Company Registration No. 03697015 (England and Wales)

GWYNT Y MÔR OFFSHORE WIND FARM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

GWYNT Y MÔR OFFSHORE WIND FARM LIMITED

COMPANY INFORMATION

Directors	J Boles	(Appointed 1 February 2020)
	J Duffy	(Appointed 12 November 2019)
	B Furlong	(Appointed 14 May 2019)
	J McKenzie	(Appointed 20 January 2020)
	C Schrimpf	(Appointed 1 July 2020)
	K Smith	
	C Forbes	(Appointed 1 July 2020)
	T Michel	(Appointed 1 July 2020)
	S Schulte	
	A Cieplinska	
Company secretary	P Sainsbury	
Company number	03697015	
Registered office	Windmill Hill Business Park Whitehill Way Swindon Wiltshire United Kingdom SN5 6PB	
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London United Kingdom WC2N 6RH	

GWYNT Y MÔR OFFSHORE WIND FARM LIMITED

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GWYNT Y MÔR OFFSHORE WIND FARM LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their strategic report for the year ended 31 December 2019.

Fair review of the business
The company continued to act as agent on behalf of its shareholding companies, contracting for the operations and maintenance of Gwynt y Môr offshore wind farm throughout the period.

The results for the year are dealt with on page 8 of the financial statements. The loss for the financial year was £910,063 (2018: £868,646).

The position of the company as at 31 December 2019 is provided on page 9 of the financial statements. The net liabilities as at 31 December 2019 were £(2,699,042) (2018: £(1,788,979)).

The company's directors are of the opinion that there are no meaningful financial or non-financial key performance indicators that would be necessary or appropriate for an understanding of the development, performance of position of the company.

Principal risks and uncertainties
The parent companies bear the majority of the risks associated with running the wind farm, including variability in weather and the risk of wind speeds falling significantly below long term averages and maintenance of the asset, as governed by the Joint Operating Agreement. These risks are transferred from the company as agent to the parent companies via the recharging of costs.

On behalf of the board

B Furlong
Director
14 December 2020

Furlong Ben

Digitally signed by Furlong Ben
DN: cn=Furlong Ben, c=DE, o=RWE, ou=RWE Basis PKI, email=ben.furlong@rwe.com
Date: 2020.12.14 16:45:50

GWYNT Y MÔR OFFSHORE WIND FARM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Principal activities
The principal activity of the company is that of an agent for the participants in the Gwynt y Môr offshore wind farm, an unincorporated joint venture, which is situated off the coast of Rhyl in North Wales.

Results and dividends
The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend. (2018: £nil).

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M Andre-Ferreira	(Resigned 1 July 2020)
J Boles	(Appointed 1 February 2020)
J Duffy	(Appointed 12 November 2019)
B Furlong	(Appointed 14 May 2019)
J McKenzie	(Appointed 20 January 2020)
C Schrimpf	(Appointed 1 July 2020)
K Smith	
A Bown	(Resigned 24 October 2019)
P Cowling	(Resigned 20 January 2020)
C Mockl	(Resigned 1 July 2020)
C Forbes	(Appointed 1 July 2020)
T Michel	(Appointed 1 July 2020)
S Schulte	
A Cieplinska	

Financial risk management

Liquidity and cash flow risk
The company is not exposed to liquidity and cash flow risk as the company continues to receive financial support from the participant parent companies under the Joint Operating Agreement.

Interest Rate Risk
The company is currently not exposed to interest rate risk.

Currency Risk
Certain capital expenditures will be incurred in foreign currencies however this exposure is mitigated by the principal parent companies providing funding in the same currency.

Credit Risk
The company has no significant exposure to credit risk.

Price Risk
The company has no significant exposure to price risk.

Post reporting date events

On 11 March 2020, the World Health Organisation declared a global pandemic in respect of the outbreak of COVID-19. Governments in affected areas have imposed a number of measures designed to contain the outbreak, including business closures, travel and work restrictions, stay at home orders and cancellations of gatherings and events. The spread of COVID-19 has resulted in an economic downturn in the UK and the global economy more widely, as well as causing increased volatility and declines in financial and electricity markets. If the pandemic is prolonged, or further diseases emerge that give rise to similar effects, the adverse impact on the global economy could be deepened and result in further declines in financial and electricity markets.

Restrictions in the UK have continued throughout 2020 as part of the government's efforts to lessen the rate of infection. However, the outlook for 2021 has improved with the expectation of an effective immunisation programme. COVID-19 is not expected to have an effect on the financial performance of the company. This is primarily due to the company's status as agent to its shareholders under a joint operating agreement. The company's service provider, RWE Renewables UK Swindon Limited (formerly Innogy Renewables UK Limited), has set up a crisis management team and enacted business continuity plans in response to the pandemic and continues to monitor risks to the business.

Future developments

The company will continue to participate in the operation of the Gwynt y Môr wind farm for the foreseeable future.

Independent auditors

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors of the company in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate given the company's purpose, its funding structure, and the continued financial support of its parent companies. The company acts as an agent for its parent companies as part of an unincorporated joint venture (UJV). The company, together with its parent companies, operates the wind farm, working together under a joint operating agreement (JOA) and all participants of the UJV contract with suppliers jointly and severally. Under both the JOA and the shareholders' agreement, the shareholders commit to funding the company, which in turn makes payment to suppliers on behalf of shareholders to service the ongoing operational expenses of the wind farm. The cash flows of the participant parent companies have been considered by the directors and judged to be sufficient to support the recharge and to allow the company to pay its debts as they fall due for at least twelve months from the date of signing these financial statements.

On behalf of the board

Furlong Ben
Digitally signed by Furlong Ben
DN: cn=Furlong Ben, c=DE, o=RWE, ou=RWE Basis PKI, email=ben.furlong@rwe.com
Date: 2020.12.14 16:46:16

B Furlong
Director

14 December 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GWYNT Y MÔR OFFSHORE WIND FARM LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Gwynt y Môr Offshore Wind Farm Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2019; the Statement of comprehensive income, the Statement of cash flows, and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

James Cadzow

James Cadzow (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

14 December 2020

United Kingdom

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Revenue		4,166,035	4,166,542
Cost of sales		(4,166,035)	(4,166,542)
Result		-	-
Finance costs	8	(900,102)	(858,876)
Loss before taxation		(900,102)	(858,876)
Income tax expense	9	(9,961)	(9,770)
Loss and total comprehensive expense for the year		(910,063)	(868,646)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

GWYNT Y MÔR OFFSHORE WIND FARM LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Non-current assets			
Intangible assets	**10**	-	4,165,402
Deferred tax asset	**13**	-	200
		-	4,165,602
Current assets			
Trade and other receivables	**11**	10,709,167	4,418,616
Cash and cash equivalents		6,259,534	8,393,592
		16,968,701	12,812,208
Total assets		16,968,701	16,977,810
Current liabilities			
Current tax liabilities		15,526	14,674
Borrowings	**12**	19,652,217	-
		19,667,743	14,674
Net current (liabilities)/assets		(2,699,042)	12,797,534
Non-current liabilities			
Borrowings	**12**	-	18,752,115
Total liabilities		19,667,743	18,766,789
Net liabilities		(2,699,042)	(1,788,979)
Equity			
Called up share capital	**14**	200	200
Capital contribution	**15**	5,211,320	5,211,320
Accumulated losses		(7,910,562)	(7,000,499)
Total equity		(2,699,042)	(1,788,979)

The financial statements were approved by the board of directors and authorised for issue on 14 December 2020 and are signed on its behalf by:

Furlong Ben

Digitally signed by Furlong Ben
DN: cn=Furlong Ben, c=DE, o=RWE, ou=RWE Basis PKI, email=ben.furlong@rwe.com
Date: 2020.12.14 16:47:13

B Furlong
Director

Company Registration No. 03697015

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Capital contribution	Accumulated losses	Total
	£	£	£	£
Balance at 1 January 2018	200	5,211,320	(6,131,853)	(920,333)
Year ended 31 December 2018:				
Loss and total comprehensive expense for the year	-	-	(868,646)	(868,646)
Balance at 31 December 2018	200	5,211,320	(7,000,499)	(1,788,979)
Year ended 31 December 2019:				
Loss and total comprehensive expense for the year	-	-	(910,063)	(910,063)
Balance at 31 December 2019	200	5,211,320	(7,910,562)	(2,699,042)

GWYNT Y MÔR OFFSHORE WIND FARM LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash (used in)/generated from operations	21	(2,125,149)	4,927,679
Tax paid		(8,909)	(14,256)
Net cash (outflow)/inflow from operating activities		(2,134,058)	4,913,423
Net (decrease)/increase in cash and cash equivalents		(2,134,058)	4,913,423
Cash and cash equivalents at beginning of year		8,393,592	3,480,169
Cash and cash equivalents at end of year		6,259,534	8,393,592

1 Accounting policies

Company information

Gwynt y Môr Offshore Wind Farm Limited is a private company limited by shares incorporated in the United Kingdom. The registered office is Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, United Kingdom, SN5 6PB. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The accounting policies have been applied consistently, other than where new policies have been adopted.

1.2 Going concern

On 11 March 2020, the World Health Organisation declared a global pandemic in respect of the outbreak of COVID-19. Governments in affected areas have imposed a number of measures designed to contain the outbreak, including business closures, travel and work restrictions, stay at home orders and cancellations of gatherings and events. The spread of COVID-19 has resulted in an economic downturn in the UK and the global economy more widely, as well as causing increased volatility and declines in financial and electricity markets. If the pandemic is prolonged, or further diseases emerge that give rise to similar effects, the adverse impact on the global economy could be deepened and result in further declines in financial and electricity markets.

Restrictions in the UK have continued throughout 2020 as part of the government's efforts to lessen the rate of infection. However, the outlook for 2021 has improved with the expectation of an effective immunisation programme. COVID-19 is not expected to have an effect on the financial performance of the company. This is primarily due to the company's status as agent to its shareholders under a joint operating agreement. The company's service provider, RWE Renewables UK Swindon Limited (formerly Innogy Renewables UK Limited), has set up a crisis management team and enacted business continuity plans in response to the pandemic and continues to monitor risks to the business.

The directors believe that preparing the financial statements on the going concern basis is appropriate given the company's purpose, its funding structure, and the continued financial support of its parent companies. The company acts as an agent for its parent companies as part of an unincorporated joint venture (UJV). The company, together with its parent companies, operates the wind farm, working together under a joint operating agreement (JOA) and all participants of the UJV contract with suppliers jointly and severally. Under both the JOA and the shareholders' agreement, the shareholders commit to funding the company, which in turn makes payment to suppliers on behalf of shareholders to service the ongoing operational expenses of the wind farm. The cash flows of the participant parent companies have been considered by the directors and judged to be sufficient to support the recharge and to allow the company to pay its debts as they fall due for at least twelve months from the date of signing these financial statements.

1.3 Revenue

Revenue comprises the recharging of amortisation of the Company's intangible asset to its Shareholders. Revenue is recognised in accordance with amortisation of the intangible asset, which is set out below.

1 Accounting policies **(Continued)**

1.4 Intangible assets

Intangible fixed assets are stated at original cost less accumulated amortisation. Development costs incurred in the initial development of the Gwynt y Môr Offshore Wind Farm were capitalised.

1.5 Impairment of intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

The intangible asset has been fully amortised as of 31 December 2019.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

1.7 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

Financial assets are classified as held at amortised cost or at fair value through other comprehensive income unless conditions for classification as such are not met, in which case financial assets are classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognised initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

1 Accounting policies **(Continued)**

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognise changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognised initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to retained earnings when equity instrument is derecognised or its fair value substantially decreased. Dividends are recognised as finance income in profit or loss.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.8 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

1 Accounting policies **(Continued)**

Financial liabilities at fair value through profit or loss
Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities
Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.9 Taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income. In this case, the tax is also recognised in other comprehensive income.

Current tax
The current income tax charge is calculated on the basis of the laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income.

Deferred tax
Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

2 Adoption of new and revised standards and changes in accounting policies (Continued)

IFRS 16, 'Leases'

IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statement about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted, subject to EU endorsement and the entity adopting IFRS 15 'Revenue from contracts with customers' at the same time. The company will apply the standard from its mandatory adoption date of 1 January 2019 and includes its assessment of the impact of the new standard below.

The company has reviewed all of its leasing arrangements in light of the new lease accounting rules in IFRS 16. *Operating lease costs are borne by the company's shareholders and therefore unrecognised in* the company itself. The company has not recognised right of use assets and lease liabilities on 1 January 2019 as these are recognised in its shareholders' accounts. There is no impact to net profit after tax in 2019 as a result of adopting the new rules because both the depreciation of the right-of-use assets and interest on the lease liabilities will be borne by the company's shareholders.

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and an Associate or Joint Venture
IFRS 17	Insurance Contracts
Amendment to IFRS 3	Business Combinations
Amendments to IAS 1 and IAS 8	Definition of materiality
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate benchmark reform
Amendments to IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Intangible asset useful economic life

Intangible assets are amortised over their useful economic lives, which have been assessed as five years. Assessment of useful lives is performed annually, taking into account factors such as technological innovation, maintenance programmes, market information and management considerations.

In assessing the value, the remaining life of the asset, its projected disposal value and future market conditions are taken into account. The effects of changes in estimates do not give rise to prior year adjustments and are dealt with prospectively over the estimated remaining useful life of the asset. While the company uses its best estimates and judgement, actual results could differ from those estimates.

Estimation of useful economic life

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the profit and loss account. The useful lives and residual values of the company's assets are determined by management at the time the asset is acquired and is based on the shorter of technical life, economic life and contractual rights. This is then reviewed annually for appropriateness and extended to the extent that the contractual rights allow it to be extended if considered appropriate.

4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging:		
Amortisation	4,165,402	4,166,542

5 Auditors' remuneration

	2019	2018
Fees payable to the company's auditors and associates:	£	£
For audit services		
Audit of the financial statements of the company	22,300	22,300

Audit fees in respect of the company of £22,300 (2018: £22,300) were borne by the company's immediate shareholders, as set out in the shareholders agreement.

6 Employees

The company has no employees for the year under review (2018: none).

7 Directors' remuneration

The directors did not receive any emoluments in respect of their services to the company (2018: £nil).

8 Finance costs

	2019	2018
	£	£
Interest expense	900,102	858,876

9 Income tax expense

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	9,961	9,770

The tax charge for the year is higher (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%).

The charge for the year can be reconciled to the loss per the income statement as follows:

	2019	2018
	£	£
Loss before taxation	(900,102)	(858,876)
Expected tax credit based on a corporation tax rate of 19.00% (2018: 19.00%)	(171,019)	(163,186)
Effect of expenses not deductible in determining taxable profit	180,786	172,956
Adjustment in respect of prior years	(6)	-
Adjustments to the estimated recoverable amount of deferred tax assets arising in previous periods	200	-
Taxation charge for the year	9,961	9,770

Please note a deferred tax asset of £200 (2018: nil) in respect of losses carried forward has not been recognised.

Factors that may affect future tax charges:

A change to the UK corporation tax rate was substantively enacted as part of Finance Bill 2016 (on 6 September 2016) to reduce the main rate from 19% to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using this enacted tax rate and reflected in these financial statements.

On 11 March 2020 the UK Government announced that the previously enacted corporate tax rate reduction from 19% to 17% on 1 April 2020 would not go ahead. This change was not substantively enacted at the balance sheet date and therefore the deferred tax assets have continued to be measured at 17%.

10 Intangible assets

	Wind farm development costs
	£
Cost	
At 1 January 2018	30,343,952
At 31 December 2018	30,343,952
At 31 December 2019	30,343,952

10 Intangible assets **(Continued)**

	Wind farm development costs
	£
Accumulated amortisation	
At 1 January 2018	22,012,008
Amortisation charge	4,166,542
At 31 December 2018	26,178,550
Amortisation charge	4,165,402
At 31 December 2019	30,343,952
Carrying amount	
At 31 December 2019	-
At 31 December 2018	4,165,402
At 31 December 2017	8,331,944

11 Trade and other receivables

	2019	2018
	£	£
VAT recoverable	490,050	541,126
Amounts owed by fellow group undertakings	10,219,117	3,877,490
	10,709,167	4,418,616

12 Borrowings

	2019	2018
	£	£
Unsecured borrowings at amortised cost		
Other loans	19,652,217	18,752,115

12 Borrowings **(Continued)**

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019	2018
	£	£
Current liabilities	19,652,217	-
Non-current liabilities	-	18,752,115
	19,652,217	18,752,115

The loan consists of an interest free shareholder loan, repayable on 2 June 2020, issued by the parent companies in equal proportion to their share holdings at an imputed interest rate of 4.8%.

13 Deferred tax asset

The following are the major deferred tax assets recognised by the company and movements thereon during the current and prior reporting period.

	Tax losses carried forward
	£
Deferred tax asset at 1 January 2018	200
Deferred tax asset at 31 December 2018	200
Deferred tax movements in current year	
Charge/(Credit) to profit or loss	200
Deferred tax at 31 December 2019	-

14 Share capital	2019	2018
	£	£
Called Up Share Capital		
Issued and fully paid		
200 Ordinary shares of £1 each	200	200

15 Capital Contribution

	Capital contribution £
Balance at 1 January 2018	5,211,320
Balance at 31 December 2018	5,211,320
Balance at 31 December 2019	5,211,320

Capital contribution

The company's loans were adjusted on conversion to IFRS on 1 January 2014 by discounting at an imputed rate of interest (as set out in note 12, "Borrowings") to amortised cost. This resulted in a reduction in loan liability of £5,211,320 on 1 January 2014. The corresponding credit is recognised in equity as a capital contribution.

16 Financial instruments

Financial assets

	Amortised cost	Amortised cost
Assets as per statement of financial position	**2019**	**2018**
Trade and other receivables	10,709,167	4,418,616
Cash and cash equivalents	6,259,534	8,393,592
	16,968,701	12,812,208

Valuation methods and assumptions

The company has no financial assets classified as held at fair value.

The fair value of assets held at amortised cost approximates to the carrying amount because of the short maturity of these instruments that do not include a significant financing component.

Financial liabilities

	Amortised cost	Amortised cost
Liabilities as per statement of financial position	**2019**	**2018**
Borrowings	19,652,217	18,752,115
	19,652,217	18,752,115

Description of instruments:
Loans and borrowings are described in note 12, "Borrowings".

Valuation methods and assumptions

The carrying value of current borrowings is a good approximation of fair value as the interest rates of these borrowings are considered to be at market value. The carrying value is equal to the discounted value of the future cash flows.

17 Financial risk management

Maturity analysis for financial liabilities
The company's shareholder loan is contracted for repayment on 2 June 2020.

Capital risk management

Capital components
The capital structure of the company consists of net debt (loans after deducting cash and bank balances) and equity (share capital, reserves and accumulated losses) as follows:

	2019	2018
	£	£
Loans	(19,652,217)	(18,752,115)
Cash and cash equivalents	6,259,534	8,393,592
	(13,392,683)	(10,358,523)

	2019	2018
	£	£
Net debt	13,392,683	10,358,523
Equity	(2,699,042)	(1,788,979)
Total Capital	10,693,641	8,569,544

Externally imposed capital requirements
There are no externally imposed capital requirements.

Capital management
The company's objectives when managing capital are to ensure that it continues to be a going concern and to pay its debts as they fall due. Management monitor capital requirements on an ongoing basis and ensure cash is secured through loans as required.

18 Related party transactions

During the year the company entered into the following transactions with related parties:

	Purchase of fixed assets		Purchase of services	
	2019	2018	2019	2018
	£	£	£	£
UK Green Investment GyM Participant Limited	1,352,353	952,631	5,145,235	4,351,652
RWE Renewables GyM 2 Limited (formerly Innogy GyM 2 Limited)	1,352,353	952,631	5,145,235	4,351,652
RWE Renewables GyM 3 Limited (formerly Innogy GyM 3 Limited)	1,352,353	952,631	5,145,235	4,351,652
RWE Renewables GyM 4 Limited (formerly Innogy GyM 4 Limited)	4,057,058	2,857,893	15,435,706	13,054,955
GyM Renewables One Limited	1,352,353	952,631	5,145,235	4,351,652
GyM Offshore One Limited	2,028,529	1,428,947	7,717,853	6,527,477
GyM Offshore Two Limited	1,352,353	952,631	5,145,235	4,351,652
GyM Offshore Three Limited	676,176	476,316	2,572,618	2,175,826
	13,523,528	9,526,311	51,452,352	43,516,518

18 Related party transactions **(Continued)**

During the year the company entered into the following transactions in the ordinary course of business with other related parties

	Transactions for the year ended 31 December 2019	Balance as at 31 December 2019
	expense	*(payable)*
Parent companies		
Provision of finance - as a loan		
UK Green Investment GyM Participant Limited	(90,010)	(1,965,222)
RWE Renewables GyM 2 Limited (formerly Innogy GyM 2 Limited)	(90,010)	(1,965,222)
RWE Renewables GyM 3 Limited (formerly Innogy GyM 3 Limited)	(90,010)	(1,965,222)
RWE Renewables GyM 4 Limited (formerly Innogy GyM 4 Limited)	(270,030)	(5,895,665)
GyM Renewables One Limited	(90,010)	(1,965,222)
GyM Offshore One Limited	(135,015)	(2,947,832)
GyM Offshore Two Limited	(90,010)	(1,965,222)
GyM Offshore Three Limited	(45,005)	(982,610)
Provision of finance		
UK Green Investment GyM Participant Limited	(737,759)	(1,064,779)
RWE Renewables GyM 2 Limited (formerly Innogy GyM 2 Limited)	(601,167)	(1,056,670)
RWE Renewables GyM 3 Limited (formerly Innogy GyM 3 Limited)	(601,167)	(1,056,671)
RWE Renewables GyM 4 Limited (formerly Innogy GyM 4 Limited)	(1,803,501)	(3,170,012)
GyM Renewables One Limited	(672,652)	(985,758)
GyM Offshore One Limited	(1,101,088)	(1,568,976)
GyM Offshore Two Limited	(497,098)	(814,974)
GyM Offshore Three Limited	(333,520)	(501,389)

Other related parties
The below related party transactions were incurred in the company's operations as agent for the parent companies and therefore are included in the parental related party transactions disclosed above as recharged costs.

RWE Renewables UK Swindon Limited (formerly Innogy Renewables UK Limited): rendering of services (recharged to the parent companies*)	10,529,241
Siemens plc: purchase of goods (recharged to the parent companies*)	10,749,819
Siemens Transmission and Distribution Limited: purchase of goods (recharged to the parent companies*)	19,086

*From June 2010 (the sale of the company by RWE Renewables UK Swindon Limited (formerly Innogy Renewables UK Limited)) all construction activities in relation to Gwynt y Môr offshore wind farm are carried out through the parent entities where the company acts as an agent. As a result, the wind farm assets are recognised on the balance sheet of the respective parent companies.

19 Controlling party

The company is owned by eight legal entities that are part of an unincorporated joint venture, with the following holdin

Company	Holding	Parent Company
UK Green Investment GYM Participant Limited	10%	Macquarie GIG Renewable Energy Fund 1
RWE Renewables GyM 2 Limited (Formerly Innogy GyM 2 Limited)	10%	RWE AG, incorporated in Germany
RWE Renewables GyM 3 Limited (Formerly Innogy GyM 3 Limited)	10%	RWE AG, incorporated in Germany
RWE Renewables GyM 4 Limited (Formerly Innogy GyM 4 Limited)	30%	RWE AG, incorporated in Germany
GyM Renewables One Limited	10%	Macquarie GIG Renewable Energy Fund 2 SCSp (Siemens AG, incorporated in Germany, prior to 25 October 2019)
GyM Offshore One Limited	15%	Stadtwerke München GmbH, incorported in Germany
GyM Offshore Two Limited	10%	Stadtwerke München GmbH, incorported in Germany
GyM Offshore Three Limited	5%	Stadtwerke München GmbH, incorported in Germany

20 Events after the reporting date

Important non-adjusting events after the reporting period

On 11 March 2020, the World Health Organisation declared a global pandemic in respect of the outbreak of COVID-19. Governments in affected areas have imposed a number of measures designed to contain the outbreak, including business closures, travel and work restrictions, stay at home orders and cancellations of gatherings and events. The spread of COVID-19 has resulted in an economic downturn in the UK and the global economy more widely, as well as causing increased volatility and declines in financial and electricity markets. If the pandemic is prolonged, or further diseases emerge that give rise to similar effects, the adverse impact on the global economy could be deepened and result in further declines in financial and electricity markets.

Restrictions in the UK have continued throughout 2020 as part of the government's efforts to lessen the rate of infection. However, the outlook for 2021 has improved with the expectation of an effective immunisation programme. COVID-19 is not expected to have an effect on the financial performance of the company. This is primarily due to the company's status as agent to its shareholders under a joint operating agreement. The company's service provider, RWE Renewables UK Swindon Limited (formerly Innogy Renewables UK Limited), has set up a crisis management team and enacted business continuity plans in response to the pandemic and continues to monitor risks to the business.

21 Cash (absorbed by)/generated from operations

	2019	2018
	£	£
Loss for the year after tax	(910,063)	(868,646)
Adjustments for:		
Taxation charged	9,961	9,770
Finance costs	900,102	858,876
Amortisation of intangible assets	4,165,402	4,166,542
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(6,290,551)	761,137
Cash (used in)/generated from operations	(2,125,149)	4,927,679