Fairfield Windfarm Limited

Annual report and financial statements

Registered number 06708608

31 December 2021

Contents

Company information

Directors	Hassaan Majid Piero Maggio
Registered office	Alexander House 1 Mandarin Road Rainton Bridge Business Park Houghton le Spring Sunderland DH4 5RA
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 2021 for Fairfield Windfarm Limited (the "Company").

Business review

The Company operates a wind farm in Cumbria, England. The wind farm 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 through a mixture of retained profits and borrowings.

Revenue increased in the year, despite reduced wind resource throughout the year, as a result of higher power prices which were experienced from quarter two onwards. The Company remained profitable in the year, which contributed towards the increase in the net asset position of the Company.

Going forward management are confident that wind speeds in the UK will maintain their medium term averages and therefore future results are anticipated to be in line with expectations. The long term Power Price Agreement in place also gives Management confidence that revenue will be sustained and prices have remained high in 2022.

Principal risks and uncertainties

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

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.

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. This risk is managed by the continual review of the forecast profitability of the Company. The Company does not consider counter party credit risk to be a principal risk as there has never been a credit default on the PPA contract and the credit worthiness of the counterparty is assessed on a regular basis in line with the company's operating procedures.

Strategic report (continued)

Principal risks and uncertainties (continued)

Interest rate risk
The Company has exposure to interest rate fluctuations on its borrowings from its immediate parent undertaking, EDF Energy Renewables Holdings Limited. The Company's exposure to interest rate fluctuations on these borrowings is managed by continual reviews of the interest rate exposure and its impact on 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. The risk is mitigated through using banks with good credit ratings.

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.

Climate Change

The Company, as a part of EDF Renewables UK group, is committed to accelerating a net zero future where clean energy powers our lives. The Company generates renewable energy products and the principal activities of the Company aim to directly combat the impact of climate change by leading the way in the delivery and operation of renewable technologies. The current UK regulatory and political environments are aligned with the objectives of the Company and the Directors see the commitment to a growth in renewable energy as a significant opportunity for the Company.

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. The Company has implemented Covid secure ways of working, which have been extended to significant service providers. As a result there has been no significant disruption to the Company's market, customers or supply chain as a result of Covid-19 during or post year end. 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.

Strategic report (continued)

Business Environment, Performance and Key Performance Indicators
The Company operated a 6.5 MW wind farm for the full year.

	Year ended 31 December 2021	Year ended 31 December 2020
Generation Volume (MWh)	**10,743**	14,519
Revenue (£000)	**1,820**	1,426
Operating profit (£000)	**1,026**	685

For the year ended 31 December 2021, generation for the windfarm was lower than the previous year due to decreased wind resource which was offset by higher average prices resulting in a increase in revenue.

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 this will support the Company's financial projections leading to strong profitability and cash flows.

Post balance sheet events
Subsequent to the year end, Russia invaded Ukraine. The Directors have considered the impact of the conflict in Ukraine on the Company at 31 December 2021 and subsequently. The main impact has been the increase in wholesale gas and electricity prices which has increased the Company's revenues under the existing PPA. The company has not experienced any significant delays or supply chain issues as a result of the conflict. There are no other disclosable subsequent events.

Approved by the Board on 7 July 2022 and signed on its behalf by:

DocuSigned by:
Hassaan Majid
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Hassaan Majid
Director

Alexander House
1 Mandarin Road
Houghton le Spring
Sunderland
DH4 5RA

Directors' report

Principal activities of the Company
The principal activity of the company is the ownership and operation of a 6.5 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 £1,016,000 *(2020: £661,000)*, and after taxation, amounted to £656,000 *(2020: £474,000)*. During the year the Company paid dividends of £553,000 *(2020: £Nil)*.

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:

Hassaan Majid

Matthieu Hue (resigned 22 December 2021)

Pierre-Arthur Lestrade (appointed 22 December 2021 and resigned 16 May 2022)

The following Director was appointed after the year end:

Piero Maggio (appointed 16 May 2022)

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 *(2020: £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, the Company will have sufficient funds, through funding from its operations, 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.

Directors' report

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
- each Director has 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 2022 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 2022 and signed on its behalf by:

DocuSigned by:
CEAC4259A2BA443...
Hassaan Majid
Director

Alexander House
1 Mandarin Road
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Sunderland
DH4 5RA

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 101 *Reduced Disclosure Framework*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting 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 Fairfield Windfarm Limited

Opinion

We have audited the financial statements of Fairfield Windfarm Limited (the "Company") for the year ended 31 December 2021, which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period

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 above conclusions are not a guarantee that the company will continue in operation.

Independent auditor's report to the members of Fairfield Windfarm Limited (continued)

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management and Directors;
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are limited incentives, rationalizations and/or opportunities to fraudulently adjust revenue recognition. Revenue is relatively simple from one activity of power generation traded under a long term agreement.

We did not identify any additional fraud risks.

We performed procedures including:

Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted with unusual account combinations and increasing carrying value of assets.

dentifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Independent auditor's report to the members of Fairfield Windfarm Limited (continued)

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.
In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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.

Independent auditor's report to the members of Fairfield Windfarm Limited (continued)

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.

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
BSI 4BE

12 July 2022

Profit and loss account and other comprehensive income
for the year ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Turnover	2	**1,820**	1,426
Cost of sales		**(305)**	(283)
Gross profit		**1,515**	1,143
Administrative expenses		**(489)**	(458)
Operating profit	3, 4, 5	**1,026**	685
Interest payable and similar expenses	6	**(10)**	(24)
Profit before tax		**1,016**	661
Tax charge on profit	7	**(360)**	(187)
Profit for the year		**656**	474

There was no other comprehensive income for the current financial year other than that included in the profit and loss account.

All results are derived from continuing operations.

The notes on pages 15 to 31 form part of these financial statements.

Balance sheet
at 31 December 2021

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Tangible assets	8	**4,860**	5,172
Current assets			
Debtors	9	**542**	587
Cash at bank and in hand		**1,054**	571
		1,596	1,158
Creditors: Amounts falling due within one year	10	**(435)**	(331)
Net current assets		**1,161**	827
Total assets less current liabilities		**6,021**	5,999
Creditors: Amounts falling due after more than one year	11	**(265)**	(523)
Provisions for liabilities			
Deferred tax liabilities	13	**(667)**	(521)
Provisions	14	**(276)**	(245)
Net assets		**4,813**	4,710
Capital and reserves			
Called up share capital	16	**3,621**	3,621
Profit and loss account	16	**1,192**	1,089
Shareholders' funds		**4,813**	4,710

The notes on pages 15 to 31 form part of these financial statements.

The financial statements of Fairfield Windfarm Limited (registered number: 06708608) were approved by the Board of Directors on 7 July 2022 and signed on its behalf by:

DocuSigned by:
Hassaan Majid
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Hassaan Majid

Director

Statement of changes in equity

	Called up share capital £ 000	**Profit and loss account £ 000**	Total equity £ 000
Balance as at 1 January 2021	**3,621**	**1,089**	**4,710**
Profit for the year	**-**	**656**	**656**
Dividends	**-**	**(553)**	**(553)**
Balance as at 31 December 2021	**3,621**	**1,192**	**4,813**

	Called up share capital £ 000	Profit and loss account £ 000	Total equity £ 000
Balance as at 1 January 2020	3,621	615	4,236
Profit for the year	-	474	474
Balance as at 31 December 2020	3,621	1,089	4,710

The notes on pages 15 to 31 form part of these financial statements.

Notes to the financial statements

1 Accounting policies

Fairfield Windfarm Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK and resident in the UK for tax purposes. The registered number is 06708608 and registered address is Alexander House, 1 Mandarin Road, Rainton Bridge Business Park, Houghton le Spring, Sunderland, DH4 5RA, UK. These financial statements were prepared in accordance with Financial Reporting *Standard 101 Reduced Disclosure Framework ("FRS 101 ").*

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("UK Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Electricité de France SA, includes the Company in its consolidated financial statements. The consolidated financial statements of Electricité de France SA are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Electricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions and balances with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of key management personnel;
- Disclosure of separate lease information; and
- Disclosures in respect of Revenue disaggregation, performance obligations, transaction prices and significant judgements and changes in contract assets and liabilities.

As the consolidated financial statements of Electricité de France SA include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The disclosures required by IFRS 7 *Financial Instrument Disclosures* and IFRS 13 *Fair Value Measurement* have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

Notes to the financial statements (continued)

1 Accounting policies (continued)

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

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

Judgements made by the Directors, in the application of these accounting policies that 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.

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, the Company will have sufficient funds, through funding from its operations, 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.

Tangible fixed assets

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

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. 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 less estimated residual value, evenly over its expected useful life, as follows:

Wind farm: 25 years

No depreciation is charged on assets in the course of construction until the asset becomes capable of operating in the manner intended by management.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax is the expected tax payable or receivable in 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 temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that is probable that future taxable profits will be available against which the temporary difference can be utilised.

Financial instruments
Recognition and initial measurement
Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value.

Classification and subsequent measurement
On initial recognition, a financial asset is classified as measured at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

• it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Financial instruments (continued)

Subsequent measurement and gains and losses

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares. Financial liabilities are classified as measured at amortised cost or F VTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at F VTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets (as defined in IFRS 15). The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. Based on the Company's historical experience, the ECL is not material on the Company's financial assets.

Credit-impaired financial assets
At each reporting date, the Company assesses whether there is evidence that financial assets carried at amortised cost need to be credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Decommissioning costs
A provision is recognised in the balance sheet as a result of a past event, that can be reliably measured and it 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 and cash equivalents
Cash comprises cash in hand and deposits held which are repayable in 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.

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses. if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Leases (continued)
The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'tangible assets' and lease liabilities in 'creditors' in the statement of financial position.

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 an associated company within the EDF group 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 ROC Recycle for electricity generated from 1 April 2021 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 are recognised in the period in which the output is delivered at which point the Company's obligation under the PPA is completed and the rights to receive revenue become unconditional. As a result, all electricity generated which has not been invoiced at the year end, is transferred to receivables and is recognised as accrued income.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Impairment of 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 this 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").

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 Operating profit

Included in profit/loss are the following:

	2021 **£ 000**	2020 £ 000
Depreciation expense (note 8)	**321**	325
Operating lease expense - land & buildings	**40**	-
Asset management charge (note 18)	**128**	126
Operation and maintenance charge	**205**	170

Audit fees of £9,500 *(2020: £6,000)* were borne by immediate parent company EDF Energy Renewables Holdings Limited.

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 no portion of their remuneration can be specially attributed to their services to the Company.

5 Staff numbers and costs

The Company had no employees in 2021 *(2020: Nil)*.

6 Interest payable and similar expenses

	2021 **£ 000**	2020 £ 000
Discounted provisions - unwinding of discount (note 14)	**2**	3
On loans from group companies	**1**	15
On lease liabilities (note 17)	**7**	6
Total interest payable	**10**	24

Notes to the financial statements (continued)

7 Income tax

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

	2021 £ 000	2020 £ 000
UK current tax		
UK corporation tax	**214**	136
Total current tax charge	**214**	136
UK deferred tax		
Origination and reversal of timing differences	**(19)**	(5)
Effect of tax rate change on opening balance	**165**	56
Total deferred tax charge for the year (note 13)	**146**	51
Total tax charge on profit	**360**	187

(b) Reconciliation of effective tax rate:

	2021 £ 000	2020 £ 000
Profit before tax	**1,016**	661
Tax using the UK corporation tax rate of 19% *(2020: 19%)*	**193**	125
Non-deductible expenses	**7**	7
Other tax effects for reconciliation between accounting profit and tax expense	**160**	55
Total tax charge	**360**	187

The 2021 budget proposal increases the corporation tax rate to 25% from 1 April 2023. The Finance Act 2021 was substantively enacted on 24 May 2021. Deferred tax assets and liabilities at 31 December 2021 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.

Notes to the financial statements (continued)

8 Tangible fixed assets

	Land and buildings £ 000	Wind farm assets in operation £ 000	Total £ 000
Cost			
At 1 January 2021	339	9,072	**9,411**
Change in decommissioning asset (note 14)	-	29	**29**
At 31 December 2021	339	9,101	**9,440**
Depreciation			
At 1 January 2021	42	4,197	**4,239**
Charge for the year	20	321	**341**
At 31 December 2021	62	4,518	**4,580**
Net book value			
At 31 December 2021	277	4,583	**4,860**
At 31 December 2020	297	4,875	**5,172**

Included above is £144,000 *(2020: £123,000)* comprising the net book value of the asset relating to the decommissioning provision.

Right-of-use assets
In the above table, the NBV of right of use assets is as follows:

	Land and buildings £ 000	Wind farm assets in operation £ 000	Total £ 000
At 31 December 2021	**277**	-	**277**
At 31 December 2020	297	-	297

Notes to the financial statements (continued)

9 Debtors

	2021	2020
	£ 000	£ 000
Accrued income (note 18)	**486**	399
Other debtors	**56**	45
Trade debtors (note 18)	**-**	143
	542	587

All balances are expected to be recovered within one year.

Amounts owed to group undertakings, accrued income and other debtors are solely due from wholly owned subsidiaries of the EDF Group.

Other debtors includes £48,000 due from wholly owned subsidiaries of the EDF Group.

10 Creditors: amounts falling due within one year

	2021	2020
	£ 000	£ 000
Other taxation	**64**	50
Corporation tax payable	**278**	195
Accruals	**77**	66
Lease liabilities	**16**	20
	435	331

Accruals include £6,000, due to wholly owned subsidiaries of the EDF group.
Included within Corporation tax payable is £124,000 of group relief due to related parties.

Notes to the financial statements (continued)

11 Creditors: amounts falling due after more than one year

	2021	2020
	£ 000	£ 000
Amounts owed to group undertakings (note 12)	-	243
Lease liabilities	**265**	280
	265	523

12 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

Creditors falling due after more than one year

	2021	2020
	£ 000	£ 000
Shareholder loan	-	243
	-	243

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	**Carrying amount 2021 £ 000**	Carrying amount 2020 £ 000
Shareholder loan	GBP	3 month LIBOR plus 180 basis points	2021	-	243
Total				-	243

The shareholder loan attracts interest on a daily basis at a rate of 3 month LIBOR plus 180 basis points. The loan is repayable on the maturity date.

Notes to the financial statements (continued)

13 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2021	2020
	£ 000	£ 000
Accelerated capital allowances	**667**	521
	667	521

Deferred tax movement during the year:

	At 1 January 2021	**Recognised in profit and loss account**	**At 31 December 2021**
	£ 000	**£ 000**	**£ 000**
Accelerated tax depreciation	**521**	**146**	**667**

Deferred tax movement during the prior year:

	At 1 January 2020	Recognised in profit and loss account	At 31 December 2020
	£ 000	£ 000	£ 000
Accelerated tax depreciation	470	51	521

Of the amounts recognised in the profit and loss account, a credit of £19,000 (*2020: £(4,000)*) relates to the current year and £164,000(*2020: £ 55,000*) relates to the effect of prior period adjustments.

14 Provisions

	2021	2020
	£ 000	£ 000
Decommissioning	**276**	245
At 31 December 2021	**276**	245

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% *(2020: 2.0%)* has been applied and then this has been discounted at a pre-tax rate of 1.15% *(2020: 0.4%)*.

Notes to the financial statements (continued)

14 Provisions (continued)

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

	£ 000
At 31 December 2020	245
Increase (decrease) in existing provisions	29
Unwinding of discount	2
At 31 December 2021	**276**

15 Financial commitments

Amounts contracted for but not provided in the financial statements amounted to £5,500,000 *(2020: £5,768,000)*. These relate to £3,312,000 *(2020: £3,440,000)* of commitments on turbine maintenance contracts held with a related party EDF EN Services UK Limited; £156,000 *(2020: £167,000)* of commitments on community fund agreements; £2,033,000 *(2020: £2,161,000* of commitments on asset management contracts held with a related party, EDF Energy Renewables Limited.

The commitments shown above represent the total value over the remaining operating life of the wind farm calculated in line with minimum contractual values. The Operating and Maintenance contract commitments include an estimation of future indexation levels above the minimum contractual values in line with the companies experience of the commercial operation of the contract.

16 Capital and reserves

Share capital
Allotted, called up and fully paid

	2021 Number	**2021 £ 000**	2020 Number	2020 £ 000
Ordinary shares of £1 each	**3,620,646**	**3,621**	3,620,646	3,621
	3,620,646	**3,621**	3,620,646	3,621

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)

17 Leases

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	2021 £ 000
Leases under IFRS 16	
Interest expense on lease liabilities	7
Expenses relating to variable lease payments not included in the measurement of lease liabilities	16

18 Related party transactions

Related Party	Relationship	Transaction	Amount £000	Amount outstanding £000
EDF Energy Limited	Group Company	Sale of electricity and related benefits	1,820	486 debtor
EDF Energy Renewables Limited	Group Company	Asset management charge	128	-
EDF EN Services UK Limited	Group Company	Operation and maintenance charge	194	48 debtor 7 creditor

The following related party transactions and balances occurred in the prior year:

Related Party	Relationship	Transaction	Amount £000	Amount outstanding £000
EDF Energy Limited	Group Company	Sale of electricity and related benefits	1,426	542 Debtor
EDF Energy Renewables Limited	Group Company	Asset management charge	126	-
EDF EN Services UK Limited	Group Company	Operation and maintenance charge	170	28 debtor

Notes to the financial statements (continued)

19 Parent undertaking and controlling party

EDF Energy Renewables Holdings Limited holds a 100% interest in the Company and is considered to be the immediate parent undertaking and controlling party. The registered address of EDF Energy Renewables Holdings Limited is Alexander House, I Mandarin Road, Rainton Bridge Business Park, Houghton le Spring, Sunderland, England, DH4 5RA.

At 31 December 2019, Electricité de France SA- a company incorporated in France, is regarded by the Directors as the Company's ultimate parent company and controlling party. This is the largest group for which consolidated financial statements are prepared. Copies of that Company's consolidated financial statements may be obtained from Electricité de France SA, 22-30 Avenue de Wagram, 75382, Paris, Cedex 08, France.
The smallest parent undertaking for which consolidated accounts are prepared is EDF Renouvelables S.A. Copies of the Company's consolidated financial statements may be obtained from EDF Renouvelables S.A., Coeur Défense -100, Esplanade du Général de Gaulle 92932 Paris La Défense Cedex.

20 Accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates and judgments, and requires management to exercise judgement in applying accounting policies. We continually evaluate our judgements and assumptions. Following are the key sources of estimation uncertainty.

Decommissioning Provision
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 14 where these assumptions are presented. Management have also assessed the sensitivity of the price: A 100bps increase in the inflation rate assumption increases the provision and asset by £43,000, a 100bps increase in discount rate reduces the provision and asset by £36,000, a 10% increase in the cost assumptions applied increases the provision and the asset by £28,0000.