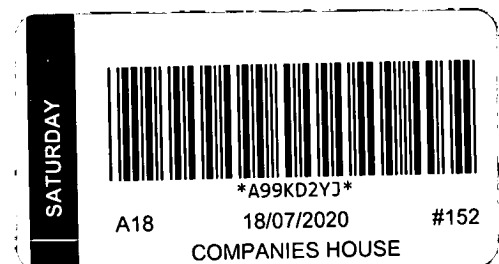


Fenland Windfarms Limited
Annual report and financial statements
Registered number 05078141
31 December 2019



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Company information

Directors	Stephen Lilley Laurence Fumagalli Constance Lee Javier Serrano Alonso Hassaan Majid Romain Meiller
Registered office	27-28 Eastcastle Street London W1W 8DH
Auditor	KPMG LLP Chartered Accountants 66 Queen Square Bristol BS1 4BE

Strategic report

The Directors present their annual report and financial statements for the year ended 31 December 2019 for Fenland Windfarms Limited (the "Company").

Business review

The Company owns and operates four established wind farm sites in the Fenland area at Glass Moor, Deeping St Nicholas, Red House and Red Tile. Each of these sites produces and supplies electricity under a long term Power Purchase Agreement ("PPA") with EDF Energy Limited.

The wind farm assets are considered to be in good repair and the Directors see no need for revision of the carrying amount.

The Company finances its operations from its operating cash flows.

Revenues for the year were lower than the previous year due to reduced generation as wind resource was lower and a decrease in the average power price. The Company's revenues are dependent upon wind conditions, which will vary across seasons and years within statistical parameters. Although the Company does not have any control over wind resource, it ensures that there are adequate financial reserves in place to ensure it can withstand significant short term variability in production relating to wind.

During the year, the Company used its operating cash flows to pay dividends to its shareholders with the result that the net assets of the Company remained broadly stable.

Principal risks and uncertainties

The principal risks to the profitability of the Company are as follows:

Brexit

All of the Company's sales are with entities in the UK and are under long-term contracts where all historic output generated by the renewable energy projects has been purchased. As a result Brexit-related risks would be related to operational costs of the Company. Any additional costs that may be incurred would be the result of Brexit-related delays to the supply of plant, property and equipment or skilled human resource. These are expected to be short-term in nature and would be managed by the Company through its existing processes.

Wind volumes

Lower wind speeds than anticipated result in less electricity being generated. Wind conditions will vary across seasons and years. Although the Company does not have any control over wind resource it ensures that there are adequate reserves in place to ensure it can withstand significant short term variability in production relating to wind.

Strategic report (continued)

Operational issues

Technical issues may arise on plant and equipment which can cause significant unavailability of turbines, business interruption and lost revenues. To mitigate this risk, regular reviews are undertaken in order to ensure that maintenance is performed on all wind turbines to ensure that they are in good working order and fit for purpose over their expected life spans. In addition, the Company has taken out appropriate plant and equipment and business interruption insurance to reduce the potential financial impact of operating risks.

Offtake arrangements and power prices

The Company has a long term PPA in place which guarantees sales of electricity. The Company has not entered into any hedging arrangements to minimise the risk to volatility in the power price. This risk is managed by the continual review of the forecast profitability of the Company.

Financial risks

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Company adopts a prudent approach to liquidity management and mitigates against cash flow and liquidity risk by continuously monitoring forecasted and actual cash flows and maintaining sufficient cash reserves to meet its obligations. The Company's main exposure to credit risk is its cash balances with banks and customers. The risk is mitigated through using a bank with a good credit rating and entering into a PPA with a customer with a good credit rating.

Covid-19

All of the Company's sales are with entities in the UK and are under long-term contracts where all historic output generated by the renewable energy projects has been purchased. As a result Covid-19 related risks would be related to operational costs of the Company. Any additional costs that may be incurred would be the result of Covid-19 related delays to the supply of plant, property or equipment or skilled human resource. These are expected to be short-term in nature and would be managed by the Company through its existing processes.

Health and Safety

The health and safety of all contractors and the public is a key risk given the nature of the Company's business. To minimise this risk, the Company is committed to creating a culture that views safe working as the only way of working and to reviewing all processes and procedures to ensure it delivers this. Training is provided to ensure the safety of the contractors that are set to work. In addition, a confidential helpline has been set up for the use of anyone within the organisation to help eradicate unsafe practices and safeguard all contractors who work at the wind farm site. The Directors also review health and safety performance at each of its scheduled Board meetings.

Strategic report (continued)

Business environment, performance and key performance indicators

The Company operated 69 MW across four wind farm sites for the full year.

	Year ended 31 December 2019	Year ended 31 December 2018
Generation Volume (MWh)	139,674	142,543
Revenue (£000)	14,113	15,669
Operating profit (£000)	7,859	8,704

For the year ended 31 December 2019, revenue was lower due to the impact of reduced generation and lower power prices than the previous financial year.

There were no major health and safety incidents to report in the year.

Future outlook

As the wind farm owned and operated by the Company is currently in operation, the Company will continue to receive renewable products for its generation output. In addition, as these products and the electricity generated are sold under a long term PPA, management expect the general level of activity to remain consistent in the forthcoming year and that will support the Company's financial projections leading to strong profitability.

The Company is currently performing in line with expectations. The Directors expect the general level of activity to remain consistent in the forthcoming year.

Approved by the Board on 7 July 2020 and signed on its behalf by:



Stephen Lilley
Director
27-28 Eastcastle Street
London
United Kingdom
W1W 8DH

Directors' report

Principal activities of the Company

The principal activity of the Company is the ownership and operation of four wind farms with a total capacity of 69 MW wind farm. The Company supplies electricity under a long term PPA with EDF Energy Limited.

Results and dividends

The profit for the year, before taxation, amounted to £7,835,000 (2018: £8,675,000), and after taxation, amounted to £6,308,000 (2018: £6,970,000). During the year the Company paid dividends of £10,130,000 (2018: £12,000,000). No further dividends relating to the 2019 financial year are proposed.

Directors of the Company

The Directors, who held office during the year and to the date of approval of these financial statements, were as follows:

Stephen Lilley
Laurence Fumagalli
Constance Lee
Javier Serrano Alonso
Matthieu Hue (resigned 30 January 2020)
Pierre Benoist D'Anthenay (resigned 30 January 2020)

The following Directors were appointed after the year end:

Hassaan Majid (appointed 30 January 2020)
Romain Meiller (appointed 30 January 2020)

None of the Directors have had a service contract with the Company in the current or prior year.

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Political contributions

The Company made no political contributions in the year (2018: £Nil).

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides including the impact of Covid-19, the Company will have sufficient funds

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Directors' report (continued)

Other information

An indication of likely future development in the business and particulars of significant events which have occurred since the end of the financial year have been included in the strategic report on page 2.

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

It is noted that KPMG LLP as appointed by the members are deemed to be re-appointed as the auditor to the Company for the financial year ending 31 December 2020 in accordance with the provisions of Section 487(2) of the Companies Act 2006 and that the Directors have been authorised to set the remuneration of the auditor.

Approved by the Board on 7 July 2020 and signed on its behalf by:



Stephen Lilley
Director
27-28 Eastcastle Street
London
W1W 8DH

Statement of Directors' responsibilities in respect of the annual report and financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Fenland Windfarms Limited

Opinion

We have audited the financial statements of Fenland Windfarms Limited (the "Company") for the year ended 31 December 2019, which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Independent auditor's report to the members of Fenland Windfarms Limited (continued)

Strategic report and Directors' report

The Directors are responsible for the strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

**Independent auditor's report to the members of Fenland Windfarms Limited
(continued)**

The purpose of our audit work and to whom we owe our responsibilities

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.



James Ledward (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

9 July 2020

Profit and loss account and other comprehensive income
for the year ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Turnover	2	14,113	15,669
Cost of sales		<u>(2,950)</u>	<u>(2,894)</u>
Gross profit		11,163	12,775
Administrative expenses		<u>(3,304)</u>	<u>(4,071)</u>
Operating profit	3, 4, 5	7,859	8,704
Interest payable and similar expenses	6	(29)	(29)
Interest receivable and similar income	7	<u>5</u>	<u>-</u>
Profit before tax		7,835	8,675
Tax on profit	8	<u>(1,527)</u>	<u>(1,705)</u>
Profit for the year		<u>6,308</u>	<u>6,970</u>
 Total comprehensive income for the year		 <u>6,308</u>	 <u>6,970</u>

There was no other comprehensive income for the year.

All results were derived from continuing operations.

The notes on pages 15 to 28 form part of these financial statements.

Balance sheet
as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Tangible assets	9	32,266	34,061
Current assets			
Debtors due within one year	10	6,265	6,847
Cash at bank and in hand		<u>3,150</u>	<u>3,010</u>
		9,415	9,857
Creditors: Amounts falling due within one year	11	<u>(3,556)</u>	<u>(2,056)</u>
Net current assets		<u>5,859</u>	<u>7,801</u>
Total assets less current liabilities		38,125	41,862
Provisions for liabilities			
Deferred tax liabilities	12	(3,995)	(4,059)
Provisions	13	<u>(2,098)</u>	<u>(1,949)</u>
Net assets		<u>32,032</u>	<u>35,854</u>
Capital and reserves			
Called up share capital	14	10,001	10,001
Profit and loss account	14	<u>22,031</u>	<u>25,853</u>
Shareholders' funds		<u>32,032</u>	<u>35,854</u>

The notes on pages 15 to 28 form part of these financial statements.

The financial statements of Fenland Windfarms Limited (registered number 05078141) were approved by the Board of Directors on 7 July 2020 and signed on its behalf by:



Stephen Lilley
Director

Statement of changes in equity

	Called up share capital £ 000	Profit and loss account £ 000	Total equity £ 000
Balance as at 1 January 2019	10,001	25,853	35,854
Profit for the year	-	6,308	6,308
Dividends	-	(10,130)	(10,130)
Balance as at 31 December 2019	10,001	22,031	32,032

	Called up share capital £ 000	Profit and loss account £ 000	Total equity £ 000
Balance as at 1 January 2018	10,001	30,883	40,884
Profit for the year	-	6,970	6,970
Dividends	-	(12,000)	(12,000)
Balance as at 31 December 2018	10,001	25,853	35,854

The notes on pages 15 to 28 form part of these financial statements.

Statement of cash flows
for the year ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Cash flows from operating activities	17	10,265	11,029
Cash flows from investing activities			
Acquisition of tangible fixed assets		-	(21)
Interest receivable		5	-
Net cash flows from investing activities		<u>5</u>	<u>(21)</u>
Cash flows from financing activities			
Equity dividends paid		(10,130)	(12,000)
Repayment of loans		-	(331)
Net cash flows from financing activities		<u>(10,130)</u>	<u>(12,331)</u>
Net increase/(decrease) in cash and cash equivalents		<u>140</u>	<u>(1,323)</u>
Cash and cash equivalents at 1 January 2019		<u>3,010</u>	4,333
Cash and cash equivalents at 31 December 2019		<u>3,150</u>	<u>3,010</u>

The notes on pages 15 to 28 form part of these financial statements.

Notes to the financial statements

1 Accounting policies

Fenland Windfarms Limited (the "Company") is a private company incorporated, domiciled and resident in England and in the UK under the Companies Act and registered in the UK for tax purposes. The registered number is 05078141 and the address of the registered office is given in page 1.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Judgements made by the Directors, in the application of these accounting policies, which have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 20.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides including the impact of Covid-19, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Revision of estimate

During 2018, a third party assessment of the useful life of the fixed assets of the Company was undertaken. As a result, the Directors' expectation of the life of the Company's assets has increased from 25 to 30 years. This was applicable for all periods after 1 January 2019.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of acquisition of each asset evenly over its expected useful life of 30 years.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Non-derivative financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Decommissioning costs

A provision is recognised in the balance sheet as a result of a past event, which can be reliably measured and is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is made for the net present value of the estimated future decommissioning costs at the end of the operating life of the wind farm. This provision is made when construction of the wind farm has reached a stage when decommissioning of the constructed plant would incur material costs. The provision is calculated using estimated costs of decommissioning, and these estimates have been arrived at by consideration of the expected costs of contracts to remove the installed plant. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money. A corresponding asset is recognised and included within the wind farm assets and depreciated over the life of the wind farm. The estimated future cost of decommissioning obligations are regularly reviewed and adjusted as appropriate for new circumstances or changes in law or technology.

Capitalised costs

All expenditure directly attributable to bringing the wind farm into the location and condition necessary for use is capitalised. Costs include turbine costs, land operating lease rentals, grid connection, civil engineering, cabling, lease related costs, community funds, telecoms, direct labour and the cost of materials.

Cash

Cash comprises cash in hand and deposits held which are repayable on demand.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Accounting treatment for finance costs

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the assets ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete. The capitalisation rate used is the interest costs incurred on shareholder loans.

All other finance costs are recognised in the profit and loss account over the term of such instruments, at a constant rate on the carrying amount.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Turnover

Turnover comprises the value of electricity generated, Renewable Obligation Certificates ("ROC") (Buyout and Recycle) and embedded benefits. ROCs are issued to the Company by the Government as evidence that the MWh of electricity has been generated by a qualifying accredited renewable generator for the purposes of Renewable Obligations. The values of sales are fixed by contracts with the purchaser and the Government which set out the price which will be paid for each unit of electricity generated.

All electricity and embedded benefits generated by the Company is sold to a related party at a price per megawatt hour ("MWh") together with a ROC at a separate price as described in the terms of the PPA. Revenue from Recycle ROCs for electricity generated from 1 April 2019 is estimated based on ROC Recycle price projections. Any over or under estimation of ROC Recycle Revenue is recognised in the subsequent financial period upon publication of the ROC Recycle price.

Revenue from sales of electricity, ROCs (Buyout and Recycle) and embedded benefits is recognised in the period in which the output is delivered. Electricity generated which has not been invoiced at the year end is recognised as accrued income.

Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Impairment excluding deferred tax assets

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit (CGU)").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2 Turnover

The Company's turnover all arose in the United Kingdom and relates entirely to the Company's principal activity.

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2019	2018
	£ 000	£ 000
Depreciation expense (note 9)	1,915	2,762
Operating lease expense - land & buildings (note 16)	468	496
Auditor's remuneration	13	13
Asset management charge (note 18)	764	711
Operational and maintenance charge (note 18)	<u>1,781</u>	<u>1,863</u>

Notes to the financial statements (continued)

4 Directors' remuneration

None of the Directors had a service contract with the Company in the current or prior year. They are all employed by companies within the EDF group and Greencoat Capital LLP, the investment manager of Greencoat UK Wind PLC, and no portion of their remuneration can be specifically attributed to their services to the Company.

5 Staff numbers and costs

The Company had no employees in 2019 (2018: Nil).

6 Interest payable and similar charges

	2019 £ 000	2018 £ 000
Discounted provisions - unwinding of discount (note 13)	<u>29</u>	<u>29</u>
	<u>29</u>	<u>29</u>

7 Interest receivable and similar income

	2019 £ 000	2018 £ 000
Interest receivable	<u>5</u>	<u>-</u>
	<u>5</u>	<u>-</u>

Notes to the financial statements (continued)

8 Income tax

(a) Total tax charge recognised in the profit and loss account:

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax	1,591	1,854
Adjustments in respect of prior periods	-	20
Total current tax charge	1,591	1,874
Deferred taxation		
Origination and reversal of timing differences	(64)	(169)
Total deferred tax credit for the year (note 12)	(64)	(169)
Total tax charge on profit	1,527	1,705

(b) Reconciliation of effective tax rate:

	2019 £ 000	2018 £ 000
Profit before tax	7,835	8,675
Tax using the UK corporation tax rate of 19% (2018: 19%)	1,489	1,648
Effects of:		
Adjustments in respect of previous periods - current tax	-	20
Non deductible expenses	31	17
Current year effect of tax rate charge	7	20
Total tax charge	1,527	1,705

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. A further reduction in the corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. Deferred tax balances have been restated to reflect the rates substantively enacted as at the balance sheet date.

On 17 March 2020 a change in tax rates was substantively enacted to maintain the UK Corporation tax rates at 19%, rather than reducing to 17%, as previously enacted. The deferred tax balances do not reflect this change as it was substantively enacted after the balance sheet date.

Notes to the financial statements (continued)

9 Tangible fixed assets

	Windfarm assets in operation £ 000	Total £ 000
Cost		
At beginning of year	61,833	61,833
Change in decommissioning asset (note 13)	<u>120</u>	<u>120</u>
At 31 December 2019	<u>61,953</u>	<u>61,953</u>
Depreciation		
At 1 January 2019	27,772	27,772
Charge for the year	<u>1,915</u>	<u>1,915</u>
At 31 December 2019	<u>29,687</u>	<u>29,687</u>
Net book value		
At 31 December 2019	<u>32,266</u>	<u>32,266</u>
At 31 December 2018	<u>34,061</u>	<u>34,061</u>

Included above is £1,278,000 (2018: £1,228,000) comprising the net book value of the asset relating to the decommissioning provision.

10 Debtors

	2019 £ 000	2018 £ 000
Trade debtors (note 18)	2,010	-
Accrued income (note 18)	3,794	5,501
Prepayments	174	223
Other debtors	287	903
Amounts owed by group undertakings	<u>-</u>	<u>220</u>
	<u>6,265</u>	<u>6,847</u>

All balances are expected to be recovered within one year.

Notes to the financial statements (continued)

11 Creditors: amounts falling due within one year

	2019	2018
	£ 000	£ 000
Trade creditors	230	38
Other taxation	335	507
Accruals	253	321
Corporation tax	2,730	1,190
Amounts owed to group undertakings (note 18)	8	-
	<u>3,556</u>	<u>2,056</u>

12 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2019	2018
	£ 000	£ 000
Accelerated tax depreciation	<u>3,995</u>	<u>4,059</u>
	<u>3,995</u>	<u>4,059</u>

Deferred tax movement during the year:

	At 1 January 2019 £ 000	Recognised in profit and loss account £ 000	At 31 December 2019 £ 000
Accelerated tax depreciation	<u>4,059</u>	<u>(64)</u>	<u>3,995</u>

Deferred tax movement during the prior year:

	At 1 January 2018 £ 000	Recognised in profit and loss account £ 000	At 31 December 2018 £ 000
Accelerated tax depreciation	<u>4,228</u>	<u>(169)</u>	<u>4,059</u>

Of the amounts recognised in the profit and loss account, all relate to the current year.

Notes to the financial statements (continued)

13 Other provisions

	2019 £ 000	2018 £ 000
Decommissioning	<u>2,098</u>	<u>1,949</u>
At 31 December 2019	<u>2,098</u>	<u>1,949</u>

Decommissioning provision is made for the net present value of the estimated future decommissioning costs at the end of the operating life of the wind farm. The provision is calculated using estimated costs of decommissioning. An average inflation rate of 2% (2018: 2.1%) has been applied and then this has been discounted at a pre-tax rate of 1.3% (2018: 1.5%).

The movement in provisions during the current year are as follows:

	£ 000
At 31 December 2018	1,949
Change in estimate (note 9)	120
Unwinding of discount (note 6)	<u>29</u>
At 31 December 2019	<u>2,098</u>

14 Capital and reserves

Share capital

Allotted, called up and fully paid

	2019 Number	2019 £ 000	2018 Number	2018 £ 000
Ordinary shares of £1 each	<u>10,001,000</u>	<u>10,001</u>	<u>10,001,000</u>	<u>10,001</u>
	<u>10,001,000</u>	<u>10,001</u>	<u>10,001,000</u>	<u>10,001</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Profit and loss account

The profit and loss account represents the cumulative profit and loss of the company, net of dividends paid.

Notes to the financial statements (continued)

15 Financial commitments

Amounts contracted for but not provided in the financial statements amounted to £52,200,000 (2018: £39,286,000). These relate to £4,434,000 (2018: £3,229,000) of commitments on operating land leases; £32,844,000 (2018: £25,449,000) of commitments on turbine maintenance contracts held with a related party, EDF EN Services UK limited; £13,854,000 (2017: £9,771,000) relating to the asset management contracts held with a related party, EDF Energy Renewables Limited; and £1,068,000 (2018: £837,000) relating to community fund agreements.

The increase in financial commitments during 2019 is a result of the increase in the useful life of the wind farm to 30 years.

In 2019 EDF Energy Renewables Limited ("EDF ER"), a group company of the Company's 20% shareholder, has issued Parent Company Guarantees (the "Guarantees") in favour of the Company's landlords. Pursuant to the Guarantees, EDF ER has agreed to make payments to the landlords in respect of the Company's obligations under the leases between the Company and the landlords where the Company fails to honour such obligations. The maximum amount for which EDF ER may be liable under the Guarantees is £12,000. As at 31 December 2019, £Nil (2018: £Nil) had been paid by EDF ER in relation to the Guarantees and £Nil was outstanding (2018: £Nil).

16 Operating lease commitments

Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2019 £ 000	2018 £ 000
- Less than one year	262	262
- Between one to five years	1,047	1,047
- More than five years	3,125	1,920
	<u>4,434</u>	<u>3,229</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £468,000 (2018: £496,000).

Notes to the financial statements (continued)

17 Cash flow statement

	2019 £ 000	2018 £ 000
Cash flows from operating activities		
Profit before taxation	7,835	8,675
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	1,915	2,762
Interest payable and similar income	29	29
Interest receivable and similar expenses	(5)	-
Decrease in debtors	584	2,816
Decrease in trade creditors	(41)	(411)
Taxation	(52)	(2,842)
Net cash flows from operating activities	10,265	11,029

18 Related party transactions

The following related party transactions occurred in the year:

Related Party	Relationship	Transaction	Amount 2019 £000	Amount outstanding 2019 £000
EDF Energy Limited	Group Company of 20% Shareholder	Sales of electricity and related benefits	14,113	5,804 debtor
C45 SAS	Group company of 20% shareholder	Dividends	2,026	-
Greencoat UK Wind Holdco Limited	80% Shareholder	Dividends	8,104	-
Greencoat UK Wind Holdco Limited	80% Shareholder	Management services fee and portfolio monitoring system costs	12	-
EDF Energy Renewables Limited	Group company of 20% shareholder	Asset management charge	764	-
EDF EN Services UK Limited	Group Company of 20% Shareholder	Operation and Maintenance charge	1,781	-
Bicker Fen Windfarm Limited	Subsidiary of both Shareholders	Intercompany transaction	229	8 creditor

Notes to the financial statements (continued)

18 Related party transactions (continued)

The following related party transactions occurred in the prior year:

Related Party	Relationship	Transaction	Amount 2018 £000	Amount outstanding 2018 £000
EDF Energy Limited	Group Company of 20% Shareholder	Sales of electricity and related benefits	15,669	5,501 debtor
EDF Energy Renewables Limited	Group company of 20% shareholder	Dividends	2,400	-
EDF Energy Renewables Limited	Group company of 20% shareholder	Loan repayment	331	-
Greencoat UK Wind Holdco Limited	80% Shareholder	Dividends	9,600	-
Greencoat UK Wind Holdco Limited	80% Shareholder	Management services fee and portfolio monitoring system costs	12	-
EDF Energy Renewables Limited	Group company of 20% shareholder	Asset management charge	711	-
EDF EN Services UK Limited	Group Company of 20% Shareholder	Operation and Maintenance charge	1,863	-
Bicker Fen Windfarm Limited	Subsidiary of both Shareholders	Intercompany transaction	220	220 debtor

19 Parent undertaking and controlling party

Greencoat UK Wind Holdco Limited holds a 80% interest in the Company and is considered to be the immediate parent undertaking and controlling party. The registered address of Greencoat UK Wind Holdco Limited is 27-28 Eastcastle Street, London, United Kingdom, W1W 8DH.

The entity regarded by the Directors as being the ultimate parent undertaking is Greencoat UK Wind PLC, a company incorporated in the United Kingdom. The registered address of Greencoat UK Wind Holdco Limited is 27-28 Eastcastle Street, London, United Kingdom, W1W 8DH. The financial statements of Greencoat UK Wind PLC are available at www.greencoat-ukwind.com.

Notes to the financial statements (continued)

20 Accounting estimates and judgement

The preparation of financial statements requires the use of accounting estimates and judgements, and requires management to exercise judgement in applying accounting policies. We continually evaluate our judgements and assumptions.

A provision is made for the net present value of the estimated future decommissioning costs at the end of the operating life of the wind farm. The provision is calculated using estimated costs of decommissioning, and these estimates are arrived at by consideration of the expected costs of contracts to remove the installed plant. The estimates are discounted at pre-tax rates that reflect current market assessments of the time value of money. The assumptions used to calculate this provision are updated by management on a regular basis. See note 13 where these assumptions are presented.

Revenue from ROC Recyclefor electricity generated from 1 April 2019 is estimated based on external expert sources. Any under or over estimation of the ROC Recycle price is recognised in the subsequent financial period upon publication of the ROC Recycle price. Management have also assessed the sensitivity of the price: a 10% increase in the ROC Recycle price would result in additional revenue of £46,000.

21 Non adjusting post balance sheet events

Since the balance sheet date there has been a global pandemic from the outbreak of Covid-19. The Directors assess this event to be a non- adjusting post balance sheet event. There has been no significant disruption to the Company's market, customers or supply chain post the year end as a result of Covid-19.