings) 2 Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

9. Share capital (continued)

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

10. Controlling party

The company is 100% owned by ESBII UK Limited, a company incorporated in the United Kingdom. ESBII UK Limited is a wholly owned subsidiary of the Electricity Supply Board (ESB), established and operating in Ireland, which is the ultimate parent. The largest and smallest group into which the results of the company are consolidated is that headed by ESB and the consolidated financial statements of ESB are available to the public and may be obtained from Two Gateway, East Wall Road, Dublin 3, Ireland, D03 A995.