

PENDINE WIND FARM LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

PENDINE WIND FARM LIMITED
REGISTERED NUMBER:03292728

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	5	2,058,593	2,341,716
		<u>2,058,593</u>	<u>2,341,716</u>
Current assets			
Debtors	6	3,376,044	4,059,197
Cash at bank and in hand	7	2,430,244	140,492
		<u>5,806,288</u>	<u>4,199,689</u>
Creditors: amounts falling due within one year	8	(274,201)	(432,912)
Net current assets		<u>5,532,087</u>	<u>3,766,777</u>
Total assets less current liabilities		<u>7,590,680</u>	<u>6,108,493</u>
Provisions for liabilities			
Deferred tax	9	(244,791)	(271,173)
Other provisions	10	(154,195)	(151,172)
		<u>(398,986)</u>	<u>(422,345)</u>
Net assets		<u><u>7,191,694</u></u>	<u><u>5,686,148</u></u>
Capital and reserves			
Called up share capital		4,200,002	4,200,002
Profit and loss account		2,991,692	1,486,146
		<u><u>7,191,694</u></u>	<u><u>5,686,148</u></u>

PENDINE WIND FARM LIMITED
REGISTERED NUMBER:03292728

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies 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 Spanggaard

Director

Date: 27 September 2023

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General information

The company is a private company limited by shares and is incorporated in the United Kingdom under the

Companies Act 2006 and registered in England and Wales. The address of its registered office is Millhouse, 32-38 East Street, Rochford, Essex, SS4 1DB.

The principal activity of the company continued to be that of the operation of a wind farm.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

Taking into account a period exceeding 12 months from the date of approval of these financial statements, the Directors have a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its financial statements.

2.3 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 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. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Income from the sale of electricity

Income from the sale of electricity is recognised when the performance obligations under the sales contract are met. This occurs when electricity is transferred to the customer at an amount that reflects the consideration the Company expects to be entitled to in exchange for the electricity. Under such arrangements income is recognised according to contract prices per unit of output multiplied by the actual power output delivered 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

A Renewable Obligation Certificate ("ROC") is an environmental credit issued to accredited generators for eligible renewable electricity. One ROC is issued for each 1.00 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.

An accrued income balance is recognised when the performance obligations are satisfied, yet before consideration is received.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term. Part of the operating lease rental charges for sites used by the Company are based on MWh generation in the period. An accrual is made for this sum as it will not be calculated until after the year end.

2.6 Finance costs

Finance costs are charged to profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge 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 tax balances are recognised in respect of all timing 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.

2.8 Tangible fixed assets

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.

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 profit or loss during the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.8 Tangible fixed assets (continued)

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.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.9 Debtors

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 where the performance obligations are satisfied before the year end.

2.10 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.

2.11 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 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 profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.13 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.

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 change is included within interest payable in the Statement of Income and Retained Earnings.

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

2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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.

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4. Employees

The average monthly number of employees, including directors, during the year was 0 (2021 - 0).

5. Tangible fixed assets

	Wind farm assets £	Gearboxes & generators £	Wind Farm commissioning asset £	Total £
Cost or valuation				
At 1 January 2022	5,429,870	2,327,087	151,172	7,908,129
At 31 December 2022	5,429,870	2,327,087	151,172	7,908,129
Depreciation				
At 1 January 2022	3,239,326	2,327,087	-	5,566,413
Charge for the year on owned assets	271,494	-	11,629	283,123
At 31 December 2022	3,510,820	2,327,087	11,629	5,849,536
Net book value				
At 31 December 2022	1,919,050	-	139,543	2,058,593
At 31 December 2021	<u>2,190,544</u>	<u>-</u>	<u>151,172</u>	<u>2,341,716</u>

6. Debtors

	2022 £	2021 £
Trade debtors	162,528	432,751
Amounts owed by group undertakings	2,570,437	2,570,437
Prepayments and accrued income	643,079	1,056,009
	<u>3,376,044</u>	<u>4,059,197</u>

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

7. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	2,430,244	140,492
	<u>2,430,244</u>	<u>140,492</u>

8. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	25,395	29,349
Amounts owed to group undertakings	-	83,881
Other taxation and social security	102,396	241,143
Accruals and deferred income	146,410	78,539
	<u>274,201</u>	<u>432,912</u>

9. Deferred taxation

	2022 £
At beginning of year	(271,173)
Charged to profit or loss	26,382
At end of year	<u>(244,791)</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(252,894)	(275,613)
Other temporary differences	8,103	4,440
	<u>(244,791)</u>	<u>(271,173)</u>

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. Provisions

	Demolition provision £
At 1 January 2022	151,172
Other movements	3,023
At 31 December 2022	154,195

The provision above relates to expected demolitions costs to dismantle and remove the wind farm. An amount equivalent to the discounted provisions is capitalised within fixed assets and is depreciated over the useful lives of the associated assets.

11. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	57,543	66,301
Later than 1 year and not later than 5 years	235,023	230,650
Later than 5 years	482,860	544,775
	775,426	841,726

The Company has entered into operating leases for sites used by the Company. The operating lease rentals are based in part, on MWh generation. As such, the rental commitment for the future periods cannot be established with certainty. Therefore a reasonable estimation has been used for the above note.

12. Post balance sheet events

In June 2023 the company undertook a share capital reduction, reducing its share capital from £4,200,002 to £200,000 and increasing the profit and loss reserve by the same amount.

In August 2023 the group raised bank finance which was secured by a fixed and floating charge over the company's property, assets and rights.

13. Controlling party

At the year end date the immediate parent undertaking is European Energy UK Limited, a company registered in England and Wales. The parent of the smallest group for which consolidated financial statements are prepared is European Energy A/S, whose registered office is Gyngemose Parkvej 50, 2860 Soborg, Denmark.

PENDINE WIND FARM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2022 was unqualified.

The audit report was signed on 27 September 2023 by Louise Watts (Senior Statutory Auditor) on behalf of Venthams.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.