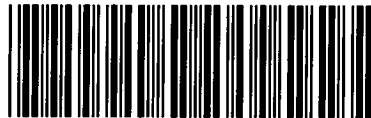


**PENDINE WIND FARM LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

SATURDAY



\*SA6ØT2GØ\*

SCT

05/06/2021

#61

COMPANIES HOUSE

## PENDINE WIND FARM LIMITED

### COMPANY INFORMATION

---

**Directors** Alper Elmas  
Jonathan David Chin O'Sullivan

**Company secretary** Jonas Van Mansfeld

**Registered number** 03292728

**Registered office** Fifth Floor  
70 St Mary Axe  
London  
United Kingdom  
EC3A 8BE

**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
<b>Strategic Report</b>	<b>1 - 2</b>
<b>Directors' Report</b>	<b>3 - 5</b>
<b>Independent Auditor's Report</b>	<b>6 - 9</b>
<b>Statement of Comprehensive Income</b>	<b>10</b>
<b>Balance Sheet</b>	<b>11</b>
<b>Statement of Changes in Equity</b>	<b>12 - 13</b>
<b>Notes to the Financial Statements</b>	<b>14 - 31</b>

# PENDINE WIND FARM LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

---

### 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 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 2020 and generated turnover of £1,226,174 (2019: £1,255,780) with net profits of £434,611 (2019: £335,185). The directors anticipate slightly higher volume of turnover when the UK reaches some level of normalcy with regards to COVID-19 and expect higher prices in the future which will lead to increased profits.

Vattenfall Wind Power Ltd, the immediate parent undertaking, is in the process of finding a buyer for the Company. Negotiations with a buyer are underway and, although no terms have been agreed, the sale of the Company is expected to conclude within thirteen months of the approval of these financial statements. The intention to sell the Company has no financial impact on the 31 December 2020 financial statements.

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 23 billion Swedish Krona in new wind farms over the next two years and similar amounts in the years following.

At 31 December 2020, Vattenfall Group's installed capacity for Wind and Solar operating assets amounted to 3.6GW (1.1GW in the UK) split over more than 1,100 turbines and solar panels in five countries. During the financial year 2020 Vattenfall Group had fifteen wind and solar farms under construction in four countries, six of which were fully commissioned in 2020 and five of which will be fully commissioned in 2021. The other four wind farms are expected to commence operations in 2022/2023. Furthermore, Vattenfall Group pursues new opportunities through its pipeline of development projects, currently representing a size above 4GW.

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 governments among them, have imposed restrictions to reduce the risk of further spread of the disease - closing borders, ordering home quarantine and canceling public events. The implementation of social restriction measures by the European governments has resulted in less demand for electricity, resulting in lower power prices. Thus far, limitations in travel, social distancing and the availability of materials have not affected the efficiency of operations. The Company has reviewed the impact of COVID-19 throughout 2020 and concluded that there has been no material effect on operations or results, other than the impact of lower wholesale electricity prices.

### 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 increased to 93% (2019: 87%), with a volume of 14,401MWh (2019: 12,313MWh). Electricity prices have been lower during the year, averaging £30/MWh (2019: £48/MWh).

## PENDINE WIND FARM LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

---

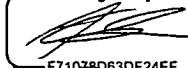
#### Principal risks and uncertainties

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 market 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, signing the EU-UK Trade and Cooperation Agreement on 30 December 2020. The free trade deal between the UK and EU came into force on 1 January 2021. The principal risk, market risk, is mitigated as all income and costs will be denominated in Pound Sterling. The Company does not consider the UK's departure from the EU will materially impact operations or results.

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. Thus far, limitations in travel, social distancing and the availability of materials have not affected the efficiency of operations. The current 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 UK governments have released "roadmaps" detailing prospective dates to bring the UK out of lockdown. The Company has reviewed the impact of COVID-19 throughout 2020 and 2021 and also considered the future impact, ultimately determining that no material effects on operations or results are expected.

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

DocuSigned by:  
  
F71028063DF24EF...  
**Alper Elmas**  
Director

Date: juni 2, 2021

## PENDINE WIND FARM LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

---

The directors present their report and the financial statements for the year ended 31 December 2020.

#### 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 until at least 30 June 2022 to meet its obligations as and when they fall due, to the extent that the Company is unable to meet its liabilities and whilst the Company remains part of Vattenfall AB Group.

Vattenfall AB released its Q1 2021 results on 29 April 2021, which demonstrate that the Group generated EBITDA of £3.9bn (SEK 45.7bn) in the twelve months to 31 March 2021.

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 and whilst the Company remains part of Vattenfall AB Group.

Taking into account the position of the ultimate parent company, the directors are of the view, to the best of their current knowledge, that, while the Company remains part of Vattenfall AB Group, there are no events expected to 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.

However, a material uncertainty arises as the sale of the Company, whilst it is not formally concluded and finalised, is expected to be completed imminently within the upcoming months following the approval of these financial statements. The expected change in ownership means the directors have limited certainty over the intended future operations, financing and positioning of the Company within the new owner group.

## **PENDINE WIND FARM LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

---

This material uncertainty may cast significant doubt upon the Company's ability to continue as a going concern, and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not contain the adjustments that would result if the company was unable to continue as a going concern.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £434,611 (2019 - £335,185).

Dividend paid in the year is £1,100,000 (2019: £nil).

#### **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.

The current 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 UK governments have released "roadmaps" detailing prospective dates to bring the UK out of lockdown. The directors have assessed the future 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.

Vattenfall Wind Power Ltd, the immediate parent undertaking, is in the process of finding a buyer for the Company. Negotiations with a buyer are underway and, although no terms have been agreed, the sale of the Company is expected to conclude within thirteen months of the approval of these financial statements. The intention to sell the Company has no financial impact on the 31 December 2020 financial statements.

#### **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.

## PENDINE WIND FARM LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### Disclosure of information to auditor

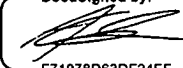
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- 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.

#### Auditor

The chartered accountancy firm, PricewaterhouseCoopers LLP, will be proposed for new election due to legal provisions for rotation applicable to Vattenfall AB, in accordance with section 485 of the Companies Act 2006.

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

DocuSigned by:  
  
F71078D63DF24EF...  
**Alper Elmas**  
Director

Date: juni 2, 2021



## **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 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 23, 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 (FRS) 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2020 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.

#### **Material uncertainty related to going concern**

We draw attention to note 2.4 of these financial statements, which indicates that the sale of the Company, whilst it is not formally concluded and finalised, is expected to be completed imminently within the upcoming months following the approval of these financial statements. The expected change in ownership means the directors have limited certainty over the intended future financing and positioning of the Company within the new owner group.

As stated in note 2.4, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

## **PENDINE WIND FARM LIMITED**

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

---

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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.

## **PENDINE WIND FARM LIMITED**

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

---

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out 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.

#### **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.

#### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 101, International Financial Reporting Standards, the Companies Act 2006 and Regulations 2013, the Companies (Miscellaneous Reporting) Regulations 2018 and ICAEW Tech 02/17BL relating to distributable reserves), the UK tax legislation and the regulatory framework for the wider electricity market in the UK set out by the Office of Gas and Electricity Markets (OFGEM).
- We understood how the Company is complying with those frameworks by making enquiries of management, those charged with governance and those responsible for legal and compliance procedures, including internal legal counsel. We corroborated our enquiries through our review of Board minutes, as well as consideration of the results of our audit procedures and noted there was no contradictory evidence. We identified management's attitude and tone from the top to embed a culture of honesty and ethical behaviour whereby a strong emphasis is placed on fraud prevention which may reduce opportunities for fraud to take place. We further understood the adoption of accounting standards and determined the compliance with the above laws.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by holding regular meetings with those charged with governance and those responsible for legal and compliance procedures over the Company. We also considered the programmes and policies that the Company has established to address the risk identified or that otherwise prevent, deter

## PENDINE WIND FARM LIMITED

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

---

- and detect fraud and how management monitor those programmes and policies.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
    - Review of Board minutes and enquiries of those charged with governance and those responsible for legal and compliance procedures around any instance of fraud, noncompliance with laws and regulations and any actual and potential litigation and claims.
    - Addressing the fraud risk of management override of controls by incorporating data analytics into our testing of journal entries and challenging the appropriateness of 'top-side' manual adjustments with a focus on those meeting our defined risk criteria based on our understanding of the Company.
    - Addressing the fraud risk over revenue recognition as a whole, agreeing revenue transactions back to source documentation, including cash receipts, and agreeing key inputs used to estimate revenue with independent data. This included testing prices and volumes with information produced by OFGEM as available and independent industry specialist reports.
    - Challenging judgments and key estimates made by management. This included corroborating the inputs and assessing contradictory evidence.
    - Reading financial statement disclosures to assess compliance with applicable laws and regulations.

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



Stuart Darrington (Senior Statutory Auditor)

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

London

Date:

2 June 2021

## PENDINE WIND FARM LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	4	1,226,174	1,255,780
Cost of sales		(577,914)	(857,401)
<b>Gross profit</b>		<b>648,260</b>	<b>398,379</b>
Administrative expenses		(87,247)	(59,724)
<b>Operating profit</b>	5	<b>561,013</b>	<b>338,655</b>
Interest receivable and similar income	8	3,311	17,417
Interest payable and expenses	9	(3,811)	(5,465)
<b>Profit before tax</b>		<b>560,513</b>	<b>350,607</b>
Tax on profit	10	(125,902)	(15,422)
<b>Profit for the financial year</b>		<b>434,611</b>	<b>335,185</b>
<b>Total comprehensive income for the year</b>		<b>434,611</b>	<b>335,185</b>

There were no recognised gains and losses for 2020 or 2019 other than those included in the Statement of Comprehensive Income. All amounts relate to continuing activities.

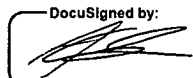
The notes on pages 14 to 31 form part of these financial statements.

**PENDINE WIND FARM LIMITED**  
**REGISTERED NUMBER:03292728**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible fixed assets	12	2,692,415	2,923,673
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	540,948	516,543
Cash at bank and in hand	14	2,617,758	2,865,419
		<u>3,158,706</u>	<u>3,381,962</u>
Creditors: amounts falling due within one year	15	(387,908)	(216,207)
<b>Net current assets</b>		<u>2,770,798</u>	<u>3,165,755</u>
<b>Total assets less current liabilities</b>		<u>5,463,213</u>	<u>6,089,428</u>
<b>Non-current liabilities</b>			
Creditors: amounts falling after more than one year	16	(100,496)	(105,740)
Deferred taxation	19	(191,057)	(163,319)
Other provisions	20	(257,127)	(240,447)
		<u>(548,680)</u>	<u>(509,506)</u>
<b>Net assets</b>		<u><u>4,914,533</u></u>	<u><u>5,579,922</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	4,200,002	4,200,002
Retained earnings		<u>714,531</u>	<u>1,379,920</u>
<b>Total equity</b>		<u><u>4,914,533</u></u>	<u><u>5,579,922</u></u>

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

DocuSigned by:  
  
 F71072D63DF24EF...  
**Alper Elmas**  
 Director

Date: juni 2, 2021

The notes on pages 14 to 31 form part of these financial statements.

## PENDINE WIND FARM LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2020	4,200,002	1,379,920	5,579,922
<b>Comprehensive income for the year</b>			
Profit for the year	-	434,611	434,611
<b>Total comprehensive income for the year</b>	-	434,611	434,611
<b>Contributions by and distributions to owners</b>			
Dividends	-	(1,100,000)	(1,100,000)
<b>Total transactions with owners</b>	-	(1,100,000)	(1,100,000)
<b>At 31 December 2020</b>	<b>4,200,002</b>	<b>714,531</b>	<b>4,914,533</b>

The notes on pages 14 to 31 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
<b>Comprehensive income for the year</b>			
Profit for the year	-	335,185	335,185
<b>Total comprehensive income for the year</b>	-	335,185	335,185
<b>Total transactions with owners</b>	-	-	-
<b>At 31 December 2019</b>	<b>4,200,002</b>	<b>1,379,920</b>	<b>5,579,922</b>

The notes on pages 14 to 31 form part of these financial statements.



## PENDINE WIND FARM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 1. Authorisation of financial statements

The financial statements of Pendine Wind Farm Limited (the "Company") for the year ended 31 December 2020 were approved by the board and authorised for issue on 2 June 2021 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
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

## PENDINE WIND FARM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 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 2020 unless otherwise stated and the impact of adoption is described below. There are no other changes to IFRS effective in 2020 which could have a material impact on the Company.

*IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors: Definition of material*

Amendments to IAS 1 and IAS 8 align the definition of 'material' across the standards and clarify certain aspects of the definition. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

There has been no material impact from the amendments to IAS 1 and IAS 8.

*Amendments to IFRS 9 Interest Rate Benchmark Reform*

The amendments provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

##### **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.

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

- *Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use* (effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment)
- *Amendments to IAS 1 Presentation of financial statements: Classification of Liabilities as Current or Non-current* (effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively)
- *Amendments to IAS 37 Onerous Contracts – Costs of Fulfilling a Contract* (effective for annual reporting periods beginning on or after 1 January 2022)

## PENDINE WIND FARM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 2. Accounting policies (continued)

##### 2.4 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 until at least 30 June 2022 to meet its obligations as and when they fall due, to the extent that the Company is unable to meet its liabilities and whilst the Company remains part of Vattenfall AB Group.

Vattenfall AB released its Q1 2021 results on 29 April 2021, which demonstrate that the Group generated EBITDA of £3.9bn (SEK 45.7bn) in the twelve months to 31 March 2021.

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 and whilst the Company remains part of Vattenfall AB Group.

Taking into account the position of the ultimate parent company, the directors are of the view, to the best of their current knowledge, that, while the Company remains part of Vattenfall AB Group, there are no events expected to 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.

However, a material uncertainty arises as the sale of the Company, whilst it is not formally concluded and finalised, is expected to be completed imminently within the upcoming months following the approval of these financial statements. The expected change in ownership means the directors have limited certainty over the intended future operations, financing and positioning of the Company within the new owner group.

This material uncertainty may cast significant doubt upon the Company's ability to continue as a going concern, and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not contain the adjustments that would result if the company was unable to continue as a going concern.

##### 2.5 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 2020

---

#### 2. Accounting policies (continued)

##### 2.6 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 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 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 2020

---

#### 2. Accounting policies (continued)

##### 2.7 Leases

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 recognises 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 2020

---

#### 2. Accounting policies (continued)

##### 2.8 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.

##### 2.9 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.

##### 2.10 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.

## PENDINE WIND FARM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 2. Accounting policies (continued)

##### 2.11 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 2020

---

#### 2. Accounting policies (continued)

##### 2.12 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.

##### 2.13 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.

##### 2.14 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.

##### 2.15 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.

##### 2.16 Interest income

Interest income is recognised in profit or loss 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



## PENDINE WIND FARM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

#### 2. Accounting policies (continued)

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 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 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.

#### 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 2020

#### 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 2020/2021 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 £317,068 (2019: £259,683) 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:

	2020 £	2019 £
Income from sale of electricity	541,415	587,307
ROC (Renewable Obligation Certificate)	684,759	668,472
	<u>1,226,174</u>	<u>1,255,779</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 2020

### 5. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	252,177	508,167
Exchange differences	14,442	(7,571)
Variable lease payments	23,858	32,401
	<u>289,477</u>	<u>532,997</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.

	2020 £	2019 £
Fees for audit services	13,326	6,636
	<u>13,326</u>	<u>6,636</u>

### 7. Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was 2 (2019: 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 £23,256 (2019: £21,333). All of the remuneration was paid by another Vattenfall Group company.

### 8. Interest receivable and similar income

	2020 £	2019 £
Income from short term deposits	3,311	17,417
	<u>3,311</u>	<u>17,417</u>

## PENDINE WIND FARM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 9. Interest payable and expenses

	2020 £	2019 £
Interest on lease liabilities	3,411	3,549
Unwinding of discount on decommissioning provision	400	1,916
	<u>3,811</u>	<u>5,465</u>

#### 10. Taxation

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	98,164	39,368
Adjustments in respect of previous periods	-	4,545
<b>Total current tax</b>	<u>98,164</u>	<u>43,913</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	8,524	27,247
Impact of change in tax laws and rates	19,214	(5,044)
Adjustments in respect of prior periods	-	(50,694)
<b>Total deferred tax</b>	<u>27,738</u>	<u>(28,491)</u>
<b>Taxation on profit on ordinary activities</b>	<u>125,902</u>	<u>15,422</u>

## PENDINE WIND FARM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 10. Taxation (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<b>560,513</b>	350,607
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	<b>106,497</b>	66,615
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	191	-
Adjustments to tax charge in respect of prior periods	-	(46,149)
Impact of change in tax laws and rates	<b>19,214</b>	(5,044)
<b>Total tax charge for the year</b>	<b>125,902</b>	15,422

##### Factors that may affect future tax charges

Legislation introduced in Finance Act 2020 repealed the previously enacted 17% corporation tax rate and therefore the rate was to remain at 19%.

An intention to increase the UK corporation tax rate to 25% on profits over £250,000 from 1 April 2023 was announced in the UK budget. As the announcement took place in March 2021, deferred tax balances have been measured at 19%, being the corporation tax rate substantively enacted at the Balance Sheet date. The overall effect of the proposed change to the UK corporation tax rate from 19% to 25%, if applied to the deferred tax balance as at 31 December 2020, would be an increase in the deferred tax liability by approximately £23,000.

#### 11. Dividends

	2020 £	2019 £
Final dividend for 2019: £0.26 per share	<b>1,100,000</b>	-

# PENDINE WIND FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 12. Tangible fixed assets

	Leasehold Property £	Wind farm assets £	Gearboxes & generators £	Wind farm decommissioning asset £	Total £
<b>Cost or valuation</b>					
At 1 January 2020	123,851	5,429,870	2,327,087	197,672	8,078,480
Adjustment to asset	4,634	-	-	16,285	20,919
At 31 December 2020	128,485	5,429,870	2,327,087	213,957	8,099,399
<b>Depreciation</b>					
At 1 January 2020	10,540	2,744,060	2,327,087	73,120	5,154,807
Depreciation expense	10,971	227,367	-	13,839	252,177
At 31 December 2020	21,511	2,971,427	2,327,087	86,959	5,406,984
<b>Net book value</b>					
At 31 December 2020	106,974	2,458,443	-	126,998	2,692,415
At 31 December 2019	113,311	2,685,810	-	124,552	2,923,673

## PENDINE WIND FARM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 13. Debtors: amounts falling due within one year

	2020 £	2019 £
Trade debtors	-	862
Amounts owed by group undertakings	117,437	196,382
Other debtors	1,578	45,085
Prepayments and accrued income	421,933	274,214
	<b>540,948</b>	<b>516,543</b>

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.

#### 14. Cash at bank and in hand

	2020 £	2019 £
Cash at bank and in hand	<b>2,617,758</b>	<b>2,865,419</b>

#### 15. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	7,548	46,717
Amounts owed to group undertakings	128,702	101,866
Corporation tax	137,532	32,404
Lease liabilities	9,678	9,192
Accruals and deferred income	104,448	26,028
	<b>387,908</b>	<b>216,207</b>

The corporation tax creditor consists of corporation tax payable to HMRC and 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 2020

#### 16. Creditors: amounts falling due after more than one year

	2020 £	2019 £
Lease liabilities	<u>100,496</u>	<u>105,740</u>

#### 17. 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.

Lease liabilities are due as follows:

	2020 £	2019 £
Not later than one year	9,678	9,192
Between one year and five years	41,764	39,664
Later than five years	58,732	66,076
	<u>110,174</u>	<u>114,932</u>

#### 18. Financial instruments

	2020 £	2019 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	2,617,758	2,865,419
Financial assets that are debt instruments measured at amortised cost	435,539	456,927
	<u>3,053,297</u>	<u>3,322,346</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(136,250)</u>	<u>(148,583)</u>

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.



# PENDINE WIND FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 19. Deferred taxation

	2020 £
At beginning of year	(163,319)
Charged to the Statement of Comprehensive Income	(27,738)
<b>At end of year</b>	<b>(191,057)</b>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(219,156)	(186,040)
Other temporary differences	28,099	22,721
	<b>(191,057)</b>	<b>(163,319)</b>

### 20. Other provisions

	Decommissioning provision £
At 1 January 2020	240,447
Effect of change in estimate	16,286
Unwinding of discount	394
<b>At 31 December 2020</b>	<b>257,127</b>

#### 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 0.16% (2019: 0.82%).

### 21. Share capital

	2020 £	2019 £
<b>Authorised, allotted, called up and fully paid</b>		
4,200,002 (2019 - 4,200,002) Ordinary shares shares of £1.00 each	<b>4,200,002</b>	4,200,002

## **PENDINE WIND FARM LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

---

#### **22. Post Balance Sheet events**

Vattenfall Wind Power Ltd, the immediate parent undertaking, is in the process of finding a buyer for the Company. Negotiations with a buyer are underway and, although no terms have been agreed, the sale of the Company is expected to conclude within thirteen months of the approval of these financial statements. The intention to sell the Company has no financial impact on the 31 December 2020 financial statements.

There were no other significant events after 31 December 2020 that required adjustment to or disclosure in the financial statements, other than the effects of the proposed change to the UK corporation tax rate from 19% to 25%, as disclosed in Note 10.

#### **23. Ultimate parent undertaking and controlling party**

At 31 December 2020 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>.