



AQUIND Limited

AQUIND INTERCONNECTOR

First Written Question Responses –

Appendix 4 Financial Statements for the year
ended 30 June 2019 (CA1.3.9)

The Infrastructure Planning (Examination Procedure) Rules 2010, Rule 8(1)(b)
The Planning Act 2008

Document Ref: 7.4.1.4

PINS Ref.: EN020022

AQUIND Limited

AQUIND INTERCONNECTOR

First Written Question Responses –

Appendix 4 Financial Statements for the year

ended 30 June 2019 (CA1.3.9)

PINS REF.: EN020022

DOCUMENT: 7.8.1.4

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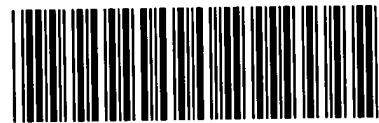
COMPANY REGISTRATION NUMBER: 06681477

Aquind Limited

Financial Statements

**For the year ended
30 June 2019**

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Aquind Limited

Directors' Report

Year ended 30 June 2019

The directors present their report and the financial statements of the company for the year ended 30 June 2019.

Principal activities

The principal activity of the company during the year was the development of the Aquind Interconnector - a 2000MW high voltage direct current power transmission line between the UK and France.

On 23 June, 2016, the United Kingdom (UK) held a referendum in which voters approved an exit from the European Union (EU) (referred to as "Brexit"). Following a general election held on 12 December 2019, the elected government moved forward with seeking Parliamentary approval of a new Withdrawal Agreement which was considered and agreed by the European Council on 17 October 2019. The Withdrawal Agreement was approved in January 2020. The new Withdrawal Agreement sets out the terms of the UK's exit from the EU. In addition, the UK and EU also agreed upon a new Political Declaration which sets out the framework for the future relationship between the EU and the UK, and reflects the Government's ambition to conclude an ambitious, broad, deep and flexible partnership across trade and economic co-operation across a number of sectors, including energy, with a free trade agreement with the EU at its core. As the outcome, the UK left the EU on 31 January 2020. There is currently a transition period during which the UK and the EU should agree on post-Brexit trading arrangements. The transition period is currently due to expire on 31 December 2020, but might be extended in order to complete negotiations.

Accordingly, uncertainty still remains over the future nature and timing over agreement on the future economic and trading relationship between the UK and EU. This may lead to ongoing disruptions and uncertainties around AQUIND's business and relationships with both future users of the interconnector and in respect of the regulatory treatment of AQUIND Interconnector by the UK, French and EU electricity market regulators.

However, Brexit is unlikely to have a direct impact on environmental, planning and consenting activities, which are being currently undertaken by the company. Nevertheless, since construction of the interconnector is not planned earlier than 2021 and its commissioning planned for after 2023, we consider that the interconnector's business model will remain viable. Any short-term immediate disruptions arising from Brexit are unlikely to undermine the fundamental, long-term conditions of energy markets in the UK and France, which suggest significant economic benefits of the transmission of electricity between the two markets.

The Directors have considered the current economic uncertainty reflecting the Covid 19 outbreak and the associated economic uncertainties and implications for delays to ongoing political dialogue associated with Brexit and the operation of the power markets for the future. Whilst short term delays are expected the underlying economic requirements supporting the need for greater interconnector capacity and the value of this project specifically are considered to remain strong.

Directors

The directors who served the company during the year were as follows:

Mr R D Glasspool
Mr K Glukhovskoy
Mr A Temerko

The company has granted an indemnity to its directors 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.

£13,000 (2018: £34,000) was paid to the Conservative party for attendance at various events and conferences during the year. A proportion of the cost of these events are treated as donations by the recipient. It has not been possible to split this out. Further political donations of £70,600 (2019: £8,000) were also made to the Conservative party during the year.

Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Aquind Limited

Directors' Report *(continued)*

Year ended 30 June 2019

This report was approved by the board of directors on 20 May 2020 and signed on behalf of the board by:



Mr R D Glasspool
Director

Registered office:
OGN House
Hadrian Way
Wallsend
NE28 6HL

Aquind Limited

Directors' Responsibilities Statement

Year ended 30 June 2019

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 judgments and accounting estimates that are reasonable and prudent.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Aquind Limited

Independent Auditor's Report to the Members of Aquind Limited *(continued)*

Year ended 30 June 2019

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Aquind Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and the 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 profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 14.

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 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 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.

We have nothing to report in respect of these matters.

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 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.

Aquind Limited

Independent Auditor's Report to the Members of Aquind Limited (continued)

Year ended 30 June 2019

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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 directors' report for the financial year, for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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 work, for this report, or for the opinions we have formed.



Anthony Matthews (Senior Statutory Auditor)

For and on behalf of
Deloitte LLP
Statutory Auditor

20 May 2020

Aquind Limited

Statement of Comprehensive Income

Year ended 30 June 2019

	Note	2019 £	2018 £
Administrative expenses		(1,390,077)	(1,023,130)
Operating loss		(1,390,077)	(1,023,130)
Interest receivable and similar income		753	-
Interest payable and similar expenses		(929,732)	(363,565)
Loss before taxation	6	(2,319,056)	(1,386,695)
Tax on loss		-	-
Loss for the financial year and total comprehensive income		(2,319,056)	(1,386,695)

All the activities of the company are from continuing operations.


The notes on pages 9 to 11 form part of these financial statements.

Aquind Limited**Statement of Financial Position****30 June 2019**

	Note	2019 £	2018 £
Fixed assets			
Investments	7	894	-
Intangible assets	8	23,355,679	12,169,613
Tangible assets	9	5,591	8,109
		<u>23,362,164</u>	<u>12,177,722</u>
Current assets			
Debtors	10	651,710	1,014,452
Cash at bank and in hand		1,049,684	50,666
		<u>1,701,394</u>	<u>1,065,118</u>
Creditors: amounts falling due within one year	11	(3,796,950)	(15,092,991)
Net current liabilities		<u>(2,095,556)</u>	<u>(14,027,873)</u>
Total assets less current liabilities		<u>21,266,608</u>	<u>(1,850,151)</u>
Creditors: amounts falling due after more than one year	11	(25,435,815)	-
Net liabilities		<u>(4,169,207)</u>	<u>(1,850,151)</u>
Capital and reserves			
Called up share capital		330,001	330,001
Profit and loss account		(4,499,208)	(2,180,152)
Shareholders deficit		<u>(4,169,207)</u>	<u>(1,850,151)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 20 May 2020, and are signed on behalf of the board by:


Mr R D Glasspool
Director

Company registration number: 06681477

The notes on pages 9 to 11 form part of these financial statements.

Aquind Limited

Statement of Changes in Equity

Year ended 30 June 2019

	Called up share capital £	Profit and loss account £	Total £
At 1 July 2018	330,001	(2,180,152)	(1,850,151)
Loss for the year		(2,319,056)	(2,319,056)
Total comprehensive income for the year	-	(2,319,056)	(2,319,056)
At 30 June 2019	330,001	(4,499,208)	(4,169,207)
Profit for the year		-	-
At 30 June 2019	<u>330,001</u>	<u>(4,499,208)</u>	<u>(4,169,207)</u>

The notes on pages 9 to 11 form part of these financial statements.

Aquind Limited

Notes to the Financial Statements

Year ended 30 June 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is OGN House, Hadrian Way, Wallsend, NE28 6HL.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis and in sterling, which is the functional currency of the entity.

Going concern

OGN Enterprises Limited has provided a number of shareholder loans to the company over the years. OGN Enterprises Limited has confirmed its commitment to provide funding to cover the initial project development costs irrespective of the sale of 100% of shares of the company to Aquind Energy S.a.r.l.. OGN Enterprises Limited has agreed to roll-over each loan and to extend them until 1 June 2021. OGN Enterprises Limited has provided a letter of comfort to the company that the budget will be funded by additional loans and that all individual loans made to date to the company is extended to 1 June 2021. OGN Enterprises Limited is therefore committed to provide continued funding to the company for the current project development phase. The directors are also investigating alternative sources of finance, including commercial banks, other financial institutions and strategic partners to fund subsequent project stages.

In addition to the above the Directors have also considered the current economic uncertainty reflecting the Covid 19 outbreak as set out in the Directors' Report. Reflecting that the company is not currently reliant on revenues, and has secured funding to manage its spending plans for the next 12 months which has been reconfirmed as available in the light of the Covid 19 developments. Whilst there could be some delays to the progress of the plans for the project this is not considered to have a significant impact on the going concern assumption.

Taking into account the above and the ongoing financial support demonstrated by OGN Enterprises Limited, the directors continue to adopt the going concern basis in preparing the financial statements.

Investments

Fixed assets investments are shown at cost less provision for impairment in value.

Development costs

Expenditure to establish the Project is recognised in the Profit & Loss Account on an accruals basis. Expenditure on the development of the Project is capitalised when its future recoverability can be reasonably assured and both its technical feasibility and commercial viability can be demonstrated. Costs capitalised include costs incurred in bringing the Project to the consented stage, including costs associated with obtaining all material permits, authorisations and financing. At the point where the future economic benefit from its use or disposal does not exceed the carrying value of the Project it is impaired. At the point that the Project reaches the consent stage and is approved for construction by the Board the carrying value will be transferred to property, plant and equipment as assets under construction.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Amortisation will be charged once the related asset is available for use.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

4. Auditor's remuneration

	2019	2018
	£	£
Fees payable for the audit of the financial statements	11,750	7,550

Aquind Limited

Notes to the Financial Statements (continued)

Year ended 30 June 2019

5. Employee numbers

The average number of persons employed by the company during the year amounted to 7 (2018: 7).

6. Profit before taxation

Profit before taxation is stated after charging:

	2019 £	2018 £
Depreciation of tangible assets	3,145	909

7. Investments

	Subsidiary undertakings £	Total £
Cost		
Additions	894	894
At 30 June 2019	<u>894</u>	<u>894</u>

Aquind SAS (France) is a 100% subsidiary of the company and was registered on 31 May 2019 for the purposes of developing the Aquind interconnector in France. It is currently operating under the control of the company and was dormant as at 30 June 2019. The investment in the subsidiary company is carried at cost of £894 (2018: £nil).

8. Intangible assets

	Development costs £	Intellectual property rights £	Other intangibles £	Total £
Cost				
At 1 July 2018	12,140,364	5,850	23,399	12,169,613
Additions	11,176,066	10,000	-	11,186,066
At 30 June 2019	<u>23,316,430</u>	<u>15,850</u>	<u>23,399</u>	<u>23,355,679</u>
Amortisation				
At 1 July 2018 and 30 June 2019	-	-	-	-
Carrying amount				
At 30 June 2019	<u>23,316,430</u>	<u>15,850</u>	<u>23,399</u>	<u>23,355,679</u>
At 30 June 2018	<u>12,140,364</u>	<u>5,850</u>	<u>23,399</u>	<u>12,169,613</u>

9. Tangible assets

	Fixtures and fittings £	Total £
Cost		
At 1 July 2018	9,018	9,018
Additions	627	627
At 30 June 2019	<u>9,645</u>	<u>9,645</u>
Depreciation		
At 1 July 2018	909	909
Charge for the year	3,145	3,145
At 30 June 2019	<u>4,054</u>	<u>4,054</u>
Carrying amount		
At 30 June 2019	<u>5,591</u>	<u>5,591</u>
At 30 June 2018	<u>8,109</u>	<u>8,109</u>

Aquind Limited**Notes to the Financial Statements (continued)****Year ended 30 June 2019****10. Debtors**

	2019	2018
	£	£
Prepayments and accrued income	13,205	16,028
VAT	228,055	203,240
Other debtors	410,450	795,184
	<u>651,710</u>	<u>1,014,452</u>

11. Creditors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade creditors	2,463,860	1,542,026
Amounts owed to group undertakings	-	12,596,004
Accruals and deferred income	1,200,962	921,426
Social security and other taxes	79,219	32,063
Other creditors	52,909	1,472
	<u>3,796,950</u>	<u>15,092,991</u>
	2019	2018
	£	£
Amounts falling due more than one year:		
Amounts owed to group undertakings	25,435,815	-

Amounts owed to group undertakings represent loans made by OGN Enterprises Limited and have been advanced at an interest rate of 4.5% above the Barclays bank base rate. OGN Enterprises Limited has agreed to roll-over each loan and to extend them until 1 June 2021.

12. Related party transactions

During the year, the company received loans from OGN Enterprises Limited £11,910,079 (2018: £8,678,425). The outstanding amount at the reporting date was £24,105,908 (2018: £12,195,829). Interest was charged on the loans from OGN Enterprises Limited at 4.5% above the Barclays bank base rate and amounted to £929,732 (2018: £563,007). Interest of £1,329,907 was outstanding at 30 June 2019 (2018: £400,175). OGN Enterprises Limited has agreed to roll-over each loan and to extend them until 1 June 2021.

During the year, the company received marketing services from a relative of the company director in the amount of £38,850 (2018: £6,300). The services were provided under the normal market conditions. During the year the costs of these services were included in administrative expenses. The outstanding amount at the reporting date was £Nil (2018: £Nil).

13. Controlling party

The parent of the company is Aquind Energy S.a.r.l., whose registered office is at 26, boulevard de Kockelscheuer, L-1821, Luxembourg. The Directors have the power to govern the financial and operating policies of the company.

14. Subsequent events

The Directors have considered the current economic uncertainty reflecting the Covid 19 outbreak and the associated economic uncertainties and implications for delays to ongoing political dialogue associated with Brexit and the operation of the power markets for the future. Whilst short term delays are expected the underlying economic requirements supporting the need for greater interconnector capacity and the value of this project specifically are considered to remain strong.