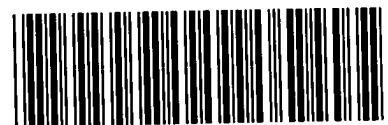


REGISTERED NUMBER: 07252984 (England and Wales)

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021
FOR
GYM OFFSHORE THREE LIMITED

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GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)

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for the year ended 31 December 2021

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GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)**STRATEGIC REPORT****for the year ended 31 December 2021**

The directors present their strategic report on GYM Offshore Three Limited ("the Company") for the period ended 31 December 2021.

REVIEW OF THE BUSINESS

The Company owns 5% of Gwynt Y Mor Offshore Wind Farm Limited. Gwynt Y Mor Offshore Wind Farm Limited acts as a disclosed agent for the joint venture and bears certain rights and obligations which have not been transferred to the unincorporated joint venture. All rights with respect to joint property, benefits, and electrical output, and other rights brought about or developed in connection with the joint operations shall be owned by the Company in proportion to its respective interest in the Gwynt Y Mor Offshore Wind Farm project.

During the year the Company underwent a capital reduction and distributed £4,500,000 (2020: £7,666,667) to its parent undertaking, SWM UK Wind One Limited.

Key Performance Indicators:	2021	2020
Number of ROCs generated	174,814	174,814
Electricity Generation - MWh	73,985	87,407
Generation assets	£ 65,198,999	£ 69,029,653
Operating Profits	£ 6,190,178	£ 4,524,547

These are the key metrics in gauging the performance of the windfarm.

The principal risks and uncertainties facing the Company's investment are:

- Fluctuations in the weather - namely the amount and speeds of the wind
- Fluctuations in the market price of electricity and certificates
- any unforeseen outages leading to a curtailment of production

During 2021 the windfarm output was curtailed due to a damaged export cable causing a reduction in generation, however higher energy prices have bolstered power revenues.

The results for the year are dealt with on page 9 of the financial statements. The profit for the financial year was £3,362,748 (31 December 2020: £3,045,375).

The financial position of the Company as at 31 December 2021 is provided on page 12 of the financial statements. The net assets as at 31 December 2021 were £60,983,205 (31 December 2020: £65,170,457).

ON BEHALF OF THE BOARD:

DocuSigned by:

Gerry Harrison

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G Harrison - Director

Date: 27 June 2022

GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)

DIRECTORS' REPORT
for the year ended 31 December 2021

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2021.

FUTURE DEVELOPMENTS

The Company is expected to continue with the operation of the Gwynt Y Mor offshore wind farm.

DIVIDENDS

A dividend of £3,050,000 was paid during the year (2020: £2,000,000).

DIRECTORS

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

J Boles
A Cieplinska (alternate)
G Harrison
C Moldan
E Pavis

According to the register required to be kept under section 809 of the Companies Act 2006, none of the directors held any interest in the share options or debentures of Stadtwerke München GmbH group companies incorporated in the UK at the end of the financial year. As permitted by statutory instrument, the register does not include shareholdings of directors in companies incorporated outside Great Britain.

Key Assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

ROC Buyout price:

The Company currently sells its ROCs, via its parent, to a third party at the OFGEM buyout price less a fee. If OFGEM significantly reduce the buyout price this could cause a material impact to the Company's performance.

Wind volumes:

If the expected volumes of wind do not occur then the Company's performance will be adversely affected.

GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)

DIRECTORS' REPORT

for the year ended 31 December 2021

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks which are set out below. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring these risks.

THE COMPANY IS EXPOSED TO THE FOLLOWING RISKS:

INTEREST RATE RISK

The Company has no borrowings. It is not exposed to risk arising from interest rate movements.

CURRENCY RISK

Now the construction is complete, transactions denominated in foreign currency will be minimal. In the rare circumstances of a foreign currency transaction arising, the ultimate parent Company arranges for the foreign currency to be made available to the Company with all foreign currency hedging being carried out by the ultimate parent Company.

PRICE RISK

The electricity produced is sold to its ultimate parent at day ahead auction price less an arranged fee. ROCs are sold to its parent undertaking at a fixed price derived from the OFGEM Buyout price. Purchase price risk on supplies to the joint venture is minimised by agreement of contract prices under the joint venture agreement with its ultimate parent undertaking.

CREDIT RISK

The Company has no significant exposure to credit risk.

LIQUIDITY AND CASH FLOW RISK

The Company generates income from the sale of electricity and certificates, sufficient to cover its expenses and investments, the Company is no longer dependent upon its ultimate parent Company to continue to provide funds under the Joint Operation Agreement to enable it to meet its obligations as they fall due. These funds have previously been provided as increases in equity.

GOING CONCERN

The Company has an operating profit and generates cash sufficient to cover its liabilities and faces no significant risks, therefore, the financial statements have been prepared on a going concern basis. The capital reduction that occurred after the balance sheet date has no impact on the company's going concern status.

GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)

DIRECTORS' REPORT
for the year ended 31 December 2021

GOING CONCERN (continued)

The COVID-19 pandemic has introduced challenges and restrictions on all aspects of our daily lives. Management have taken all precautions necessary to ensure the health and safety of those required to access our wind farm, while continuing to keep operating. Given the nature of the Company's activities COVID-19 has not nor is expected to have a significant impact on the Company's revenues, costs and hence cash flows. In particular, the Company's financial forecasts, which are prepared to 30 June 2023 indicate the Company is expected to continue to be cash generative and meet its obligations as they fall due. Consequently, the Directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements

GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)

DIRECTORS' REPORT

for the year ended 31 December 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 418 of the Companies Act 2006, each director in office at the date the directors' report is approved confirms that:

- (a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board:

DocuSigned by:


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G Harrison - Director

Date: 27 June 2022

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)**

Opinion

We have audited the financial statements of GYM Offshore Three Limited for the year ended 31 December 2021 which comprise the Profit & Loss Account, Statement of Comprehensive Income, Statement of Changes in Equity and Balance Sheet and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

In our opinion, the financial statements:

- give a true and fair view 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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 30 June 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the company has to comply with laws and regulations relating to its operations, including those related to the environment, health and safety and GDPR.
- We understood how the company is complying with those frameworks by making inquiries of management to understand how the company maintains and communicates its policies and procedures in these areas. We corroborated our enquires through reading board minutes and correspondence with relevant authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override of controls and assuming revenue recognition to be a fraud risk. Our testing of revenue recognition included agreeing specific transactions to supporting invoices, the receipt of payment in bank statements, and testing manual journals in respect of such revenue.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria. We read the minutes of Directors' meetings to identify any non-compliance with laws and regulations. We also made enquiries with the Directors and of management of the Company regarding compliance with laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Ernst + Young LLP

Michael Christie (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
Belfast Date: 28 June 2022

GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)**PROFIT AND LOSS ACCOUNT****for the year ended 31 December 2021**

	Note	2021 £	2020 £
TURNOVER	19	7,952,802	3,304,020
Administrative expenses		(25,315)	(17,976)
Other operating income		7,260,555	9,059,333
Operational expenses		(8,997,864)	(7,820,829)
OPERATING PROFIT	6	6,190,178	4,524,547
Remeasurement of derivative financial instruments		-	14,105
Interest receivable and similar income		-	24,752
Interest payable and similar expenses		(95,641)	(211,262)
		(95,641)	(172,405)
PROFIT BEFORE TAXATION		6,094,537	4,352,142
Tax on Profit	7	(2,731,789)	(1,306,768)
PROFIT FOR THE FINANCIAL YEAR	15	<u>3,362,748</u>	<u>3,045,375</u>

The notes on pages 13 to 21 are an integral part of these financial statements.

GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)**STATEMENT OF COMPREHENSIVE INCOME**
for the year ended 31 December 2021

	2021 £	2020 £
Profit for the financial year	3,362,748	3,045,375
Total comprehensive income for the year	<u>3,362,748</u>	<u>3,045,375</u>
Total comprehensive income attributable to: Owners of the parent	<u>3,362,748</u>	<u>3,045,375</u>

The notes on pages 13 to 21 are an integral part of these financial statements.

GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)**STATEMENT OF CHANGES IN EQUITY**
for the year ended 31 December 2021

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
Balance as at 1 January 2020	69,781,440	2,010,309	71,791,749
Profit for the financial year	-	3,045,375	3,045,375
Total Comprehensive income for the year	-	3,045,375	3,045,375
Dividend paid	-	(2,000,000)	(2,000,000)
Reduction of capital	(7,666,667)	-	(7,666,667)
Total transactions with owners, recognised directly in equity	(7,666,667)	(2,000,000)	(9,666,667)
Balance as at 31 December 2020	62,114,773	3,055,684	65,170,457
Balance as at 1 January 2021	62,114,773	3,055,684	65,170,457
Profit for the financial year	-	3,362,748	3,362,748
Total Comprehensive income for the year	-	3,362,748	3,362,748
Dividend paid	-	(3,050,000)	(3,050,000)
Reduction of capital	(4,500,000)	-	(4,500,000)
Total transactions with owners, recognised directly in equity	(4,500,000)	(3,050,000)	(7,550,000)
Balance as at 31 December 2021	57,614,773	3,368,432	60,983,205

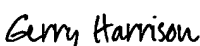
The notes on pages 13 to 21 are an integral part of these financial statements.

GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)**BALANCE SHEET**
as at 31 December 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Tangible assets	8	65,198,999	69,029,653
Investments	9	10	10
		<u>65,199,009</u>	<u>69,029,663</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	10	10,890,525	6,665,732
Cash at bank and in hand		<u>1,035</u>	<u>1,399</u>
		10,891,560	6,667,131
CREDITORS			
Amounts falling due within one year	11	<u>(1,823,256)</u>	<u>(678,559)</u>
NET CURRENT ASSETS		<u>9,068,304</u>	<u>5,988,571</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		74,267,313	75,018,235
PROVISIONS FOR LIABILITIES	12	(13,284,108)	(9,847,778)
NET ASSETS		<u><u>60,983,205</u></u>	<u><u>65,170,457</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	57,614,773	62,114,773
Profit and loss account	15	<u>3,368,432</u>	<u>3,055,684</u>
TOTAL SHAREHOLDERS' FUNDS	16	<u><u>60,983,205</u></u>	<u><u>65,170,457</u></u>

The notes on pages 13 to 21 are an integral part of these financial statements.

The financial statements on pages 9 to 21 were approved by the Board of Directors on 27 June 2022 and were signed on its behalf by:

DocuSigned by:

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 G Harrison - Director

GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

1 GENERAL INFORMATION

GYM Offshore Three Limited ('the Company') operates the Gwynt y Mor Offshore Windfarm. The Company is incorporated and domiciled in the UK. The address of its registered office is Suite 8, Pantiles Chambers, 85 High Street, Tunbridge Wells, Kent, TN1 1XP.

2 STATEMENT OF COMPLIANCE

The individual financial statements of GYM Offshore Three Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements are prepared under the historical cost convention and on a going concern basis.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. In the course of preparing the Company's financial statements no judgements have been made in the process of applying the Company's accounting policies, other than in respect of those involving estimates as set out below. The directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the financial statements:

Decommissioning provisions:

Provisions are made for Company's share of the expected costs of decommissioning the wind farm operated by the Company. The recognition and measurement of these provisions require estimates to be made in respect of uncertain events and amounts, with the key sources of estimation uncertainty and the judgement that has the most significant effect on the amounts recognised being in relation to the amount and timing of future cash flows required to remove the wind farm assets, and to a lesser extent the discount rate applied to those estimated cash flows. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made. Details of decommissioning provisions recognised are set out in note 12.

Joint ventures and jointly controlled assets

The Company has a 5% interest in Gwynt Y Mor Offshore Wind Farm Limited, an unincorporated joint venture to develop, operate and decommission the Gwynt Y Mor Offshore Wind Farm, which acts as a disclosed agent for these jointly controlled assets. The financial statements include the Company's proportion of the results, assets and liabilities of the jointly controlled assets.

Cash flow statement

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent Company, SWM GMBH, includes the Company's cash flows in its own consolidated financial statements.

GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Turnover

Revenue is recognised at the point of generation. Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for power supplied net of value added taxes.

Renewable Obligation Certificates

Renewables Obligation Certificates granted to the Company are recognised within other operating income as eligible electricity generated. They are recognised as current intangible assets, grouped within accrued income. As the Company does not have any Renewables Obligation, there are contracts for the sale of these assets to other group undertakings on a monthly basis.

Taxation

The charge for taxation is based on the result for the financial year and takes into account deferred taxation.

Fixed asset investments

Unlisted investments are stated at cost. These are reviewed for impairment indicators on an annual basis, and provisions made for any impairment losses are recognised through the profit and loss account.

Derivative financial instruments

Derivatives are initially recognised at fair value based on future prices on the date a derivative contract is entered into and subsequently remeasured at their fair value. Changes in the fair value are recognised in the profit and loss.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at original cost less accumulated depreciation and any provision for impairment in value. Cost includes the original purchase price of the asset and the costs or revenues (including generation income from testing and commissioning) attributable to bringing the asset to its working condition for its intended use.

Interest on borrowings related to the financing of assets under construction is capitalised during the construction phase as part of the project costs. Similarly, other finance costs such as parent Company guarantee charges are also capitalised because they are directly attributable to the cost of constructing the asset.

Depreciation of tangible fixed assets is provided on a monthly basis to write off the cost less the estimated residual value of the assets by equal instalments over their estimated useful economic life as follows:

Wind farms and related decommissioning provision assets: 20 years

Foreign currencies

The Company considers Sterling as its functional currency and the financial statements are presented in Sterling.

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the agreed contractual rate. Transactions in foreign currency are converted to sterling at the rate of exchange ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

Financial assets

Financial assets are reviewed for impairment indicators on an annual basis, and provisions made for any impairment losses which are recognised through the profit and loss account.

GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2021**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Decommissioning costs**

The Company has owned assets in place, which has created an obligation to remove the assets when they come to the end of their useful life. Professional advice has been taken to determine the most likely cost of decommissioning and removing the assets that have been installed. The provision is based on the current cost of decommissioning, which is expected to take place in 2038.

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 gives access to future economic benefits and an asset is recognised and included within tangible fixed assets, which will be depreciated on a straight line basis. The unwinding of the decommissioning obligation is included in the profit and loss account. The estimated future cost of decommissioning obligations are regularly reviewed and adjusted as appropriate for new circumstances or changes in law or technology. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

Deferred tax

Provision is made in full for deferred tax liabilities that arise from timing differences where transactions or events that result in an obligation to pay more tax in the future have occurred by the balance sheet date. Deferred taxation assets are recognised to the extent that they are regarded as recoverable. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

Going Concern

The Company has an operating profit and generates cash sufficient to cover its liabilities and faces no significant risks, therefore, the financial statements have been prepared on a going concern basis. The capital reduction that occurred after the balance sheet date has no impact on the company's going concern status.

The COVID-19 pandemic has introduced challenges and restrictions on all aspects of our daily lives.

Management have taken all precautions necessary to ensure the health and safety of those required to access our wind farm, while continuing to keep operating. Given the nature of the Company's activities COVID-19 has not nor is expected to have a significant impact on the Company's revenues, costs and hence cash flows. In particular, the Company's financial forecasts, which are prepared to 30 June 2023 indicate the Company is expected to continue to be cash generative and meet its obligations as they fall due. Consequently, the Directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements.

4 STAFF COSTS

There were no staff costs for the year ended 31 December 2021 (2020: nil). The Company had no employees during the year ended 31 December 2021 (2020: nil).

5 DIRECTORS' EMOLUMENTS

The directors did not receive any emoluments in respect of their services to the Company (2020: nil).

SWM GMBH has recharged £nil (2020: £nil) to the Company in respect of these services.

6 OPERATING PROFIT

The operating profit is stated after charging / (crediting):

	2021	2020
	£	£
Audit fees	15,000	15,000
Foreign exchange differences	(318)	(274)

GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021****7 TAX ON PROFIT****Analysis of the tax charge**

	2021 £	2020 £
Current tax		
UK Corporation tax at 19% (2020 - 19%)	530,248	-
Total corporation tax charge	530,248	-
Deferred tax		
Origination and reversal of timing differences	2,272,820	1,299,274
Adjustments relating to prior periods	(71,279)	7,494
Total movement in deferred tax	2,201,541	1,306,768
Total tax charge	2,731,789	1,306,768

Factors affecting the tax charge

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK.
The difference is explained below:

	2021 £	2020 £
Profit before tax	6,094,537	4,352,142
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	1,157,962	826,907
Effects of:		
Disallowed expenses and non taxable income	65,162	76,851
Prior year adjustments to deferred tax	(71,279)	7,494
Impact of changes in tax rates	1,579,944	395,516
Total tax charge	2,731,789	1,306,768

The deferred tax included in the balance sheet is as follows:

	2021 £	2020 £
Included in provisions for liabilities (note 12)		
Accelerated capital allowances	(6,862,697)	(4,766,054)
Losses carried forward	-	104,898
Provision for deferred tax	(6,862,697)	(4,661,156)
At 1 January 2021		£ (4,661,156)
Deferred tax charge in profit and loss account		(2,201,541)
At 31 December 2021		(6,862,697)

GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2021**7 TAX ON PROFIT****Factors that may affect future tax charges**

An increase to the main UK corporation tax rate from 19% to 25% from 1 April 2023 was announced in the March 2021 budget, and this was the rate at which deferred tax was provided in the 2021 accounts.

8 TANGIBLE ASSETS

	Wind farms £	Decommissioning provision £	Total assets £
COST			
At 1 January 2021	94,474,101	3,949,379	98,423,480
Additions	1,283	-	1,283
Change in estimations	-	1,146,632	1,146,632
At 31 December 2021	<u>94,475,384</u>	<u>5,096,011</u>	<u>99,571,395</u>
ACCUMULATED DEPRECIATION			
At 1 January 2021	(28,039,575)	(1,354,251)	(29,393,826)
Charge for year	(4,723,769)	(254,801)	(4,978,570)
At 31 December 2021	<u>(32,763,344)</u>	<u>(1,609,052)</u>	<u>(34,372,396)</u>
NET BOOK VALUE			
At 31 December 2021	<u>61,712,040</u>	<u>3,486,959</u>	<u>65,198,999</u>
At 31 December 2020	<u>66,434,526</u>	<u>2,595,128</u>	<u>69,029,654</u>

9 INVESTMENTS

	Investments £
COST	
At 1 January 2021	10
At 31 December 2021	<u>10</u>
NET BOOK VALUE	
At 31 December 2021	<u>10</u>
At 31 December 2020	<u>10</u>

The investment represents a 5% share of the ordinary share equity of Gwynt Y Mor Offshore Wind Farm Limited (a Company registered in England and Wales), along with any capital contribution made to date. The Company participates in the unincorporated joint venture for the Gwynt Y Mor offshore wind farm project.

GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2021**10 DEBTORS**

	2021	2020
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	9,445,033	4,130,076
Amounts owed by Gwynt Y Mor Offshore Wind Farm Limited	1,445,492	2,535,656
	<u>10,890,525</u>	<u>6,665,732</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Amounts owed to Gwynt Y Mor Offshore Wind Farm Limited	1,245,907	621,826
Amounts owed to group undertakings	47,100	52,482
Accruals and deferred income	530,248	4,251
	<u>1,823,256</u>	<u>678,559</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

12 PROVISIONS FOR LIABILITIES

	Deferred taxation	Decommission- ing Provision	Total
	£	£	£
Balance at 1 January 2021	4,661,156	5,186,622	9,847,778
Unwind of discount	-	88,157	88,157
Change in estimation	2,201,541	1,146,632	3,348,173
Balance at 31 December 2021	<u>6,862,697</u>	<u>6,421,411</u>	<u>13,284,108</u>

The Company has owned assets in place, which has created an obligation to remove the assets once they come to the end of their useful life. Professional advice has been taken to determine the most likely cost of decommissioning and removing the assets that have been installed to date.

The provision was recorded on 31 December 2014, and has been discounted to its present value at 2.5%. (2020: 2.5%)

GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2021**13 Obligations under Leases and Hire Purchase Contracts****Operating Lease Commitments**

As at 31 December 2021 the Company had annual commitments under non-cancellable operating leases as follows:

Operating Lease rentals payable in:

	2021 £	2020 £
Within one year	163,370	194,625
Within two to five years	653,480	778,499
Over five years	4,486,825	5,748,908
	<u>5,303,675</u>	<u>6,722,032</u>

Land and Buildings

Within one year	-	-
Within two to five years	-	-
Over five years	163,370	194,625
	<u>163,370</u>	<u>194,625</u>

Other

Within one year	163,370	194,625
Within two to five years	653,480	778,499
Over five years	4,323,455	5,554,283
	<u>5,140,305</u>	<u>6,527,407</u>

14 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

2021 Number:	2020 Number:	Class:	Nominal value:	2021 £	2020 £
42,888,406	47,388,406	Ordinary share	£1	42,888,406	47,388,406
34,095,648	34,095,648	Ordinary share	1 DKK	4,095,987	4,095,987
12,584,059	12,584,059	Ordinary share	€1	10,630,380	10,630,380
				<u>57,614,773</u>	<u>62,114,773</u>

No shares (2020: nil) were allotted during the year. 4,500,000 (2020: 7,666,667) ordinary sterling shares were cancelled and extinguished during the year.

The ordinary shares have equal rights under the terms of the articles of association of the Company.

GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2021**15 PROFIT AND LOSS ACCOUNT**

	£
At 1 January 2021	3,055,684
Profit for the financial year	3,362,748
Dividend Paid	(3,050,000)
At 31 December 2021	<u>3,368,432</u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2021 £	2020 £
Profit for the financial year	3,362,748	3,045,375
Dividend paid	(3,050,000)	(2,000,000)
Share capital cancelled	<u>(4,500,000)</u>	<u>(7,666,667)</u>
Net (reduction) / addition to shareholders' funds	(4,187,252)	(6,621,292)
Opening shareholders' funds	<u>65,170,457</u>	<u>71,791,749</u>
Closing shareholders' funds	<u>60,983,205</u>	<u>65,170,457</u>

17 ULTIMATE PARENT COMPANY

The immediate parent Company is SWM UK Wind One Limited, a Company incorporated in The United Kingdom. Following the dissolution of SWM Gym Project Limited, on 4th December 2013 the entire shareholding of the Company was acquired by SWM UK Wind One Limited.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Stadtwerke München GmbH, a Company incorporated in Germany.

Consolidated financial statements are publicly available and can be obtained from:
Stadtwerke München GmbH,
Emmy-Noether-Straße 2,
80992 Munich,
Germany.

18 SEGMENTAL REPORTING

	2021 £	2020 £
Analysis of turnover by geography:		
Germany	<u>7,952,802</u>	<u>3,304,020</u>
All turnover relates to sales of electricity		

GYM OFFSHORE THREE LIMITED (REGISTERED NUMBER: 07252984)**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2021**19 RELATED PARTY DISCLOSURES**

During the year the Company entered into the following transactions, in the ordinary course of business and on an arms length basis with related parties. As at 31 December 2020 the following balances were held with related parties:

	Transactions for the year ended 31 December 2021	Outstanding balance receivable/ (payable) 2021	Transactions for the year ended 31 December 2020	Outstanding balance receivable/ (payable) 2020
	£	£	£	£
Provision of finance - as a loan				
Gwynt Y Mor Offshore Wind Farm Limited	-	-	(982,611)	-
Provision of finance				
Gwynt Y Mor Offshore Wind Farm Limited	1,248,935	134,165	1,884,488	1,383,099
Purchase of fixed assets				
Gwynt Y Mor Offshore Wind Farm Limited (acting as a disclosed agent)	1,283	-	122,746	-
Provision of Services				
Gwynt Y Mor Offshore Wind Farm Limited (acting as a disclosed agent)	2,956,032	-	2,273,464	-
Provision of administrative and management services				
Stadtwerke München GmbH	9,873	9,873	16,652	-
Provision of parent Company guarantees				
Stadtwerke München GmbH	7,167	(7,167)	4,251	(4,251)
Purchase of Renewable Obligation Certificates				
SWM UK Wind One Limited	7,260,555	2,526,402	9,059,333	2,367,250
Purchase of Electricity*				
Stadtwerke München GmbH	7,952,802	3,311,419	3,304,020	713,111
Interest on cash pooling				
SWM UK Wind One Limited	-	-	8,767	-

*Electricity is sold net of the impact of the swap