

PENDINE WIND FARM LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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PENDINE WIND FARM LIMITED

COMPANY INFORMATION

Directors Alper Elmas
Jonathan David Chin O'Sullivan

Company secretary Jonas Van Mansfeld

Registered number 03292728

Registered office First Floor
1 Tudor Street
London
United Kingdom
EC4Y 0AH

Independent auditor Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers Nordea Bank Finland plc
8th Floor
City Place House
55 Bainsghall Street
London
EC2V 5NB

PENDINE WIND FARM LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 5
Independent Auditor's Report	6 - 8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11 - 12
Notes to the Financial Statements	13 - 32

PENDINE WIND FARM LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

This report provides an overview of the current year performance, position and main issues that have been considered by the directors.

Principal activity

The Company's principal activity consists of the operation of an onshore wind farm at the Pendine Farm in South West Wales within the United Kingdom. The Company is a private company limited by shares, domiciled in the United Kingdom and incorporated in England and Wales. During the year, the Company's entire share capital was sold by Nuon UK Ltd to Vattenfall Wind Power Ltd. At 31 December 2019 the Company's immediate parent undertaking was Vattenfall Wind Power Ltd and the ultimate parent undertaking of the Company is Vattenfall AB, the Swedish based international utility company.

Business review

During the year the Company operated an onshore wind farm at the Pendine farm in South West Wales within the United Kingdom. The wind farm has been fully operational throughout the year ended 31 December 2019 and generated turnover of £1,255,780 (2018: £1,433,925) with net profits of £335,185 (2018: £437,143). The directors anticipate similar levels of activity and profitability in future years.

The ultimate parent undertaking is Vattenfall AB. One of the key focus areas of Vattenfall's strategy is building a more sustainable energy portfolio. Vattenfall has a committed and ambitious strategy for growth in renewable generation and plans to invest around 25 billion Swedish Krona in new wind farms over the next two years and similar amounts in the years following.

At 31 December 2019, Vattenfall Group's installed capacity for Wind and Solar operating assets amounted to 3.3GW (1.1GW in the UK) split over more than 1,100 turbines and solar panels in five countries. During the financial year 2019 Vattenfall Group had nine wind farms under construction in three countries, one of which was fully commissioned in 2019 and five of which will be fully commissioned in 2020. The other wind farms are expected to commence operations in 2021/2022. Furthermore, Vattenfall Group pursues new opportunities through its pipeline of development projects, currently representing a size above 5GW.

During the year, the Company's entire share capital was sold by Nuon UK Ltd to Vattenfall Wind Power Ltd.

Key performance indicators ("KPIs")

The principal KPI for the Company is turnover comprising turbine availability, wind resource and electricity price. Availability during the year has decreased to 87% (2018: 96%), with the volume of 12,313MWh (2018: 12,252MWh) up despite the relatively low wind resources. Electricity prices have been lower during the year, averaging £48/MWh (2018: £65/MWh).

PENDINE WIND FARM LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

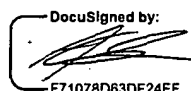
Principal risks and uncertainties

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are credit risk, liquidity risk and cash flow risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's Balance Sheet, the only financial risks the directors consider relevant to the Company are credit risk and liquidity risk. These risks are mitigated first with the Company being fully equity funded and, second, by the nature of the balances owed, with these due to other Vattenfall group companies. Credit exposure represents the extent of credit-related losses that the Company may be subject to on amounts to be received from financial assets. The Company, while exposed to credit-related losses in the event of non-performance by counterparties does not expect any counterparties to fail to meet their obligations given their high credit quality. Operational risks are mitigated by having contractual arrangements in place which result in adequate and timely services taking place when technical difficulties are experienced at the site.

The Company has considered any risks arising as a result of the UK's departure from the European Union ("EU"). The UK left the EU on 31 January 2020. This began a transition period that is set to end on 31 December 2020, during which the UK remains subject to EU law and remains part of the EU customs union and single market. The principal risk, currency risk, is mitigated as all income and costs will be denominated in Pound Sterling.

The implementation of social restriction measures by the European governments in response to COVID-19 has resulted in less demand for electricity, resulting in lower power prices. Despite the Company's sales being substantially protected by stable renewable subsidy income, volatility in power price and produced volume have an impact on the Company's earnings. In addition, limitations in travel, social distancing and the availability of materials may affect the efficiency of operations. The current unprecedented economic environment has created uncertainty in relation to the timing of a return to normalised electricity demand levels and the ability to run operations at full efficiency.

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

DocuSigned by:

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Alper Elmas
Director

Date: 1 October 2020

PENDINE WIND FARM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Going concern

Whilst the operations of the Company continue to be cash generative, in the unlikely event this is not possible for the Company to meet their liabilities as they fall due, the ultimate parent company, Vattenfall AB, has agreed to provide continued financial support to the Company for the foreseeable future to meet its obligations as and when they fall due, for a minimum period of 12 months from the date of these financial statements, to the extent that the Company is unable to meet its liabilities.

Vattenfall Group released its Half Year 2020 results on 21 July 2020, which demonstrate that the Group increased their EBITDA to £2.2 billion during the period.

Based on this information, and on enquiry, the directors believe that the ultimate parent company, Vattenfall AB, has the ability to provide financial support to the Company for the foreseeable future.

Taking into account the position of the ultimate parent company, and their assessment of the impact on the Company summarised in Post Balance Sheet events of the Strategic Report, the directors are of the view, to the best of their current knowledge, that COVID-19 will not have a material adverse impact on the Company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

PENDINE WIND FARM LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Results and dividends

The profit for the year, after taxation, amounted to £335,185 (2018 - £437,143).

Dividend paid in the year is £nil (2018: £nil).

Subsequent to year end, the Company approved and paid a dividend of £1,100,000 on 19 March 2020.

Directors

The directors who served during the year were:

Alper Elmas
Jonathan David Chin O'Sullivan

Future developments

The Company is continuously reviewing its business to stay responsive to the challenging energy market conditions and current low energy prices. Management has sourced its operation & maintenance with a service provider which allows for cost management and stability of cash flow. It is our policy to refrain from making any specific statements about expected future results. However, on the basis of risk analysis and adequate operational processes, we have faith that we will be able to tackle the challenges ahead and to stay on top of our operations.

In January 2020, an outbreak of a new strain of coronavirus, COVID-19, was identified in Wuhan, China. The virus has spread globally including to the UK and Europe and the World Health Organization (WHO) declared COVID-19 a pandemic on 11 March 2020. Governments, the UK government among them, have imposed restrictions to reduce the risk of further spread of the disease - closing borders, ordering home quarantine and cancelling public events. The Company operates an onshore wind farm and will continue to provide these services during the course of the following year. The implementation of social restriction measures by the European governments has resulted in less demand for electricity, resulting in lower power prices. In addition, limitations in travel, social distancing and the availability of materials may affect the efficiency of operations. The current unprecedented economic environment has created uncertainty in relation to the timing of a return to normalised electricity demand levels and the ability to run operations at full efficiency.

The directors have assessed the impact of COVID-19 on the Company, including a review of the customer base, customer contract terms and cash collection; procurement and supply chain; operations; staff working arrangements and capacity. At present, the directors believe that the Company is well placed to continue without significant adverse operational or financial impact.

Qualifying third party indemnity provisions

Certain directors benefited from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

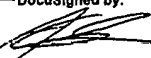
PENDINE WIND FARM LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

DocuSigned by:

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Alper Elmas
Director

Date: 1 October 2020

PENDINE WIND FARM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENDINE WIND FARM LIMITED

Opinion

We have audited the financial statements of Pendine Wind Farm Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 United Kingdom, including the Financial Reporting Council'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.

Emphasis of matter

We draw attention to Note 2.5 and Note 21 of the financial statements, which describe the impact on the Company of COVID-19 in its operations and assessment of going concern. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

PENDINE WIND FARM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENDINE WIND FARM LIMITED (CONTINUED)

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 this regard.

Opinion 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.

Matters on which we are required to report by exception

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 material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

PENDINE WIND FARM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENDINE WIND FARM LIMITED (CONTINUED)

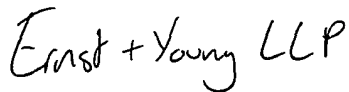
Auditor's responsibilities for the audit of the financial statements

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.

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.



Stuart Darrington (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP, Statutory Auditor

London

1 October 2020

PENDINE WIND FARM LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	1,255,780	1,433,925
Cost of sales		(857,401)	(850,591)
Gross profit		398,379	583,334
Administrative expenses		(59,724)	(56,410)
Operating profit	5	338,655	526,924
Interest receivable and similar income	8	17,417	9,120
Interest payable and expenses	9	(5,465)	(3,243)
Profit before tax		350,607	532,801
Tax on profit	10	(15,422)	(95,658)
Profit for the financial year		335,185	437,143
Total comprehensive income for the year		335,185	437,143

There were no recognised gains and losses for 2019 or 2018 other than those included in the Statement of Comprehensive Income. All amounts relate to continuing activities.

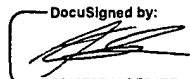
The notes on pages 13 to 32 form part of these financial statements.

PENDINE WIND FARM LIMITED
REGISTERED NUMBER:03292728

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Non-current assets			
Fixed assets			
Tangible fixed assets	11	2,923,673	3,302,727
Current assets			
Debtors: amounts falling due within one year	12	516,543	406,542
Cash at bank and in hand	13	2,865,419	2,294,373
		<u>3,381,962</u>	<u>2,700,915</u>
Creditors: amounts falling due within one year	14	(216,207)	(333,826)
Net current assets		<u>3,165,755</u>	<u>2,367,089</u>
Total assets less current liabilities		<u>6,089,428</u>	<u>5,669,816</u>
Non-current liabilities			
Creditors: amounts falling after more than one year	15	(105,740)	-
Deferred taxation	18	(163,319)	(191,810)
Other provisions	19	(240,447)	(233,269)
		<u>(509,506)</u>	<u>(425,079)</u>
Net assets		<u>5,579,922</u>	<u>5,244,737</u>
Capital and reserves			
Called up share capital	20	4,200,002	4,200,002
Retained earnings		<u>1,379,920</u>	<u>1,044,735</u>
Total equity		<u>5,579,922</u>	<u>5,244,737</u>

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

DocuSigned by:

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Alper Elmas
 Director

Date: 1 October 2020

The notes on pages 13 to 32 form part of these financial statements.

PENDINE WIND FARM LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2019	4,200,002	1,044,735	5,244,737
Comprehensive income for the year			
Profit for the year	-	335,185	335,185
Total comprehensive income for the year	-	335,185	335,185
Total transactions with owners	-	-	-
At 31 December 2019	4,200,002	1,379,920	5,579,922

The notes on pages 13 to 32 form part of these financial statements.

PENDINE WIND FARM LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2018	4,200,002	607,592	4,807,594
Comprehensive income for the year			
Profit for the year	-	437,143	437,143
Total comprehensive income for the year	-	437,143	437,143
Total transactions with owners	-	-	-
At 31 December 2018	4,200,002	1,044,735	5,244,737

The notes on pages 13 to 32 form part of these financial statements.

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Authorisation of financial statements

The financial statements of Pendine Wind Farm Limited (the "Company") for the year ended 31 December 2019 were approved by the board and authorised for issue on 01 October 2020 and the Balance Sheet was signed on the board's behalf by Alper Elmas. Pendine Wind Farm Limited is incorporated and domiciled in England and Wales.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.3 Change in accounting policy and disclosures

Unless otherwise stated, the accounting policies and method of computation adopted in the preparation of the financial statements are consistent with those of the previous year.

The following new and amended IFRS and IFRIC interpretations are mandatory as of 1 January 2019 unless otherwise stated and the impact of adoption is described below. There are no other changes to IFRS effective in 2019 which have a material impact on the Company.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the Balance Sheet.

IFRS 16 requires lessees to account for all leases under a single on-Balance Sheet model in a similar way to finance leases under IAS 17 Leases. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events. The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

As the Company applied the modified retrospective transition method, the reclassifications and the adjustments arising from the adoption of IFRS 16 were recognised in the opening Balance Sheet of 1st January 2019, and comparative information was not restated. As of 1st January 2019, additional lease liabilities were recognised for leases previously classified as operating leases applying IAS 17. These lease liabilities were measured at the present value of the remaining lease payments and discounted at the entity incremental borrowing rates as of 1st January 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.1%. A corresponding right-of-use asset was recognised for an amount equal to the lease liability.

In applying IFRS 16 for the first time, the Company has applied the following practical expedient permitted by the standard:

- Leases for which the lease term ends within 12 months of the date of initial application of IFRS 16 have been treated as short-term leases.

On transition to IFRS 16, the Company recognised right of use assets of £123,851 within Fixed assets and lease liabilities of £123,851 within Lease liabilities, as detailed in Note 16. There was no impact on the retained earnings.

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

IFRIC Interpretation 23 Uncertainty over income tax treatments

IFRIC Interpretation 23 clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

There has been no material impact from IFRIC Interpretation 23.

AIP IAS 23 Borrowing costs - Borrowing costs eligible for capitalisation

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

There has been no material impact from AIP IAS 23.

New standards and interpretations not yet effective:

The Company has elected not to early adopt the following revised and amended standards, which are not yet mandatory in the EU.

The list below includes only standards and interpretations that could have an impact on the financial statements of the Company.

- IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors (effective in the EU 1 January 2020)

2.4 Impact of new international reporting standards, amendments and interpretations

IFRS 16

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.5 Going concern

The ultimate parent company, Vattenfall AB, has agreed to provide continued financial support to the Company for the foreseeable future to meet its obligations as and when they fall due, for a minimum period of 12 months from the date of these financial statements, to the extent that the Company is unable to meet its liabilities.

Vattenfall Group released its Half Year 2020 results on 21 July 2020, which demonstrate that the Group increased their EBITDA to £2.2 billion during the period.

Based on this information, and on enquiry, the directors believe that the ultimate parent company, Vattenfall AB, has the ability to provide financial support to the Company for the foreseeable future.

Taking into account the position of the ultimate parent company, and their assessment of the impact on the Company summarised in Post Balance Sheet events of the Strategic Report, the directors are of the view, to the best of their current knowledge, that COVID-19 will not have a material adverse impact on the Company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

2.6 Development expenditure

Development expenditure is capitalised and held as assets under construction when the Company obtains planning consent and the project is expected to become technically and commercially viable such that the project is expected to generate sufficient net cash flow to allow recovery of such expenditure. Otherwise, development expenditure for new wind farm projects is expensed as incurred. On disposal of a project, previously capitalised development expenditure will be transferred to the Statement of Comprehensive Income in the same period in which revenue is recognised.

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.7 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The Company sells electricity under the terms of the Service Level Agreement ("SLA") with Vattenfall Energy Trading ("VET"). The SLA identifies two income streams subject to separate performance obligations under IFRS 15:

Income from the sale of electricity

Income from the sale of electricity is recognised when the performance obligations under the SLA are met. This occurs when electricity is transferred to VET at an amount that reflects the consideration the Company expects to be entitled in exchange for the electricity. Under such arrangements income is recognised according to contractual prices per unit of output multiplied by the actual power output delivered to VET in the period, subject to an administrative fee. Income from the sale of electrical energy is recognised net of VAT and other sales taxes.

ROC (Renewable Obligation Certificate) entitlement and Buyout Fund

A Renewable Obligation Certificate ("ROC") is an environmental credit issued to accredited generators for eligible renewable electricity. One ROC is issued for each megawatt hour of eligible renewable electricity generated. Income from the sale of ROCs is recognised once the performance obligation is satisfied at the point of sale of the associated electricity to VET at market price, subject to an administrative fee deduction.

In addition, the Company recognises income from the redistribution of the ROC Buyout Fund to eligible generators of renewable energy. The transaction price allocated is estimated on the basis of market data. Please refer to note 3 for further description of the ROCs revenue estimate.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to VET and payment by VET exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. An accrued income balance is recognised when the performance obligations under the SLA are satisfied, yet before consideration is received.

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.8 Leases

Upon adoption of IFRS 16, the Company assesses at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets represents the right to use the underlying assets.

Right-of-use assets

The Company recognised right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments, including in-substance fixed payments, less any lease incentives receivable and variable lease payments that depend on an index or a rate such as inflation and MWh generated. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.9 Tangible fixed assets

All tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Assets under construction are capitalised as separate component of property, plant and equipment. On completion, the cost of construction is transferred to the appropriate category. Assets under construction are not depreciated.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Wind farm - tower, blades, foundations etc	- 20 years
Wind farm - gearboxes and generators	- 10 years
Plant & machinery	- 5 years
Wind farm decommissioning asset	- 20 years

The right-of-use asset is depreciated over the term of the lease of the land.

2.10 Debtors and accrued income

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Accrued income is measured at transaction price when the performance obligations under the SLA are satisfied, yet before consideration is received.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.12 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as assets at amortised cost or fair value through profit or loss.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less any provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, the Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. When assessing the impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. Trade receivables are reported net and such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.13 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'interest receivable and similar income' for gains or 'interest payable and expenses' for losses.

2.15 Interest expenses

Interest expenses are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.17 Decommissioning provision

The Company has provided for the present value of estimated decommissioning costs from the time that the Company has an obligation to dismantle and remove a facility and restore the site on which it is located, and when a reasonable estimate of that provision can be made. The amount recognised is the present value of the estimated future expenditure determined in accordance with the local conditions and requirements. A corresponding tangible fixed asset of an amount equivalent to the provision is also created. This is subsequently depreciated as part of tangible assets.

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

Each year the decommissioning provision is subject to an unwinding of the discounted value in order to bring the provision up to the latest present value. The charge is included within interest payable in the Statement of Comprehensive Income.

Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the fixed asset.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred balances are recognised in respect of all temporary differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date as well as revenues and expenses reported during the year.

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the Balance Sheet date:

Decommissioning

Significant estimates and assumptions are made in determining this provision as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, regulatory changes, cost increases and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently accounted for. The provision at the Balance Sheet date represents management's best estimate of the present value of the future closure costs required.

Renewable Obligation certificate (ROC)

The Company estimated the value of its entitlement to the ROC (Renewable Obligation Certificate) Buyout Fund in relation to the 2019/2020 administrative year. In estimating the value of its entitlement, the Company estimates the value of the Ofgem Buyout Funds for the appropriate years and the number of ROCs that will be presented for the respective years. In the Company's Balance Sheet, amounts owed by group undertakings include £259,683 (2018: £219,343) of accrued income in respect of the Company's share of the Ofgem Buyout Funds.

Leases

Significant estimates and assumptions are made in determining the appropriate discount rate to use and estimating variable lease payments. When the entity has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Income from sale of electricity	587,307	797,345
ROC (Renewable Obligation Certificate)	668,472	636,579
	<u>1,255,779</u>	<u>1,433,924</u>

All turnover arose within the United Kingdom. All turnover has been derived from group undertakings.

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	508,167	539,923
Exchange differences	(7,571)	1,990
Variable lease payments	32,401	-
	<u>532,997</u>	<u>541,913</u>

6. Auditor's remuneration

The Company paid the following amounts to its auditor in respect of the audit of the financial statements. No other services are provided to the Company.

	2019 £	2018 £
Fees for audit services	6,636	6,636
	<u>6,636</u>	<u>6,636</u>

7. Employees

Number of employees

The average monthly number of employees (including directors) during the year was 2 (2018: 2). The Company's payroll costs are incurred by other entities within the Group, with the costs recharged to the Company.

Directors remuneration

The directors of the Company are also directors of the holding company and fellow subsidiaries. The directors remuneration for the year, apportioned to the Company based on the estimated individual director representation for the Company, amounts to £21,333 (2018: £20,447). All of the remuneration was paid by another Vattenfall Group company.

8. Interest receivable and similar income

	2019 £	2018 £
Income from short term deposits	17,417	9,120
	<u>17,417</u>	<u>9,120</u>

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

9. Interest payable and expenses

	2019 £	2018 £
Interest on lease liabilities	3,549	-
Unwinding of discount on decommissioning provision	1,916	3,243
	<u>5,465</u>	<u>3,243</u>

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	39,368	57,176
Adjustments in respect of previous periods	4,545	-
Total current tax	<u>43,913</u>	<u>57,176</u>
Deferred tax		
Origination and reversal of timing differences	27,247	44,056
Impact of change in tax laws and rates	(5,044)	(7,038)
Adjustments in respect of prior periods	(50,694)	1,464
Total deferred tax	<u>(28,491)</u>	<u>38,482</u>
Taxation on profit on ordinary activities	<u>15,422</u>	<u>95,658</u>

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>350,607</u>	<u>532,801</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	66,615	101,232
Effects of:		
Adjustments to tax charge in respect of prior periods	(46,149)	1,464
Impact of change in tax laws and rates	<u>(5,044)</u>	<u>(7,038)</u>
Total tax charge for the year	<u><u>15,422</u></u>	<u><u>95,658</u></u>

Factors that may affect future tax charges

In the 2016 Budget the UK Government announced that the main rate of corporation tax would be reduced to 17% with effect from 1 April 2020. Legislation introduced in Finance Bill 2020 repeals the previously enacted 17% rate and therefore the rate will remain at 19%. The Company has recognised deferred tax balances at a rate of 17% being the rate substantively enacted at the Balance Sheet date. The rate at which deferred tax balances are recognised by the Company will increase to 19% in future years. If the deferred tax balance was recognised at 19% the additional liability on the Company's Balance Sheet would be approximately £19,000.

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

11. Tangible fixed assets

	Leasehold Property £	Wind farm assets £	Gearboxes & generators £	Wind farm decommissioning asset £	Total £
Cost or valuation					
At 31 December 2018	-	5,429,870	2,327,087	192,410	7,949,367
Adoption of IFRS 16	123,851	-	-	-	123,851
At 1 January 2019 (adjusted balance)	123,851	5,429,870	2,327,087	192,410	8,073,218
Adjustment to asset	-	-	-	5,262	5,262
At 31 December 2019	123,851	5,429,870	2,327,087	197,672	8,078,480
Depreciation					
At 1 January 2019	-	2,472,053	2,113,396	61,191	4,646,640
Depreciation expense	10,540	272,007	213,691	11,929	508,167
At 31 December 2019	10,540	2,744,060	2,327,087	73,120	5,154,807
Net book value					
At 31 December 2019	113,311	2,685,810	-	124,552	2,923,673
At 31 December 2018	-	2,957,817	213,691	131,219	3,302,727

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

12. Debtors: amounts falling due within one year

	2019 £	2018 £
Trade debtors	862	-
Amounts owed by group undertakings	196,382	187,090
Other debtors	45,085	109
Prepayments and accrued income	274,214	219,343
	516,543	406,542

There has been no effect on contract asset balances due to factors relating to the timing of satisfaction of the Company's performance obligations and their relationship with the typical timing of payment.

13. Cash at bank and in hand

	2019 £	2018 £
Cash at bank and in hand	2,865,419	2,294,373

14. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	46,717	58,084
Amounts owed to group undertakings	101,866	226,430
Corporation tax	32,404	21,176
Lease liabilities	9,192	-
Accruals and deferred income	26,028	28,136
	216,207	333,826

The corporation tax creditor consists of amounts payable to intercompany parties in respect of group relief.

Amounts owed to group undertakings are payable on demand and not subject to an applied interest rate.

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

15. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Lease liabilities	<u>105,740</u>	<u>-</u>

16. Leases

Company as a lessee

The Company has a lease for the land on which the wind farm operates. The lease is reflected on the Balance Sheet as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a consistent manner to its tangible fixed assets.

Analysis of lease liabilities amounts due by contractual maturity:

	2019 £
Not later than one year	9,192
Between one year and five years	39,664
Later than five years	66,076
	<u>114,932</u>

Reconciliation of the impact of discounting is as follows:

	2019 £
Undiscounted future lease payments at 1 January 2019	146,500
Impact of discounting	(22,649)
Total lease liability at 1 January 2019	<u>123,851</u>

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through profit or loss	2,865,419	2,294,373
Financial assets that are debt instruments measured at amortised cost	456,927	406,434
	<u>3,322,346</u>	<u>2,700,807</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(148,583)	(284,514)

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets measured at amortised cost comprise loans and receivables, the majority of which is made up of accrued income and amounts owed by group companies.

Financial liabilities measured at amortised cost comprise mostly of amounts owed to group companies.

18. Deferred taxation

	2019 £
At beginning of year	(191,810)
Credited to the Statement of Comprehensive Income	28,491
At end of year	<u>(163,319)</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(186,040)	(212,497)
Other temporary differences	22,721	20,687
	<u>(163,319)</u>	<u>(191,810)</u>

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

19. Other provisions

	Decommissioning provision £
At 1 January 2019	233,269
Effect of change in estimate	5,262
Unwinding of discount	1,916
At 31 December 2019	240,447

Decommissioning provision

Provision has been made for estimated decommissioning costs which are calculated as the present value of estimated decommissioning costs using a discount rate of 0.82% (2018: 1.39%).

20. Share capital

	2019 £	2018 £
Authorised, allotted, called up and fully paid		
4,200,002 (2018 - 4,200,002) Ordinary shares shares of £1.00 each	4,200,002	4,200,002

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

21. Post Balance Sheet events

On 30 January 2020, subsequent to the Balance Sheet date, the World Health Organisation declared COVID-19 as a public health emergency and on 11 March 2020 the virus was declared as a pandemic. Given the COVID-19 escalation subsequent to the Balance Sheet date and considering the virus did not impact the Company in the year ended 31 December 2019, none of the conditions at the Balance Sheet date indicated that any adjustment would be required to the Company's financial statement, in accordance with IAS10.

The forecasts used for impairment analysis are not including COVID-19 impact, as there has been no discernible impact to date and any future impact cannot be quantified. The forecasts used for the Company's going concern assessment have been updated to reflect the directors' assessment of the impact of COVID-19 at the date of approval of the financial statements.

The directors have assessed the impact of COVID-19 on the Company, including a review of the customer base, customer contract terms and cash collection; procurement and supply chain; operations; staff working arrangements and capacity. At present, the directors believe that the Company is well placed to continue without significant adverse operational or financial impact. Given the uncertainty around the extent and timing of the potential future spread or mitigation of COVID-19, the directors continue to monitor the situation closely and will regularly update their assessment of the impact of the pandemic.

On 19 March 2020 the Company has paid out a dividend of £1,100,000 to its shareholders on the basis of their respective shareholdings. At the time of paying dividend a thorough analysis was completed regarding the liquidity of the Company, taking into account the impact of COVID-19, as discussed above and in Note 2.5. Sufficient headroom in liquidity was deemed to be available to distribute a dividend and continue to safeguard the Company's operations for at least 12 months from the date of approval of the financial statements.

Other than as described above, there were no significant events after 31 December 2019 that required adjustment to or disclosure in the financial statements.

22. Ultimate parent undertaking and controlling party

During the year, the Company's entire share capital was sold by Nuon UK Ltd. At 31 December 2019 the immediate parent undertaking is Vattenfall Wind Power Ltd, a company registered in the United Kingdom. The Directors regard Vattenfall AB, a company registered in S-162 87 Stockholm, Sweden as the Company's controlling party and ultimate parent undertaking.

The results of the Company are included in the consolidated financial statements of Vattenfall AB which are available from the Vattenfall website, <http://corporate.vattenfall.com>.