

Sisters Wind Farm Limited

Annual report and financial statements

Registered number 07667230

Year ended 31 December 2020



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Directors' report

The Directors present their Directors' report and audited financial statements for Sisters Wind Farm Limited (the "Company") for the year ended 31 December 2020. The Company has adopted the exemptions available in Sections 414(B) and 416(3) of the Companies Act 2006 with regard to the Small Companies Regime.

Principal activities

The principal activity of Sisters Wind Farm Limited is the generation and sale of electricity from onshore wind turbines in the UK. The Company has an installed capacity of 8MW.

Sisters Wind Farm Limited is a subsidiary of Mobius Wind Holdings Limited. The company is a member of Ventient Energy Limited Group. The Company's Group parent, Ventient Energy Limited, has a total of 689.5MW of installed capacity across 34 wind farms in the UK. Ventient Energy Limited is, in turn, a subsidiary of Ventient Energy Sarl which is the second largest, non-utility, generator of onshore wind energy in Europe.

Results and dividends

The profit after tax for the year amounted to £0.13 million (2019: profit £0.62 million).

No dividends were paid or proposed in the current year or to the date of this report.

The company is in a net current liabilities position and is dependent on funds provided to it by entities within the Ventient Energy Limited Group. The Group Parent, Ventient Energy Limited, has confirmed that it will provide additional funding to enable the Company to meet its obligations and liabilities as they fall due for a period at least 12 months from the date of approval of the Company's financial statements. Accordingly, the Directors believe it is appropriate for the financial statements of the Company to be prepared on the going concern basis.

Financial Risk Management

The Company aims to minimise financial risk as far as it possibly can. The main purpose of the Company's financial instruments is to provide working capital for the Company's continuing activities and provide funding for future activities. Given the nature of the Company's financial instruments the main risk associated with these is credit risk, however this is minimised due to the fact exposure is spread over several counterparties and customers who are of investment grade status. The main strategies for the Company financial instruments are outlined below:

- Trade Receivables: Power Price agreements are used to fix the electricity price and reduce the exposure to fluctuating market power prices. Customers or off takers are investment grade status.
- Cash and Cash Equivalents: Cash flows are monitored regularly in order to meet bank covenant ratios and excess cash balances are returned to the owning stakeholder. There are no significant currency exposures.
- Trade Payables: significant suppliers such as operating and maintenance service providers are assessed for their financial viability and incentivised to achieve levels of windfarm performance, again there is little direct exposure to supplier related foreign currency transactions.

Directors

The Directors of the Company during the year and up to the date of signing the financial statements were as follows:

M R Jones
P Andres (appointed 1 November 2020)
D H Griffiths (resigned 2 March 2021)
D J Guerin (appointed 1 January 2020, resigned 31 October 2020)
A W Lee (resigned 1 January 2020)
D M Zuydam (resigned 1 January 2020)
M A Walters (resigned 1 January 2020)
R J Maia da Silva (appointed 3 September 2021)

Directors' report (continued)

Directors' indemnity and insurance

Throughout the financial year and at the date of approval, both qualifying third party directors' and officers' liability insurance, and directors' indemnity provision, were in force.

Political contributions

The Company did not make any political donations or incur any political expenditure during the year.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information.

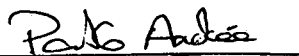
Independent auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Basis of preparation

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the Board



P Andres
Director

29 September 2021

Registered office: Connect House 133-137 Alexandra Road,
Wimbledon London,
SW19 7JY

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 101 "Reduced Disclosure Framework", 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 United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditors' report to the members of Sisters Wind Farm Limited

Report on the audit of the financial statements

Opinion

In our opinion, Sisters Wind Farm Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Independent auditors' report to the members of Sisters Wind Farm Limited (continued)

Reporting on other information

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditors' report to the members of Sisters Wind Farm Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK health and safety regulations, UK tax laws, and the Office of Gas and Electricity Markets regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to increase revenue or profit. Audit procedures performed by the engagement team included:

- Evaluation of management's controls designed to prevent and detect irregularities;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud or other matters;
- Reviewing meeting minutes of the Board of Directors;
- Applying professional scepticism and challenging assumptions made by management when auditing significant areas of estimate and judgement; and
- Obtaining the list of all journals entries posted during the year and performing testing of identified higher risk journals, including those involving unusual account combinations impacting revenue, cash, and earnings before interest, taxation, depreciation and amortisation that could indicate manipulation of the results for the year.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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

Use of this report

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

Independent auditors' report to the members of Sisters Wind Farm Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Matthew Kaye (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
29 September 2021

Statement of Comprehensive Income
for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	2	2,219	2,169
Cost of sales		(1,022)	(1,133)
Gross profit		1,197	1,036
Administrative expenses		(27)	(34)
Operating profit	3	1,170	1,002
Finance income	5	-	98
Finance expense	5	(844)	(368)
Profit before taxation		326	732
Tax on profit	6	(195)	(114)
Profit for the financial year	15	131	618
Total comprehensive income for the year		131	618

The notes on pages 12 to 29 form part of these financial statements.

Balance Sheet

As at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	7	543	569
Property, plant and equipment	8	15,651	16,276
		<u>16,194</u>	<u>16,845</u>
Current assets			
Trade and other receivables	10	3,985	3,472
Cash at bank and in hand		149	147
		<u>4,134</u>	<u>3,619</u>
Creditors: amounts falling due within one year	11	<u>(16,396)</u>	<u>(16,870)</u>
Net current liabilities		<u>(12,262)</u>	<u>(13,251)</u>
Total assets less current liabilities		<u>3,932</u>	<u>3,594</u>
Creditors: amounts falling due after more than one year	12	<u>(760)</u>	<u>(765)</u>
Provisions for liabilities			
Deferred tax liabilities	13	(594)	(399)
Other provisions	14	(859)	(842)
		<u>(1,453)</u>	<u>(1,241)</u>
Net assets		<u>1,719</u>	<u>1,588</u>
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account	15	1,719	1,588
Total equity		<u>1,719</u>	<u>1,588</u>

The notes on pages 12 to 29 form part of these financial statements.

The financial statements on pages 9 to 29 were approved by the board of Directors on 29 September 2021 and were signed on its behalf by:



P Andres
Director
Company registration no. 07667230

Statement of Changes in Equity
for the year ended 31 December 2020

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2020	-	1,588	1,588
Total comprehensive income for the year			
Profit for the financial year	-	131	131
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	131	131
	<hr/>	<hr/>	<hr/>
At 31 December 2020	-	1,719	1,719
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2019	-	970	970
Total comprehensive income for the year			
Profit for the financial year	-	618	618
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	618	618
	<hr/>	<hr/>	<hr/>
At 31 December 2019	-	1,588	1,588
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

1 Accounting policies

1.1 Basis of preparation

Sisters Wind Farm Limited is a private company, limited by shares, incorporated, domiciled and registered in the UK. The registered number is 07667230 and the registered address is Connect House 133-137 Alexandra Road, Wimbledon London, SW19 7JY.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006, as applicable to companies using FRS101.

The accounting policies set out below have been applied consistently in these financial statements.

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 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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 section 1.15.

The Company's financial statements are presented in sterling, which is the Company's functional currency.

The Company's Group parent undertaking, Ventient Energy Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Ventient Energy Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Company Secretary, C/O Burness Paul LLP, 50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ.

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 and Intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures in respect of accrued income balances.

As the consolidated financial statements of Ventient Energy Limited, the Company's Group parent undertaking, include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value measurement and the disclosures required by IFRS 7 Financial Instrument disclosures.

Notes to the Financial Statements

1 Accounting policies (continued)

1.2 Measurement convention

The financial statements are prepared on the historical cost basis. All values are rounded to the nearest thousand (£'000) except where otherwise stated.

1.3 Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £12,262,000 (2019: net current liabilities £13,251,000). The Directors believe this to be appropriate for the following reasons:

The Company is dependent for its working capital on funds provided to it by entities within the Ventient Energy Limited Group ('the Group'). This Group is also subject to common bank loan arrangements. The Group Parent, Ventient Energy Limited, has confirmed that it will provide sufficient funds to allow the Company to meet its financial liabilities and obligations as they fall due for a period of at least the twelve months after the date upon which the statutory financial statements of the Company are finalised by directors' approval. The Group Parent has confirmed that any intercompany balances, which are due on demand, will not be called for if such repayment would be likely to give rise to the inability of the Company to meet its financial liabilities and obligations as they fall due.

The Group Parent, has sufficient resources to make this commitment even under a plausible downside scenario arising from Covid-19, and forecasts that it will continue to operate within its restrictive borrowing covenants for at least the next twelve months.

As such, the Directors consider that the support of the Group Parent will enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other debtors

Trade and other receivables are recognised initially at amortised cost. Subsequent to initial recognition an estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when identified.

Trade and other creditors

Trade and other creditors are carried at cost, the contractually liable amount or an estimate of this where no invoice has been received.

1.5 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

Amortisation is charged to the income statement on a straight-line basis over the lower of the lease term or 20 years.

Notes to the Financial Statements

1 Accounting policies (continued)

1.6 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs (including interest) directly attributable to bringing the asset to a working condition for its intended use. During the construction phase these assets are held separately and depreciation commences once the asset is commissioned.

The cost of replacing an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the final economic benefits will flow to the Group. The carrying amount of the asset replaced is then derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets less the residual value. The estimated useful lives are as follows:

Wind farm assets	20 - 25 years
Decommissioning assets	20 - 25 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.7 Leases

Under IFRS 16, a lessor is required to determine whether a lease is a finance or operating lease. A lessee is not required to make this determination.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease, if the rate can be determined, or the Company's incremental borrowing rate appropriate for the right-of-use asset arising from the lease.

Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit and loss over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of twelve months or less.

Notes to the Financial Statements

1 Accounting policies (continued)

1.8 Impairment

Financial assets (including trade and other debtors)

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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.

1.9 Provisions

Decommissioning of wind farms

A provision is made for the decommissioning of the wind farms based on the Company's best estimate of the cost of decommissioning. These costs are a contractual obligation when the planning consent is granted to ensure appropriate restoration of the land.

Provisions for decommissioning are recognised in full when the related facilities are constructed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related plant and equipment as a decommissioning asset. The amount recognised is the estimated cost of decommissioning, discounted to its net present value, and is reassessed at each balance sheet date. Changes in the estimated timing and value of decommissioning costs estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to the decommissioning asset cost. The unwinding of the discount on the decommissioning provision is included as a finance cost.

Notes to the Financial Statements

1 Accounting policies (continued)

1.10 Revenue

Revenue is the income derived from the sale of generated electricity and associated renewable certificates and embedded benefits, measured at the fair value of consideration received or receivable, net of value added tax to electricity retailers. All revenue is generated in the United Kingdom.

Revenue is recognised where there is a signed unconditional contract of sale and is based upon the quantity of generated electricity exported and the contracted prices on the date of generation. In the case of ROC Recycle income, where the ROC price is not confirmed until after the balance sheet date, income is accrued and recognised based on an estimated unit price as provided by an industry leading independent third party.

Revenue includes an estimate for the recycled price of Renewable Obligation Certificates (ROCs) sold during the financial year. This price is variable and is estimated based on a number of factors including UK electricity demand, targets set for renewable generation in the UK and the actual amount of UK renewable energy generation achieved.

The company is obliged to deliver power and to record the quantity and value accurately. These obligations are satisfied when the wholesale customer submits monthly self-billing statements of usage and these have been matched to the Company's generation records.

1.11 Expenses

Royalty payments

Royalty payments to landlords are recognised in the income statement as they accrue, based on the terms of the agreement with the landlord at each site.

1.12 Finance expense

Interest payable is recognised in the profit and loss account as it accrues, using the effective interest method. Costs incurred in raising finance are capitalised and amortised over the length of the borrowing. Additional costs incurred due to the redemption of a facility are charged to the income statement in the year in which they are incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time (more than 12 months) to be prepared for use, are capitalised as part of the cost of that asset.

1.13 Finance income

Interest income arises on cash deposits and funds invested and is recognised in the income statement as it accrues, using the effective interest method.

Notes to the Financial Statements

1 Accounting policies (continued)

1.14 Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.15 Accounting estimates and judgments

In the process of applying the Company's accounting policies, management necessarily makes judgments and estimates that have a significant impact on the values recognised in the financial statements. Changes in the assumptions underlying these judgments and estimates could result in a significant impact to the financial statements. The most critical of these accounting judgments and estimates are explained below.

Valuation of wind rights acquired

Wind rights acquired via a business combination were initially valued based on the net present value of expected cash flows from electricity generation. A number of assumptions were made in arriving at such valuations which include price Wind - capacity and wind yields.

Assumptions were also required to determine the cash generating unit to which each intangible asset is allocated, and the discount rate applied, in the net present value calculation.

The judgments applied, and the assumptions underpinning them, were considered to be appropriate at the time of valuation. However, a change in these assumptions could impact upon the value of an intangible asset recognised upon acquisition.

Impairment

In assessing impairment, judgment is required to establish whether there have been indicators of impairment for all amortising and depreciating fixed assets.

Once the need to determine the recoverable amount of an asset has been identified, valuation requires estimation of future cash flows and/or determining a fair value of the asset.

Notes to the Financial Statements

1 Accounting policies (continued)

1.15 Accounting estimates and judgments (continued)

Estimation of useful economic life

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

Decommissioning provision

Amounts used in recording a provision for decommissioning of wind farms are estimates based on current legal and constructive requirements. Due to changes in relation to these items, the future actual cash outflows in relation to decommissioning are likely to differ in practice. To reflect the effects due to changes in legislation, requirements and technology and price levels, the carrying amounts of decommissioning provisions are reviewed on an annual basis. The effects of changes in estimates do not give rise to prior year adjustments and are dealt with prospectively over the estimated remaining useful lives for each wind farm. In estimating decommissioning provisions, the Company applies annual inflation rate of 2.70% and discount rate of 0.85%. The rates are determined by prevalent market indicators as at the date of the financial statements.

ROC Recycle

The confirmed price for ROC recycle income is not known until after the balance sheet date. As such, income is recognised based on an estimated unit price as provided by an industry leading independent third party.

1.16 Adopted IFRS not yet applied

Other accounting standards and interpretations have been published and will be mandatory for the Company's accounting period beginning on or after 1 January 2021 or later periods. The impact of these standards is not expected to be material to the reported results and financial position of the Company.

Notes to the Financial Statements

2 Revenue

The company derives revenue from the sale of electricity generated from onshore wind turbines in the UK. Other sources of revenue includes curtailment, liquidated damages and temporary agreements.

	2020 £'000	2019 £'000
Income from external sources	2,219	2,169
	<u>2,219</u>	<u>2,169</u>

Economic factors that can affect the nature and uncertainty of revenue are the impact of the wholesale energy price on our variable Purchase Price Agreements (PPAs). The majority of our PPAs are fixed and others are affected by changes in the traded power market price.

For any revenue stream driven by generation (Traded Power, Balancing Services Use of System (BSUoS), the performance obligation is satisfied by the transfer of power. This is reconciled in the month of invoicing through the receipt of a customer statement, the Company invoice, and subsequent payment. For the ROC Buyout, the performance obligation is satisfied by the transfer of ROCs from Ofgem to the customer. Both the Company and the customer receive notice of this.

3 Operating profit

Included in operating profit are the following:

	2020 £'000	2019 £'000
Operating profit is stated after charging:		
Depreciation of property, plant and equipment	643	643
- which includes depreciation of right-of-use assets	30	30
Amortisation of intangible assets	26	34
Payments to landlords for royalties	79	83
	<u>79</u>	<u>83</u>

Audit Fees of £8,000 for the year ended 31 December 2020 (2019: £8,000) were borne by another Group entity, Ventient Energy Services Limited, and were not recharged to the Company.

Notes to the Financial Statements

4 Staff numbers and costs

During the current and prior year the Directors were remunerated for services provided to the Ventient Energy Limited Group. In both the current and prior year any remuneration specific to qualifying activities performed solely in relation to the Company were trivial and were not recharged to the Company. The Company had no employees during the current or prior year.

5 Finance income and expense

	2020 £'000	2019 £'000
Finance income		
Receivable from group undertakings	-	98
	<hr/>	<hr/>
Total finance income	-	98
	<hr/>	<hr/>
Finance expense		
Payable to group undertakings	(805)	(327)
Interest on lease liability	(32)	(32)
Unwinding of discount on decommissioning provision	(7)	(9)
	<hr/>	<hr/>
Total finance expense	(844)	(368)
	<hr/>	<hr/>

Notes to the Financial Statements

6 Taxation

Recognised in the Statement of Comprehensive Income

	2020 £'000	2019 £'000
Current tax charge	-	-
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(197)	(181)
Adjustment in respect of prior periods	2	67
Deferred tax charge	(195)	(114)
Total tax charge	(195)	(114)

Reconciliation of effective tax rate

	2020 £'000	2019 £'000
Profit before taxation	326	732
Tax using the UK corporation tax rate of 19% (2019: 19%)	(52)	(139)
Non-deductible expenses	(32)	(31)
Recognition of DT on IFRS 16	1	11
Adjustment in respect of prior periods	2	67
Difference between the DT and CT rates	(47)	23
Tax impact of group relief claims	(67)	(45)
Total tax charge	(195)	(114)

In the March 2021 budget it was proposed that the UK Corporation tax rate be increased from 19% to 25% from fiscal year 2023 onwards. This change had not been substantively enacted at the balance sheet date and therefore is not recognised in these financial statements. The effect of this change, if it applied to the deferred tax balance at 31 December 2020, would be to increase the deferred tax liability by £ 188,000.

Notes to the Financial Statements

7 Intangible assets

	Wind usage rights £'000	Total £'000
Cost		
At 1 January 2019	820	820
At 31 December 2019	820	820
At 1 January 2019	820	820
At 31 December 2020	820	820
Accumulated amortisation		
At 1 January 2019	217	217
Charge for the year	34	34
At 31 December 2019	251	251
At 1 January 2019	251	251
Charge for the year	26	26
At 31 December 2020	277	277
Net book value		
At 31 December 2020	543	543
At 31 December 2019	569	569

Wind usage rights represent the combination of the Renewable Energy Certificates and Power Purchase Agreements in place at the time of acquisition.

The operating life of the windfarm is assessed as the lower of (sooner) the Lease termination, project planning end date or economic life end date.

At the end of each year, the Company assesses assets for impairment as described in note 1, by first assessing whether there have been any indicators (both internal and external) that an impairment has occurred. The Directors have not identified any indication of impairment.

Notes to the Financial Statements

8 Property, plant and equipment

	Wind farm assets	Decommissioning assets	Total
	£'000	£'000	£'000
Cost			
At 1 January 2019	17,966	733	18,699
Uplift due to reassessment of provision	-	81	81
At 31 December 2019	17,966	814	18,780
Cost			
At 1 January 2020	17,966	814	18,780
Additions	7	-	7
Uplift due to reassessment of provision	-	11	11
At 31 December 2020	17,973	825	18,798
Accumulated depreciation			
At 1 January 2019	1,814	47	1,861
Charge for the year	609	34	643
At 31 December 2019	2,423	81	2,504
Accumulated depreciation			
At 1 January 2020	2,423	81	2,504
Charge for the year	609	34	643
At 31 December 2020	3,032	115	3,147
Net book value			
At 31 December 2020	14,941	710	15,651
At 31 December 2019	15,543	733	16,276

Notes to the Financial Statements

9 Leases

The Company has lease contracts for windfarm assets used in the operations. The amounts recognised in the financial statements in relation to the leases are as follows:

(i) Amounts recognised in the Balance Sheet

The Balance Sheet shows the following amounts relating to leases:

	2020 £'000	2019 £'000
Right-of-use-asset		
Windfarm assets	669	692
	<u>669</u>	<u>692</u>
Lease liabilities		
Current	12	12
Non-current	760	765
	<u>772</u>	<u>777</u>

Right of use assets are included in Windfarm assets (Note 8).

There were remeasurements, due to changes in the Retail Price Index and Consumer Price Index, of £8,000 (2019 £0).

Notes to the Financial Statements

9 Leases (continued)

(ii) Amounts recognised in the Statement of Comprehensive Income

The Statement of Comprehensive Income shows the following amounts relating to leases:

	2020 £'000	2019 £'000
Depreciation charge of right-of-use assets		
Wind farm assets	30	30
	30	30
Interest expense (Note 5)	32	32
Expenses relating to variable lease payments not included in lease payments	35	40
Future minimum lease payments as at 31 December 2020 and 31 December 2019 as follows:		
Not later than one year	44	43
Later than one year and not later than five years	176	174
Later than five years	1,007	1,042
Total gross payments	1,227	1,259
Impact of finance expense	(455)	(482)
Carrying amount of liability	772	777

The total cash outflow for leases in 2020 was £71,000 (2019: £83,000).

The leases include windfarms. Rental contracts are typically made for fixed periods of up to 30 years, there may be options to extend.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Notes to the Financial Statements

10 Trade and other receivables

	2020	2019
	£'000	£'000
Trade receivables	-	194
Amounts owed by group undertakings	2,801	2,581
Other debtors	555	45
Prepayments and accrued income	629	652
	<u>3,985</u>	<u>3,472</u>

11 Creditors: amounts falling due within one year

	Note	2020	2019
		£'000	£'000
Lease liabilities	9	12	12
Trade creditors		54	5
Amounts owed to group undertakings		15,996	16,277
Other creditors		-	277
Accruals		334	299
		<u>16,396</u>	<u>16,870</u>

12 Creditors: amounts falling due after more than one year

	Note	2020	2019
		£'000	£'000
Lease liabilities	9	760	765
		<u>760</u>	<u>765</u>

Notes to the Financial Statements

13 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000
Property, plant and equipment	-	-	(1,058)	(815)	(1,058)	(815)
Tax value of losses	389	348	-	-	389	348
Corporate interest relief	64	57	-	-	64	57
IFRS 16	11	11	-	-	11	11
	464	416	(1,058)	(815)	(594)	(399)

Movement in deferred tax during the year

	1 January 2020	Recognised in income	31 December 2020
	£'000	£'000	£'000
Property, plant and equipment	(815)	(243)	(1,058)
Tax value of loss carry-forwards utilised	348	41	389
Corporate interest relief	57	7	64
IFRS 16	11	-	11
	(399)	(195)	(594)

Movement in deferred tax during the prior year

	1 January 2019	Recognised in income	31 December 2019
	£'000	£'000	£'000
Property, plant and equipment	(688)	(127)	(815)
Tax value of loss carry-forwards utilised	348	-	348
Corporate interest relief	57	-	57
IFRS 16	-	11	11
	(283)	(116)	(399)

Notes to the Financial Statements

14 Other provisions

	Decommissioning provisions £'000
At 1 January 2020	842
Discount unwind during the year	7
Uplift due to reassessment during the year	-
	<hr/>
At 31 December 2020	859 <hr/> <hr/>

	Decommissioning provisions £'000
At 1 January 2019	752
Discount unwind during the year	9
Uplift due to reassessment during the year	81
	<hr/>
At 31 December 2019	842 <hr/> <hr/>

All provision balances at 31 December 2020 and 31 December 2019 are non-current.

Decommissioning provision

The provision for the decommissioning of the windfarms represents the net present value of the Company's best estimate of the costs to decommission the wind farm at the end of its useful life. The provision was re-estimated at the end of the year to reflect current management expectations of the future liability.

The closing provision has been discounted to its present value based on the yield on a UK gilt maturing at the end of wind farm's economic life.

Decommissioning assets are recognised to match the decommissioning liability, refer to Note 8. Unwinding of discount amount is recognised only in the decommissioning liability.

Decommissioning costs were last assessed by an independent expert in February 2017.

Notes to the Financial Statements

15 Capital and reserves

Called up share capital

	2020 Number	2019 Number	2020 £'000	2019 £'000
Allotted, called up and fully paid				
Ordinary shares of £1 each	1	1	-	-

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

This reserve account records retained profits

	2020 £'000	2019 £'000
At 1 January	1,588	970
Net profit for the financial year	131	618
At 31 December	1,719	1,588

16 Related parties

There were no transactions between the Company and Ventient Energy Limited during the periods from 1 January 2020 to 31 December 2020 and from 1 January 2019 to 31 December 2019. There are no other related parties to be disclosed.

17 Ultimate parent company and ultimate controlling party

The immediate parent undertaking is Mobius Wind Holdings Limited which does not prepare consolidated financial statements.

The head of the largest group for which consolidated financial statements are prepared and of which the Company is a member is Ventient Energy Sarl, a Luxembourg registered entity which has a registered address of 11 Boulevard De la Foire, L-1528 Luxembourg.

The ultimate parent company is IIF International Holding LP, an entity 100% owned by institutional investors and so there is no ultimate controlling party. IIF International Holding LP is a Cayman Islands exempted limited partnership advised by JP Morgan Investment Management, a registered investment advisor regulated by the US Securities and Exchange Commission and which is a wholly owned subsidiary of JP Morgan Chase & Co.