BRENIG WIND LIMITED

Directors' Report and Financial Statements

For the Year Ended 31 December 2022

Registered number 06001931

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DIRECTORS AND OTHER INFORMATION

BOARD OF DIRECTORS
You Li (resigned 11 November 2021)
Yuhua Xiao (resigned 30 May 2022)
Dahchuan Yu (resigned 11 November 2021)
Mingzhong Luo (appointed 11 November 2021 and resigned on 30 May 2022)
Jihua Gong (appointed 30 May 2022 and resigned on 8 December 2022)
Zhao Wen (appointed on 8 December 2022)

REGISTERED OFFICE
Third Floor, Wilson & Co.,
9th St. Clare Street
London, England
EC3N 1LQ

BANKER
Bank of China
London Branch
1 Lothbury
London
EC2R 7DB

REGISTRATION NUMBER
06001931

AUDITORS
Mazars
Chartered Accountants and Statutory Audit Firm
Harcourt Centre, Block 3
Harcourt Road
Dublin 2

The directors present the strategic report for the year ended 31 December 2022.

Principal activity

The principal activity of the Company is the operation of wind farms. The Company owns a greenfield onshore wind project located in Northern Wales, with an installed capacity of 37 MW consisting of 16 turbines. The Company has entered into a 15-year agreement to generate electricity for a secured strike price under the Contracts for Difference scheme.

Review of the business and key performance indicators

In March 2019, the construction of the windfarm was fully completed. The Company made a profit before tax of £2.9m *(2021: £2.2m)*.

The commissioning of the windfarm was completed on 27 March 2019 and all turbines have been in full operation from March 2019, therefore the focus of key performance indicator is the generation of electricity.

	2022	2021
Generation Volume (MWh)	160,088	94,737
Turnover (£'000)	10,132	8,930
Operating profit (£'000)	4,342	3,293

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

We are obliged to undertake full inspection and testing of electrical installations of the windfarms to ensure health and safety regulations are complied with.

Principal risks and uncertainties

The principal risks to the Company on its project is as follows:

Energy price market volatility

The project has been fully completed its construction phase; however, the overall recoverability of the capital expenditure is dependent on anticipated energy prices. Although in general, independent forecasters expect UK wholesale power prices to rise in real terms from current levels, driven by higher gas and carbon prices combined with the on-going phasing out of coal-fired power stations; in the short term, power prices are likely to remain volatile, which is a risk to the profitability of the project. The Company has not entered into any hedging arrangements to minimize the risk to volatility in the future power price. The Company's strategy has been designed to mitigate the risk by rigorous project assessment and continual monitoring and review.

Financial risks

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Principal risks and uncertainties *(continued)*

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to a Company. The Company has adopted a policy of only dealing with creditworthy counterparties.

The Company's main exposure to credit risk is its cash balances. The risk will be mitigated through using banks whose long-term senior unsecured debt credit rating is no lower than A.

The other credit risks facing by the Company relate to the Company's two customers. The Company's exposure and the credit ratings of its trading counterparties are monitored by the boards of directors to ensure that the aggregate value of transactions is spread amongst approved counterparties.

Cash flow risk

Cash flow risk is the risk of not receiving the expected cash flows or receiving less than expected to meet its financial obligations. Company policy is to mitigate the risk by preparing cash flow forecasts and conducting cash flow analysis to monitor the financial situation of the business in real time.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's policy to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress condition. 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 maintains sufficient cash reserves to meet its obligations.

Regulatory risk

The UK mechanism for supporting renewable projects continues to evolve and is changing under the Energy Market Reforms, whereby projects compete for UK government support. The Company manages this risk by constantly evaluating its portfolio to respond to the current planning consent climate and support mechanism. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of intercompany facilities and by ensuring adequate internally generated funds. There were no major health and safety incidents to report in the period.

Technology risk
The performance of the Company is impacted by the choice, deployment and subsequent development of wind turbines and key operating technologies. The Company must maintain, develop and avoid interruption to its turbines and key information technology systems and adequately protect customer and other key data.

Health and safety, environmental risks
The Company is subject to environmental, health and safety laws and regulations. Non-compliance may result in the imposition of fines and/or sanctions. These laws and regulations, coupled with the safety of all stakeholders, are of paramount importance to the Company.

Principal risks and uncertainties *(continued)*

Weather
The performance of the Company's windfarm is impacted by weather conditions, in particular, wind levels. Wind levels and wind directions affect supplies of wind energy. The Company assesses potential wind levels for each project in which it invests, using the appropriate technical expertise. Such wind levels are assessed for the lifetime of a project and the Company allows for variability from year-to-year in its projections.

Future outlook

All the wind turbines were fully installed by end of December 2018. The windfarm commenced operation on 27 March 2019, at which point the Company started receiving renewable incentives for its generation output. In addition, as these products and the electricity generated will be sold under a long-term Power Purchase Agreement, management considers that this supports the Company's financial projections leading to strong profitability and cash flows.

Based on the forecast from an independent advisor, the management believes over the medium-term wind speeds in the UK will maintain their medium-term average and therefore future results are anticipated to be in line with expectations.

All of the Company's business activities relate to renewable energy projects with guaranteed sales of electricity and as a result, climate-related risks have been assessed as immaterial. The Company does not use any specific metrics to assess climate-related risks as these risks have been deemed immaterial due to the Company's primary business activity of generating renewable energy. The Company has entered into a 15-year agreement to generate electricity for a secured strike price under the Contracts for Difference scheme. The Company considers COVID-19 as short-term in nature and believe future energy price will revert to previous forecasts as energy demand increases. The Company will continue to identify, assess, and manage any future climate-related risks at the board with its immediate parent company, CGN Europe Energy Wales Holding Limited.

Approved by the board of directors and signed on its behalf by:

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Wen Zhao
Director

22 September 2023

The directors present their annual report and the audited financial statements for the financial year ended 31 December 2022.

Principal Activity and Review of Business

The principal activity of the Company is the operation of windfarm.

Results for the year

The statement of profit and loss and other comprehensive income for the year ended 31 December 2022 and the statement of financial position as at that date are set out on pages 14 and 15.

Dividends

In 2022, £5,000,000 was declared as ordinary dividends (2021: £Nil). The directors do not recommend payment of a final dividend.

Directors and secretary

The directors and secretary who held office during the year and subsequently to the date of this report are outlined on page 3.

Financial risk management objectives and policies

The directors refer to the Strategic Report presented in page 4 to 6.

Directors and secretary's interests

The directors and secretary who held office at 31 December 2022, together with their families, had no interests in the shares in, or debentures or loan notes in, the Company or Group undertakings.

Future developments in the business

The directors will continue to develop the activities of the Company in the ensuing year.

Post balance sheet events

There have been no significant events since the year end date which would require disclosure in or amendment of these financial statements.

Political and charitable contributions

The Company made no political contributions during the year (2021: £Nil).

Going concern

The Company is in a net current asset position as at 31 December 2022, the directors consider it appropriate to prepare the financial statements on a going concern basis based on anticipated cash flows over the period of at least 12 months from the date of these financial statements.

Statement on relevant audit information

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditor is aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditor is unaware.

Auditors

During the year, the auditor, KPMG, Chartered Accountants, resigned as auditors and Mazars were appointed as auditors in accordance with section 487 of the Companies Act 2006.

Approved by the board of directors and signed on its behalf by:

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Wen Zhao
Director

22 September 2023

BRENIG WIND LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and Strategic 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 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 assets, liabilities and financial position of the Company as at the financial year end date, of the profit or loss for that financial year and otherwise comply with the Companies Act 2006.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgments and accounting estimates that are reasonable and prudent;

- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; 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 responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2006 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board:

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Wen Zhao
Director

22 September 2023

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

BRENIG WIND LIMITED

Opinion

We have audited the financial statements of Brenig Wind Limited ('the Company') for the year ended 31 December 2022, which comprise the Statement of Profit and Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and related notes to the financial statements, including a summary of significant accounting policies. The relevant financial reporting framework that has been applied in their preparation is UK Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion:

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its result for the year then ended;
- have been properly prepared in have been properly prepared in accordance with FRS 102; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

BRENIG WIND LIMITED

(continued)

Other information

The other information comprises the information included in the Director's Report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the Director's Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Director's Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's Report and Strategic Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's Report or Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

BRENIG WIND LIMITED

(continued)

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the director's and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions. Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the director and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

BRENIG WIND LIMITED

(continued)

Auditor's responsibilities for the audit of the financial statements ***(continued)***

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the director and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

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

Brian Cormack

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Brian Cormack
Senior Statutory Auditor

for and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre, Block 3
Harcourt Road
Dublin 2

22 September 2023

BRENIG WIND LIMITED
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Turnover	4	10,132	8,930
Cost of sales		(5,091)	(5,053)
Gross profit		5,041	3,877
Administrative expenses		(699)	(584)
Operating profit		4,342	3,293
Interest payable and similar charges	5	(1,461)	(1,098)
Other gains / (loss)		19	6
Profit on ordinary activities before taxation	6	2,900	2,201
Taxation	8	(781)	629
Profit on ordinary activities after taxation		2,119	2,830
Profit attributable to:			
Owners of the Company		2,119	2,830
		2,119	2,830
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income		2,119	2,830

The notes on pages 17 to 28 form part of these financial statements.

BRENIG WIND LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Tangible assets	9	44,595	47,340
Deferred tax asset	17	-	145
		44,595	47,485
Current assets			
Debtors	10	8,116	6,914
Cash at bank and in hand		7,598	7,597
		15,714	14,511
Current liabilities			
Creditors: amounts falling due within one year	11	(11,947)	(7,689)
Net current assets		3,767	6,822
Total assets less current liabilities		48,362	54,307
Creditors: amounts falling due after one year	12	(36,200)	(39,900)
Deferred tax liabilities	17	(636)	-
Net assets		11,526	14,407
Capital and reserves			
Called up share capital	13	3,350	3,350
Profit and loss account		8,176	11,057
Shareholders' reserves		11,526	14,407

The financial statements were approved and authorised for issue by the board.

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Wen Zhao
Director

22 September 2023

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2021	3,350	8,227	11,577
Profit for the year	-	2,830	2,830
At 31 December 2021	3,350	11,057	14,407
At 1 January 2022	3,350	11,057	14,407
Profit for the year	-	2,119	2,119
Dividends	-	(5,000)	(5,000)
At 31 December 2022	3,350	8,176	11,526

The notes on pages 17 to 28 form part of these financial statements.

1. General Information

Brenig Wind Limited is a private company limited by shares incorporated under the Company Act 2006 in the United Kingdom and registered in England and Wales. The registered office of the Company is Third Floor, Wilson & Co, 9th St. Clare Street, London, England, EC3N 1LQ.

The principal activity of the company is that of the operation of wind farms

2. Accounting Policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the requirements of the Companies Act 2006.

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 £'000.

The financial statements have been prepared under the historical cost convention modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council.

Brenig Wind Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to the presentation of a cash flow statement, transactions with fellow group companies and financial instruments.

The principal accounting policies adopted are set out below.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2.2 Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable. Actual outcomes may differ from these estimates.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates are discussed in note 3.

2.3 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

2. **Accounting Policies** ***(continued)***

2.4Tax

The income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss and other comprehensive income except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity.

Current tax is the expected tax payable on the taxable income for the period using tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: those differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the Company is able to control the timing of reversal and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised to the extent that it is probable future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2.5 Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit or loss (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the statement of profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

2. Accounting Policies *(continued)*

2.6 Tangible non-current assets

Tangible non-current assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Costs include the assets' purchase price and any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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 costs of materials.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its estimated useful economic life as follows:

Wind farm	20 years
Decommissioning assets	20 years
Property, plant and equipment	5 years

Straight line method has been used for depreciation charge, it is provided at rates calculated to write off the cost less estimated residual value of each asset over its estimated useful economic life.

2.7 Financial instruments

The Company has elected to apply the provisions of Section 11 Basic Financial Instruments and Section 12 Other Financial Instruments Issues of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets
Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets
Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

2. **Accounting Policies** ***(continued)***

Impairment of financial assets

Financial assets, other than those held at fair value through profit and 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

2. Accounting Policies *(continued)*

2.8 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

2.9 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

2.10 Commitments and contingencies

Commitments and contingent liabilities are disclosed in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefit is probable

2.11 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in profit and loss.

2.12 Borrowing costs

All borrowings costs are recognised in the profit and loss in the period in which they are incurred except for borrowing costs attributable to qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is to be capitalised as a cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale

2.13 Going concern

The directors have completed an assessment of the future cash flows of the company and expect to be able to discharge their liabilities as they fall due. As a result the financial statements have been prepared on a going concern basis.

3. Critical Accounting Estimates and Judgment

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the amount reported for assets and liabilities as at the balance sheet date and the amount reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those 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.

There were no critical accounting judgements in 2022.

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

The Company makes estimates and assumptions concerning the future. However, the nature of estimation means that actual outcomes could differ from those estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within future financial years is as below.

Impairment of Windfarm assets
An assessment is made annually whether property, plant and equipment and intangible assets have suffered any impairment losses. In the current year there were no impairment triggers identified and therefore no impairment assessment has been performed.

The assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. An impairment exists when the carrying value of non-financial assets or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from internal budgets and do not include significant future investments that will enhance the asset's performance of the cash generating unit being tested. The key assumptions are a discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Other assumptions involved current market quotations from technical suppliers, independent professional consultants for wind speeds forecast, and CPI, RPI that are publicly available.

4. Turnover

	2022 £'000	2021 £'000
Sale and supply of electricity	10,132	8,930

The whole of the Company's turnover is attributable to its market in the United Kingdom and is derived from the principal activity of generation of electricity from its wind farm.

5. Interest payable and similar charges

	2022 £'000	2021 £'000
Intercompany loan interest	1,461	1,098
	1,461	1,098

6. Profit / (loss) on ordinary activities before taxation

The profit / (loss) on ordinary activities before taxation is stated after charging/(crediting):

	2022 £'000	2021 £'000
Depreciation	2,745	2,679
Operating lease charges	870	1,185
Foreign exchange (gains) / losses	(18)	(5)
Audit fees	7	7

7. Employees

There were no employees during the year ended 31 December 2022 (2021: £Nil).

Director's renumeration is borne by another.group company (2021: £Nil).

8. Taxation

Corporation tax

	2022 £'000	2021 £'000
Analysis of tax charge:		
UK corporation tax	-	-
Deferred tax		
Origination and reversal of timing differences	594	448
Adjustment in respect of previous periods	-	(1,042)
Effect of changes in tax rates	187	(35)
Deferred tax charge / (credit)	781	(629)
Total tax charge / (credit) for the year	781	(629)

Factors affecting tax charge for the financial year

The tax assessed for the financial year is different from the profit for the financial year multiplied by the standard rate of corporation tax in United Kingdom of 19%. The differences are explained below:

	2022 £'000	2021 £'000
Profit / (loss) on ordinary activities before taxation	2,900	2,201
Profit / (loss) on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 19% (2021 - 19%)	551	418
Effects of:		
Expenses not deductible	43	30
Adjustment in respect of previous periods	-	(1,042)
Effect of changes in tax rates	187	(35)
Total tax charge for the financial year	781	(629)

The Finance Act 2021 to increase the corporation tax rate to 25% from 1 April 2023 was substantively enacted on 24 May 2021. Deferred tax assets and liabilities at 31 December 2022 have been calculated based on the expected tax rate that will apply to the period in which the asset is realised or liability is settled

Factors that may affect future tax charges.

Finance Act 2021 increased the UK tax rate to 25% with effect from 1 April 2023. This will have a consequential effect on the company's future tax charge.

9. Tangible assets

	Windfarm £'000	Total £'000
Cost		
At 1 January 2022	54,902	54,902
Additions	-	-
At 31 December 2022	54,902	54,902
Depreciation		
At 1 January 2022	7,562	7,562
Charge for the year	2,745	2,745
At 31 December 2022	10,307	10,307
Net book value		
At 1 January 2022	47,340	47,340
At 31 December 2022	44,595	44,595

10. Debtors

	2022 £'000	2021 £'000
Trade receivables	3,340	4
Prepayments	318	349
Amount owed from parent company	4,458	3,658
Other receivables	-	2,903
	8,116	6,914

The Company provided a borrowing of £4,458k *(2021: £3,658k)* to its parent company. This borrowing is unsecured, interest free and is repayable on demand. The Company has indicated that no repayment of loan will be required within the next 12 months.

11. Creditors: Amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	151	925
Amounts due to group undertakings	567	734
Loans (note 18)	4,890	4,525
VAT payable	1,038	1,240
Dividends payable	5,000	-
Accruals and deferred income	301	265
	11,947	7,689

Trade creditors, including accruals, are payable at various dates over the coming months in accordance with the suppliers' usual and customary credit terms.

Amounts owed to group companies are unsecured, interest free and have no fixed repayment terms.

12. Creditors: Amounts falling due after more than one year

	2022 £'000	2021 £'000
Loans (note 18)	36,200	39,900
	36,200	39,900

13. Called up share capital

	2022 £	2021 £
Allotted, called up and fully paid:		
3,350,000 ordinary shares of £1 each	3,350,000	3,350,000

14. Related party transactions and controlling party

FRS101: 8(k) exempts qualifying entities from disclosing related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transactions is wholly owned by a member of that group.

15. Parent Company and Ultimate Parent Company

The immediate parent company is CGN Europe Energy Wales Holding Limited, a company registered in England and Wales.

The entity regarded by the directors as being the ultimate parent undertaking and controlling party is China General Nuclear Power Corporation (CGNPC). This is the largest group for which consolidated financial statements are prepared. Copies of the financial statements of CGNPC can be obtained at its registered address Shenzhen Science & Technology Building, No.1001 Shangbuzhong Road, Futian District, Shenzhen, P.R.China. The smallest group for which consolidated financial statements are prepared is CGN Europe Energy Wales Holding Limited. Copies of the financial statements of CGN Europe Energy Wales Holding Limited can be obtained at its registered address Third Floor, Wilson & Co., 9th St. Clare Street, London, England,EC3N 1LQ.

16. Operating leases

At 31 December 2022, the Company had total future minimum lease payments under non-cancellable operating leases on land as set out below:

	2022 £'000	2021 £'000
Less than one year	427	427
Between two to five years	1,708	1,708
More than five years	6,365	6,792
	8,500	8,927

17. Deferred tax asset / (liabilities)

Deferred tax assets / (liabilities) are attributable to the following:

	2022 £'000	2021 £'000
Opening balance	145	(484)
(Charge) / credit to profit and loss (note 8)	(781)	629
Closing balance	(636)	145

Deferred tax assets / (liabilities) is composed of the following temporary differences:

	2022 £'000	2021 £'000
Difference between depreciation and capital allowances	(636)	145
	(636)	145

18. Loans and borrowings

The loans and borrowings are repayable as follows:

	2022 £'000	2021 £'000
Falling due within one year:		
Loans and borrowings	4,890	4,525
Falling due after one year:		
Loans and borrowings repayable 1-2 years	7,400	7,400
Loans and borrowings repayable 3-5 years	11,100	11,100
Loans and borrowings repayable after 5 years	17,700	21,400
	36,200	39,900
Total loans and borrowings	41,090	44,425

During 2017, the Company obtained a short-term loan facility of £60 million from CGNPC Huasheng Investment Limited which is an undertaking of CGN group, which was being renewed annually.

On 5 August 2021, a new 7 year loan agreement was put in place which capped the facility at the amount drawn down, being £53.6m, defining set payment terms with a maturity date 5 August 2028, to replace the current short term loan agreement.

The loan is unsecured interest rate of 2.0% plus 6 month LIBOR.

19. Capital commitments and contingent liabilities

As at 31 December 2022, the company has no capital commitments and contingent liabilities (2021: £Nil).

20. Subsequent events

There have been no significant events since the year end date which would require disclosure in or amendment of these financial statements.

21. Approval of financial statements

The board of directors approved these financial statements for issue on 22 September 2023.