

NANT Y MOCH WIND FARM LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



COMPANIES HOUSE

28 JUL 2021

EDINBURGH MAILBOX

NANT Y MOCH WIND FARM LIMITED

COMPANY INFORMATION

Directors Alper Elmas
Sandra Grauers Nilsson

Company secretary Jonas Van Mansfeld

Registered number 03494533

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

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

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

NANT Y MOCH WIND FARM LIMITED

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 5
Independent Auditor's Report	6 - 9
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12 - 13
Notes to the Financial Statements	14 - 22

NANT Y MOCH 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 consisted of the development of wind energy projects in North Wales, within the United Kingdom. This activity has currently been reduced to a minimum, resulting in limited activity level in the Company. 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 has not performed any development activities. In 2012 the Company stopped its activities on the Rheola development project and the Company was renamed to reflect the decision to take the Nant Y Moch development project forward instead. The net result for the year ended 31 December 2020 was a loss of £9,022 (2019: £27,603).

Although the directors do not see an increased activity level in short term, it is anticipated that in the mid-term future further development activities will be performed in the Company with the expectation that new wind farm projects might be developed within the entity in the next 1-2 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 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, two of which have been commissioned during the first half of 2021 and three of which will be fully commissioned during the second half of 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 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, imposed restrictions to reduce the risk of further spread of the disease - closing borders, ordering home quarantine and cancelling public events. The implementation of social restriction measures by the European governments resulted in less demand for electricity in 2020, resulting in lower power prices. However, limitations in travel, social distancing and reduced availability of materials had no material impact on the efficiency of operations. The Company has reviewed the impact of COVID-19 throughout 2020 (and continues to assess the impact in 2021) and concluded that, thus far, there has been no material effect on operations and development activities.

Key performance indicators ("KPIs")

The Company is not operating. Therefore, other than cost levels, no KPIs are monitored.

NANT Y MOCH WIND FARM LIMITED

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

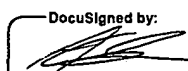
Principal risks and uncertainties

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 either by the Company being equity funded or 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.

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. Thus far, limitations in travel, social distancing and the availability of materials have not affected the efficiency of operations and development activities. The current economic environment has created uncertainty in relation to the timing of a return to running 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 development activities are expected.

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

DocuSigned by:

F71078D63DF24EF...

Alper Elmas
Director

Date: juli 23, 2021

NANT Y MOCH 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

The Company's cashflows are largely driven by its parent company and, consequently, the Company depends, in large parts, on the ability of the Vattenfall Group to continue as a going concern. As a result, the Company has continued availability of financial support from its parent to the extent of enabling the Company to meet its liabilities as they fall due. This can be in the form of contributed capital or the provision of funding from its parent.

The directors have considered the Company's funding and operational relationships with its parent to date and have considered available relevant information relating to Vattenfall's ability to continue as a going concern. In addition, the directors have no reason to believe that the respective Vattenfall companies will not continue to fund the Company, should it become necessary, to enable it to continue in operational existence.

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 until 31 July 2022 (the going concern period), to the extent that the Company is unable to meet its liabilities.

Vattenfall AB released its Q1 2021 results on 29 April 2021, which demonstrate that the Group generated EBITDA of £3.9bn (SEK 45.7bn) 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 until 31 July 2022.

Taking into account the position of the ultimate parent company, the directors are of the view, to the best of their

NANT Y MOCH WIND FARM LIMITED

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

current knowledge, that there are no events expected to have a material adverse impact in the Company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Results and dividends

The loss for the year, after taxation, amounted to £9,022 (2019 - loss £27,603).

The dividend paid in the year is £nil (2019: £nil).

Directors

The directors who served during the year were:

Alper Elmas
Sandra Grauers Nilsson

Future developments

The Company is continuously reviewing its business to stay responsive to the challenging energy market conditions and current low energy prices. 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 Company's principal activity consisted of the development of wind energy projects. However, this activity has currently been reduced to a minimum, resulting in limited activity level in the Company.

The current economic environment has created uncertainty in relation to the timing of a return to normalised activity. 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 operations and staff working arrangements. At present, the directors believe that the Company is well placed to continue without significant adverse 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.


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.

NANT Y MOCH WIND FARM LIMITED

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

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

DocuSigned by:

F71078D63DF24EF...

Alper Elmas
Director

Date: juli 23, 2021

NANT Y MOCH WIND FARM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NANT Y MOCH WIND FARM LIMITED

Opinion

We have audited the financial statements of Nant Y Moch 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 14, 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 loss 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period to 31 July 2022.

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.

NANT Y MOCH WIND FARM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NANT Y MOCH 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.

NANT Y MOCH WIND FARM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NANT Y MOCH 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

NANT Y MOCH WIND FARM LIMITED

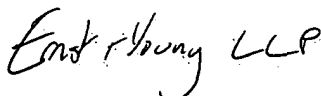
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NANT Y MOCH WIND FARM LIMITED (CONTINUED)

- 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.
 - 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. 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: July 26, 2021

NANT Y MOCH WIND FARM LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Administrative expenses		(9,075)	(28,011)
Operating loss		(9,075)	(28,011)
Interest receivable and similar income	6	53	408
Loss before tax		(9,022)	(27,603)
Tax on loss	7	-	-
Loss for the financial year		(9,022)	(27,603)
Total comprehensive loss for the year		(9,022)	(27,603)

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 22 form part of these financial statements.

NANT Y MOCH WIND FARM LIMITED
REGISTERED NUMBER:03494533

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Current assets			
Debtors: amounts falling due within one year	8	454	1,140
Cash at bank and in hand	9	37,265	45,146
		<u>37,719</u>	<u>46,286</u>
Creditors: amounts falling due within one year	10	(4,118)	(3,663)
Net current assets		<u>33,601</u>	<u>42,623</u>
Total assets less current liabilities		<u>33,601</u>	<u>42,623</u>
Net assets		<u>33,601</u>	<u>42,623</u>
Capital and reserves			
Called up share capital	12	2,432,894	2,432,894
Retained earnings		(2,399,293)	(2,390,271)
Total equity		<u>33,601</u>	<u>42,623</u>

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

DocuSigned by:

 F71078D83DF24EF...

Alper Elmas
 Director

Date: juli 23, 2021

The notes on pages 14 to 22 form part of these financial statements.

NANT Y MOCH 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	2,432,894	(2,390,271)	42,623
Comprehensive loss for the year			
Loss for the year	-	(9,022)	(9,022)
Total comprehensive loss for the year	-	(9,022)	(9,022)
Total transactions with owners	-	-	-
At 31 December 2020	2,432,894	(2,399,293)	33,601

The notes on pages 14 to 22 form part of these financial statements.

NANT Y MOCH 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	2,432,894	(2,362,668)	70,226
Comprehensive loss for the year			
Loss for the year	-	(27,603)	(27,603)
Total comprehensive loss for the year	-	(27,603)	(27,603)
Total transactions with owners	-	-	-
At 31 December 2019	2,432,894	(2,390,271)	42,623

The notes on pages 14 to 22 form part of these financial statements.

NANT Y MOCH WIND FARM LIMITED

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

1. Authorisation of financial statements

The financial statements of Nant Y Moch Wind Farm Limited (the "Company") for the year ended 31 December 2020 were approved by the board and authorised for issue in July 2021 and the Balance Sheet was signed on the board's behalf by Alper Elmas. Nant Y Moch 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 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;
- 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

NANT Y MOCH 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)

NANT Y MOCH WIND FARM LIMITED

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

2. Accounting policies (continued)

2.4 Going concern

The Company's cashflows are largely driven by its parent company and, consequently, the Company depends, in large parts, on the ability of the Vattenfall Group to continue as a going concern. As a result, the Company has continued availability of financial support from its parent to the extent of enabling the Company to meet its liabilities as they fall due. This can be in the form of contributed capital or the provision of funding from its parent.

The directors have considered the Company's funding and operational relationships with its parent to date and have considered available relevant information relating to Vattenfall's ability to continue as a going concern. In addition, the directors have no reason to believe that the respective Vattenfall companies will not continue to fund the Company, should it become necessary, to enable it to continue in operational existence.

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 until 31 July 2022 (the going concern period), to the extent that the Company is unable to meet its liabilities.

Vattenfall AB released its Q1 2021 results on 29 April 2021, which demonstrate that the Group generated EBITDA of £3.9bn (SEK 45.7bn) 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 until 31 July 2022.

Taking into account the position of the ultimate parent company, the directors are of the view, to the best of their current knowledge, that there are no events expected to have a material adverse impact in the Company's ability to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

2.5 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.

2.6 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.

2.7 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.

NANT Y MOCH WIND FARM LIMITED

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

2. Accounting policies (continued)

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 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.

NANT Y MOCH WIND FARM LIMITED

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

2. Accounting policies (continued)

2.10 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.

2.11 Taxation

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.

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

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

NANT Y MOCH WIND FARM LIMITED

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

4. 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	<u>1,996</u>	<u>1,996</u>

5. 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 £7,971 (2019: £7,059). All of the remuneration was paid by another Vattenfall Group company.

6. Interest receivable and similar income

	2020 £	2019 £
Interest receivable from group undertakings	<u>53</u>	<u>408</u>

NANT Y MOCH WIND FARM LIMITED

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

7. Taxation

Factors affecting tax charge for the year

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

	2020 £	2019 £
Loss on ordinary activities before tax	<u>(9,022)</u>	<u>(27,603)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(1,714)	(5,245)
Effects of:		
Group relief surrendered / (claimed) for nil payment	1,714	(78)
Deferred tax not recognised	-	5,323
Total tax charge for the year	<u>-</u>	<u>-</u>

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. The Company has not recognised the deferred tax asset in 2020 as it is uncertain when and if this will reverse. The unrecognised deferred tax asset is approximately £23,000 (2019: £22,000). As the Company has not recognised a deferred tax balance, the changes have no impact upon these financial statements.

8. Debtors: amounts falling due within one year

	2020 £	2019 £
Amounts owed by group undertakings	-	399
Other debtors	454	741
	<u>454</u>	<u>1,140</u>

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.

NANT Y MOCH WIND FARM LIMITED

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

9. Cash at bank and in hand

	2020 £	2019 £
Cash at bank and in hand	<u>37,265</u>	<u>45,146</u>

10. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	330	-
Accruals and deferred income	<u>3,788</u>	<u>3,663</u>
	<u>4,118</u>	<u>3,663</u>

11. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets measured at fair value through profit or loss	37,265	45,146
Financial assets measured at amortised cost	-	399
	<u>37,265</u>	<u>45,545</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(330)</u>	<u>-</u>

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

Financial assets measured at amortised cost comprise amounts owed by group companies.

Financial liabilities measured at amortised cost comprise trade creditors.

12. Share capital

	2020 £	2019 £
Authorised, allotted, called up and fully paid		
2,432,894 (2019 - 2,432,894) Ordinary shares shares of £1.00 each	<u>2,432,894</u>	<u>2,432,894</u>

NANT Y MOCH WIND FARM LIMITED

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

13. Post Balance Sheet events

There were no 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 7.

14. 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>.