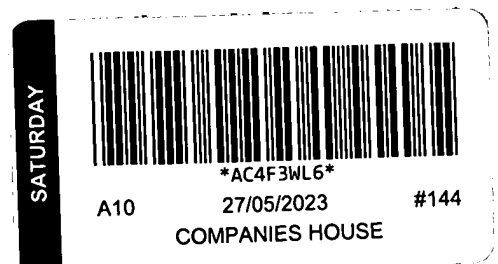


REGISTERED NUMBER: 07866333 (England and Wales)

REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
FOR
TODMORDEN MOOR WIND FARM LIMITED



TODMORDEN MOOR WIND FARM LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Statement of Profit or Loss	8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Statement of Cash Flows	14
Notes to the Financial Statements	15

TODMORDEN MOOR WIND FARM LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2022

Directors:

G E Shaw
Pinecroft Corporate Services Limited

Registered office:

C/O Foresight Group LLP
The Shard
32 London Bridge Street
London
SE1 9SG

Registered number:

07866333 (England and Wales)

Auditors:

BDO LLP
Water Court 116-118 Canal Street
Nottingham
NG1 7HF

TODMORDEN MOOR WIND FARM LIMITED

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 31 MARCH 2022**

The directors present their report with the financial statements of the company for the year ended 31 March 2022.

Principal activity

The principal activity of the company in the year under review was that of the generation of electricity using wind technology.

Events since the end of the year

Information relating to events since the end of the year is given in note 23 to the financial statements.

Directors

The directors shown below have held office during the whole of the period from 1 April 2021 to the date of this report.

G E Shaw

Pinecroft Corporate Services Limited

Small company exemption

In preparing this report, the Directors have taken advantage of the small companies' exemptions provided by section 414B of the Companies Act 2006 not to provide a Strategic Report.

Going concern

The Directors have a reasonable expectation that the company has adequate resources to be in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual report and accounts.

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director 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.

Auditors

The auditors, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

TODMORDEN MOOR WIND FARM LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2022

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

On behalf of the board:



.....
G E Shaw - Director

Date: 25th May 2023
.....

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TODMORDEN MOOR WIND FARM LIMITED

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Todmorden Moor Wind Farm Limited ("the Company") for the year ended 31 March 2022 which comprise the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for opinion

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

Independence

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.

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 of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Report of the Directors and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TODMORDEN MOOR WIND FARM LIMITED - CONTINUED

Other Companies Act 2006 reporting

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

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

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 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; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of directors' responsibilities, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TODMORDEN MOOR WIND FARM LIMITED - CONTINUED

Auditor's responsibilities for the audit of the financial statements - continued

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

To identify and assess the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company based on our understanding and sector experience and discussions with management. The most significant considerations for the Company are the Companies Act 2006, corporate taxes and VAT legislation.
- We enquired of management and obtained and reviewed relevant supporting documentation including correspondence with the relevant authorities, concerning the Company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- 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 posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Based on our understanding of the environment and assessment of the incentive and opportunity for fraud or material misstatement arising in respect of non-compliance with laws and regulations, we carried out the following procedures:

- We reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations.
- We tested the appropriateness of accounting journals, including those relating to adjustments made in the preparation of the financial statements. We obtained access to the nominal ledger system to the complete population of all journals in the year to identify and substantively test any which we considered were indicative of management override.
- We reviewed the Company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TODMORDEN MOOR WIND FARM LIMITED - CONTINUED

Auditor's responsibilities for the audit of the financial statements – continued


Extent to which the audit was capable of detecting irregularities, including fraud - continued

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:

7FC81602FBEA456...

Cindy Hrkalovic (Senior Statutory Auditor)

For and on behalf of UK LLP, Statutory Auditor

Date: **25 May 2023**
Nottingham, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

TODMORDEN MOOR WIND FARM LIMITED**STATEMENT OF PROFIT OR LOSS**
FOR THE YEAR ENDED 31 MARCH 2022

		Year ended	Period
	Notes	31.3.22	1.1.20
		£	to
			31.3.21
			£
Continuing operations			
Revenue	3	3,890,220	4,663,691
Cost of sales		<u>(3,062,586)</u>	<u>(4,313,059)</u>
Gross profit		827,634	350,632
Administrative expenses		<u>(93,227)</u>	<u>(63,741)</u>
Operating profit		734,407	286,891
Finance costs	5	(444,653)	(892,602)
Fair value gain/(loss) on derivative contract	19	1,324,429	(366,693)
Finance income	5	<u>126,190</u>	<u>520</u>
Profit/(loss) before tax	6	1,740,373	(971,884)
Tax charge	7	<u>(1,207,248)</u>	<u>(71,680)</u>
Profit/(loss) for the year		<u><u>533,125</u></u>	<u><u>(1,043,564)</u></u>

The notes form part of these financial statements

TODMORDEN MOOR WIND FARM LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Year ended 31.3.22 £	Period 1.1.20 to 31.3.21 £
Profit/(loss) for the year	533,125	(1,043,564)
Other comprehensive income	—	—
Total comprehensive income/(loss) for the year	<u>533,125</u>	<u>(1,043,564)</u>

The notes form part of these financial statements

TODMORDEN MOOR WIND FARM LIMITED (REGISTERED NUMBER: 07866333)**STATEMENT OF FINANCIAL POSITION**
31 MARCH 2022

	Notes	31.3.22 £	31.3.21 £
Assets			
Non-current assets			
Owned			
Property, plant and equipment	8	19,208,684	20,746,931
Right-of-use			
Property, plant and equipment	8, 15	219,799	231,913
Derivative financial asset	19	1,324,429	-
Trade and other receivables	9	27,953,800	27,953,800
		<u>48,706,712</u>	<u>48,932,644</u>
Current assets			
Trade and other receivables	9	1,372,833	1,399,678
Cash and cash equivalents	10	2,330,673	1,985,170
		<u>3,703,506</u>	<u>3,384,848</u>
Total assets		<u>52,410,218</u>	<u>52,317,492</u>
Equity			
Shareholders' equity			
Called up share capital	11	1	1
Share premium	12	1,904,030	1,904,030
Other reserves	12	31,146,096	31,146,096
Retained earnings	12	(10,237,027)	(10,770,152)
Total equity		<u>22,813,100</u>	<u>22,279,975</u>
Liabilities			
Non-current liabilities			
Bank Borrowings			
Interest bearing loans and borrowings	14	24,018,278	25,328,592
Lease liabilities	15	219,809	230,531
Derivative financial liability	19	-	366,693
Deferred tax	16	3,454,176	2,607,949
Provisions	17	160,219	154,116
		<u>27,852,482</u>	<u>28,687,881</u>
Current liabilities			
Trade and other payables	13	52,313	77,492
Bank Borrowings			
Interest bearing loans and borrowings	14	1,320,582	1,261,838
Lease liabilities	15	10,720	10,306
Tax payable		361,021	-
		<u>1,744,636</u>	<u>1,349,636</u>
Total liabilities		<u>29,597,118</u>	<u>30,037,517</u>
Total equity and liabilities		<u>52,410,218</u>	<u>52,317,492</u>

The notes form part of these financial statements

TODMORDEN MOOR WIND FARM LIMITED (REGISTERED NUMBER: 07866333)

STATEMENT OF FINANCIAL POSITION - continued
31 MARCH 2022

The financial statements were approved and authorised for issue the Board of Directors and authorised for issue on25th.May.2023..... and were signed on its behalf by:



.....
G E Shaw - Director

The notes form part of these financial statements

TODMORDEN MOOR WIND FARM LIMITED**STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 January 2020	1	(9,726,588)	1,904,030	31,146,096	23,323,539
Total comprehensive income					
Loss for the year	-	(1,043,564)	-	-	(1,043,564)
Balance at 31 March 2021	1	(10,770,152)	1,904,030	31,146,096	22,279,975
Total comprehensive income					
Profit for the year	-	533,125	-	-	533,125
Balance at 31 March 2022	1	(10,237,027)	1,904,030	31,146,096	22,813,100

The notes form part of these financial statements

TODMORDEN MOOR WIND FARM LIMITED**STATEMENT OF CASH FLOWS**
FOR THE YEAR ENDED 31 MARCH 2022

		Year ended 31.3.22 £	Period 1.1.20 to 31.3.21 £
Cash flows from operating activities	Notes		
Cash generated from operations	1	<u>2,286,434</u>	<u>1,266,908</u>
Net cash from operating activities		<u>2,286,434</u>	<u>1,266,908</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(34,301)
Interest received		<u>-</u>	<u>520</u>
Net cash used in investing activities		<u>-</u>	<u>(33,781)</u>
Cash flows from financing activities			
Loans repaid		(1,295,135)	(1,491,400)
Interest paid		(626,147)	(811,512)
Payment of lease liabilities		<u>(19,649)</u>	<u>(24,564)</u>
Net cash used in financing activities		<u>(1,940,931)</u>	<u>(2,327,476)</u>
Increase/(decrease) in cash and cash equivalents		345,503	(1,094,349)
Cash and cash equivalents at beginning of year	2	1,985,170	3,079,519
Cash and cash equivalents at end of year	2	<u>2,330,673</u>	<u>1,985,170</u>

The notes form part of these financial statements

TODMORDEN MOOR WIND FARM LIMITED

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

1. Reconciliation of profit/(loss) before tax to cash generated from operations

	Year ended 31.3.22 £	Period 1.1.20 to 31.3.21 £
Profit/(loss) before tax	1,740,373	(971,884)
Depreciation charges	1,550,361	1,938,575
Finance costs	444,653	892,602
Interest rate swap realised and unrealised (gain)/loss	(1,450,619)	366,693
Finance income	-	(520)
	<u>2,284,768</u>	<u>2,225,466</u>
Decrease/(increase) in trade and other receivables	26,845	(166,645)
Decrease in trade and other payables	<u>(25,179)</u>	<u>(791,913)</u>
Cash generated from operations	<u>2,286,434</u>	<u>1,266,908</u>

2. Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2022

	31.3.22 £	1.4.21 £
Cash and cash equivalents	<u>2,330,673</u>	<u>1,985,170</u>

Period ended 31 March 2021

	31.3.21 £	1.1.20 £
Cash and cash equivalents	<u>1,985,170</u>	<u>3,079,519</u>

<i>In £</i>	2021	Cashflow	Non-Cashflow	2022
Cash and cash equivalents	1,985,170	345,503	-	2,330,673
Interest bearing loans and borrowings	26,590,430	(1,295,135)	43,565	25,338,860
Lease liabilities	240,837	(19,649)	9,341	230,529
Net funds/(debt) including IFRS 16 lease liabilities	28,816,437	(969,281)	52,906	27,900,062
<i>In £</i>	2020	Cashflow	Non-Cashflow	2021
Cash and cash equivalents	3,079,519	(1,094,349)	-	1,985,170
Interest bearing loans and borrowings	28,020,367	(1,491,400)	61,463	26,590,430
Lease liabilities	253,169	(24,564)	12,232	240,837
Net funds/(debt) including IFRS 16 lease liabilities	31,353,055	(2,610,313)	73,695	28,816,437

The notes form part of these financial statements

TODMORDEN MOOR WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 MARCH 2022**

1. General information

Todmorden Moor Wind Farm is a company incorporated and domiciled in the United Kingdom. The office registered address is C/O Foresight Group LLP, The Shard, 32 London Bridge, London, SE1 9SG.

During the period the company's activity is development of electricity using wind technology on a wind farm in Todmorden.

Todmorden Moor Wind Farm Limited is a private company, limited by shares, registered in England and Wales.

2. Accounting policies

Basis of preparation

The company financial statements have been prepared and approved by the directors in accordance with UK adopted international accounting standards.

Functional and presentation currency

These financial statements are presented in GBP (British pound), which is the Company's functional currency. All amounts are presented in absolute figures, unless otherwise indicated.

Measurement convention

The financial statements have been prepared under the historical cost convention except for interest rate swaps which is based on fair valuation.

New standards effective for these financial statements

The following amendments to accounting standards became effective for periods beginning on or after 1st January 2022:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
 - Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
- and
- References to Conceptual Framework (Amendments to IFRS 3).

The adoption of these standards has had no material impact on the company's financial statements.

New standards not yet effective

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
 - Definition of Accounting Estimates (Amendments to IAS 8);
- and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-current); and
- IAS 1 Presentation of Financial Statements (Amendment - Non-current Liabilities with Covenants).

TODMORDEN MOOR WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies - continued

Fair value measurement

A number of assets and liabilities included in the company's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted).
- Level 2: Observable direct or indirect inputs other than Level 1 inputs.
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur. The company measures derivatives contracts at fair value.

Revenue Recognition

Revenue comprises amounts received and receivable in respect of generated electricity and Renewable Obligation Certificates (ROCs). Revenue in respect of both energy generation and ROCs is recognised over time. Under the terms of its Power Purchase Agreements (PPA) with customers, ROCs are immediately transferable to the customer.

Revenue from PPAs with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods. Revenue on the generation of energy is recognised based upon the value of units supplied during the period at the price under the PPA, with the number of units determined by energy volumes recorded on the wind farm meters and market settlement systems. The company has concluded that it is the principal in its revenue arrangements because it typically controls the goods before they are transferred to the PPA counterparty.

All revenue recognised in the period related to performance obligations satisfied in the period. There are no significant judgements taken in respect of the recognition of revenues.

While the performance obligation is satisfied as the electricity is generated, payment is generally due within 14 days from supply of energy or transfer of the ROCs, with the related amount recognised as a trade debtor or accrued income until payment is received from the customer.

The company has no material contract assets or liabilities other than trade debtors and accrued income as disclosed in note 9.

There is only one operating activity and all revenue is generated within the United Kingdom.

Trade receivables

Trade and other receivables are recognised initially at transaction price and are subsequently stated at amortised cost using the effective interest method, less allowances for expected losses. The company measures the loss allowance for its trade receivables at an amount equal to the lifetime expected credit losses. The amount of expected losses (or reversal) that is required to adjust the loss allowance at the reporting date to its recognised amount is recognised through the profit or loss, as an impairment or a reversal of an impairment loss. Trade and other receivables are written off (either partly or in full) when there is no reasonable expectation of recovery.

Cash and cash equivalents

Cash represents cash in hand and deposits held on demand with financial institutions. Cash equivalents are short-term, highly-liquid investments with original maturities of three months or less (as at their date of acquisition). Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of change in that cash value.

In the presentation of the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts. Any such overdrafts are shown within borrowings under 'current liabilities' on the Statement of Financial Position.

TODMORDEN MOOR WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies - continued

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment losses. Cost comprises the aggregate amount paid, and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs are expensed as incurred as they do not meet the capitalisation criteria under IAS 23, as the construction of the related assets does not require a substantial period of time. Items of property, plant and equipment are depreciated to their estimated residual values on a straight-line basis over their expected useful lives as follows:

Plant and machinery - over 20 years - 5% straight line

Right of use assets - over 16 years - 6% straight line

The depreciation methods, estimated remaining useful lives and residual values are reviewed at each reporting date, taking account technological innovations and asset maintenance programmes. A change resulting from the review is treated as a change in accounting estimate. The depreciation expense is recognised in the income statement.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer), otherwise they are presented as non-current liabilities.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A provision has been made for the cost of decommissioning the wind farm.

Impairment of non-financial assets

Carrying value of non-financial assets is reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated.

A previously recognised impairment will be revised insofar as estimates change as a result of an event occurring after the impairment was recognised. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the income statement.

After the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted in the future periods to allocate the asset's revised carrying amount, less its residual value, on a systematic basis over its useful life.

TODMORDEN MOOR WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies - continued

Financial instruments

Financial instruments recognised on the balance sheet include trade and other receivables, cash and cash equivalents, accounts payable and other financial assets/liabilities.

Initial recognition and measurement

Financial assets and financial liabilities are recognised on the balance sheet when the company becomes party to the contractual provision of the instrument. Financial instruments are initially recorded at fair value plus, in the case of a financial asset or financial liability not fair value through profit or loss, directly attributable transaction costs. Subsequent measurement and impairment for each classification is specified in the sections below.

All normal way purchases and sales of financial assets are recognised on the trade date i.e. the date that the company commits to purchase or sell the financial assets.

De-recognition of financial assets and liabilities

A financial asset, or adoption of a financial asset, is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the company retains the right to receive the cash flow from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the company has transferred the rights to receive cash flows from the asset and either:
 - (i) has transferred substantially all the risks and rewards of ownership of the asset; or
 - (ii) has neither transferred nor retained substantially all the risks and rewards of ownership of the asset but has transferred control of the asset.

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or has expired.

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

Financial liabilities are measured at amortised cost or FVTPL.

The classification of financial assets is based on the way a financial asset is managed and its contractual cash flow characteristics. Financial assets are measured at amortised cost if both of the following conditions are met and the financial asset or liability is not designated as at FVTPL:

- the financial asset is held with the objective of collecting or remitting contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the financial asset is held with the objectives of collecting contractual cash flows and selling the financial asset; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

TODMORDEN MOOR WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies - continued

Financial instruments - continued

Financial assets - continued

The Company's principal financial instruments comprise cash and cash equivalents, trade receivables, amounts due from related companies, trade payables and interest-bearing borrowings. Based on the way these financial instruments are managed and their contractual cash flow characteristics, all the Company's financial instruments are measured at amortised cost using the effective interest method. The amortised cost of financial assets is reduced by impairment losses as described below. Interest income, foreign exchange gains and losses, impairments and gains or losses on derecognition are recognised through the statement of comprehensive income.

Trade receivables and trade payables are held at their original invoiced value, as the interest that would be recognised from discounting future cash flows over the short credit period is not considered to be material. Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short term. Cash and cash equivalents do not include other financial assets.

Impairment losses against financial assets carried at amortised cost are recognised by reference to any expected credit losses against those assets.

The simplified approach for calculating impairment of financial assets has been used for trade receivables. Lifetime expected credit losses are calculated by considering, on a discounted basis, the cash shortfalls that would be incurred in various default scenarios over the remaining lives of the assets and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes.

Loans from related parties and certain other receivables meet the criteria to be classified at amortised cost because they are held in a 'hold to collect' business model and meet the 'solely payments of principal and interest' ("SPPI") test and uses the general approach to calculate the expected credit loss. Under the general approach, at each reporting date, the company determines whether there has been a Significant Increase in Credit Risk (SICR) since initial recognition and whether the loan is credit impaired. If there has not been a SICR nor has the loan been credit impaired the company applies a 12-month credit loss alternatively the company applies a lifetime expected credit loss.

Lifetime expected credit loss are the losses that result from all possible default events over the expected life of the loan whereas 12-month expected credit loss are a portion of Lifetime expected credit loss that represent the credit loss that result from default events that are possible within 12 months of the reporting date.

Financial liabilities

Loans and accounts payables are classified as financial liabilities and are subsequently measured at amortised cost. Gains and losses are recognised in income when the financial liabilities are derecognised or impaired as well as through the amortisation process.

Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Derivatives and hedging

Derivatives are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the profit or loss incorporates any interest paid on the financial asset/liability and is included in the 'Fair value movement on derivative contracts' line in the statement of profit or loss.

TODMORDEN MOOR WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies - continued

Financial instruments - continued

Impairment of financial assets

The company's financial assets are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. It also includes any adjustments in relation to prior periods.

Provision is made at current rates for deferred tax in respect of all timing differences that have originated but not reversed at the period end. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

Deferred taxation is calculated on an un-discounted basis at the tax rates which are expected to apply in the periods when the timing differences will reverse.

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of 12 months or less.

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

When a lease is identified in a contract the Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease prepayments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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

Generally, the Company uses its incremental borrowing rate as the discount rate. It is re-measured when there is a change in future lease payments arising from a change in an index or rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

TODMORDEN MOOR WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies - continued

Equity

Equity comprises the following:

- "called up share capital" represents the nominal value of ordinary equity shares;
- "other reserves" represents the value transferred to the company by the parent entity not in exchange for equity; and
- "retained earnings" include all other net gains and losses and transactions with owners not recognised elsewhere less dividends paid.

Judgements and key sources of estimation uncertainty

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

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.

Provision for decommissioning

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 related plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to plant and equipment. The unwinding of the discount on the decommissioning provision is included as a finance cost.

Going concern

The financial statements have been prepared on the going concern basis. The company has continued to generate cashflow on top of servicing the loan.

The Company has trading and business plan in place, which includes comprehensive cash flow forecasts, show the Company will have adequate resources to meet its liabilities for the foreseeable future and as least for 12 months from the date of approval of the financial statements. The forecasts specifically demonstrate that the company will continue to service the loan from its trading cashflow and comply with all debt covenants. Accordingly, the financial statements have been prepared on the going concern basis.

The directors of the company are satisfied on the going concern of the Company, after review of the company's forecasts and projections, and taking into account of reasonably possible changes in trading performance and the current funds available, that the company is able to operate for at least twelve months from the signing of the Directors' Report and Financial Statements. For this reason, the directors believe that the company has adequate resources to continue in operational existence and therefore it is appropriate that the company continues to adopt the going concern basis in preparing the Directors' Report and Financial Statements.

3. Revenue

	Year ended	Period 1.1.20
	31.3.22	to 31.3.21
	£	£
Electricity	2,071,533	2,085,578
ROCs	1,818,687	2,578,113
	<u>3,890,220</u>	<u>4,663,691</u>

TODMORDEN MOOR WIND FARM LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 31 MARCH 2022**4. Employees and directors**

There were no staff costs or directors' emoluments for the period ended 31 March 2022 nor for the period ended 31 March 2021. The average number of employees, excluding directors, during the period was nil (2021: nil).

5. Finance income and cost

	Year ended 31.3.22 £	Period 1.1.20 to 31.3.21 £
Finance income:		
Deposit account interest	-	520
Interest rate swap realised gain	126,190	-
	<u>126,190</u>	<u>520</u>
Finance costs:		
Bank loan interest	385,644	573,090
Interest rate swap realised loss	-	238,212
Interest on lease	9,341	12,232
Decommissioning discount unwinding	6,103	7,395
Shareholder loan Interest	-	210
Amortisation of arrangement fees	43,565	61,463
	<u>444,653</u>	<u>892,602</u>
Net finance cost	<u>318,463</u>	<u>892,082</u>

6. Profit/(loss) before income tax

The profit before income tax (2021 - loss before income tax) is stated after charging/(crediting):

	Year ended 31.3.22 £	Period 1.1.20 to 31.3.21 £
Depreciation - owned assets	1,538,247	1,921,523
Depreciation - assets on finance leases	12,114	17,052
Auditors' remuneration	10,753	6,358
Foreign exchange differences	(4,333)	14,226
Variable lease costs recognised in profit or loss	<u>78,965</u>	<u>92,360</u>

TODMORDEN MOOR WIND FARM LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022****7. Income tax****Analysis of tax expense**

	Year ended 31.3.22 £	Period 1.1.20 to 31.3.21 £
Current tax expense:		
Current tax on profit for the year	361,021	-
Total current tax	361,021	-
Deferred tax expense/ (recovery):		
Origination and reversal of timing differences	(30,351)	119,570
Adjustment in respect of previous periods	47,576	(47,890)
Effect of changes in tax rates	829,002	-
Total deferred tax	846,227	71,680
Total tax expense	1,207,248	71,680

Factors affecting the tax expense

The tax assessed for the year is higher (2021 - higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	Year ended 31.3.22 £	Period 1.1.20 to 31.3.21 £
Profit/(loss) before income tax	<u>1,740,373</u>	<u>(971,884)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	330,671	(184,295)
Effects of:		
Effect of non-deductible expenses	-	44,199
Group relief surrendered for no payment	-	42,684
Arising from origination and reversal of temporary differences	-	(69,672)
Arising prior period adjustments	47,575	(47,890)
Arising from changes in tax rates or laws	829,002	292,750
Income not taxable for tax purposes	<u>-</u>	<u>(6,096)</u>
Tax expense	<u>1,207,248</u>	<u>71,680</u>

Factors that may affect future tax charges

The main rate of corporation tax in force at the balance sheet date was 19%. A resolution to retain the corporation tax rate from 1 April 2020 at 19% was passed on 17 March 2020, and is enacted from this date.

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate to from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

TODMORDEN MOOR WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

8. Property, plant and equipment

	Right of use assets £	Plant and machinery £	Totals £
Cost			
At 1 January 2020	262,607	30,785,760	31,048,367
Addition	-	34,301	34,301
At 31 March 2021	<u>262,607</u>	<u>30,820,061</u>	<u>31,082,668</u>
At 1 April 2021 and 31 March 2022	<u>262,607</u>	<u>30,820,061</u>	<u>31,082,668</u>
Depreciation			
At 1 January 2020	13,642	8,151,607	8,165,249
Charge for the year	17,052	1,921,523	1,938,575
At 31 March 2021	30,694	10,073,130	10,103,824
At 1 April 2021	30,694	10,073,130	10,103,824
Charge for year	<u>12,114</u>	<u>1,538,247</u>	<u>1,550,361</u>
At 31 March 2022	<u>42,808</u>	<u>11,611,377</u>	<u>11,654,185</u>
Net book value			
At 31 March 2022	<u>219,799</u>	<u>19,208,684</u>	<u>19,428,483</u>
At 31 March 2021	<u>231,913</u>	<u>20,746,931</u>	<u>20,978,844</u>

9. Trade and other receivables

	31.3.22	31.3.21
	£	£
Non-current		
Loan to a related party	<u>27,953,800</u>	<u>27,953,800</u>

There is no interest charged on the loan to a related party. It is repayable on demand and the fair value is deemed to be the same as the carrying value. This has no considered to be a significant change in credit risk since the inception of the loan and therefore no provision has been made. While loan is repayable on demand it has been classified as non-current as there is not an intention to recover the loan in the next 12 months.

Current:

Trade receivables	1,029,107	1,022,605
Amounts owed by group undertakings	62,740	59,740
Prepayments	72,381	88,183
VAT	107,987	128,532
Other receivables	100,618	100,618
	<u>1,372,833</u>	<u>1,399,678</u>

Financial assets are carried at amortised costs. There are no material differences between the fair value and the carrying amount of the above level 2 financial assets. The present value of the cash flows is reassessed at the end of each reporting period at the prevailing market rate.

Trade receivables are non-interest bearing and are generally on terms of 14 days. All trade receivables were either current or due within 90 days and no provision (2021 - £nil) is made based upon the historic experience of default with these customers.

10. Cash and cash equivalents

	31.3.22	31.3.21
	£	£
Bank accounts	<u>2,330,673</u>	<u>1,985,170</u>

TODMORDEN MOOR WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

11. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.22 £	31.3.21 £
1	ordinary shares	1	<u>1</u>	<u>1</u>

SHARE PREMIUM

	31.3.22 £	31.3.21 £
Amount subscribed for share capital in excess of nominal value	1,904,030	1,904,030

12. Reserves

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 April 2021	(10,770,152)	1,904,030	31,146,096	22,279,974
Profit for the year	<u>533,125</u>	<u>-</u>	<u>-</u>	<u>533,125</u>
At 31 March 2022	<u>(10,237,027)</u>	<u>1,904,030</u>	<u>31,146,096</u>	<u>22,813,100</u>

13. Trade and other payables

	31.3.22 £	31.3.21 £
Current:		
Trade payables	6,161	35,868
Accrued expenses	<u>46,152</u>	<u>41,624</u>
	<u>52,313</u>	<u>77,492</u>

There are no material differences between the fair value and the carrying value of the above liabilities. The present value of the cash flows is reassessed at the end of each reporting period at the prevailing interest rate.

The company's principal financial liabilities comprise trade and other payables and loans.

The amounts owed to group undertakings in the current period is a trading balance as disclosed in note 21.

14. Bank borrowings

	31.3.22 £	31.3.21 £
Bank loans - due in less than 1 year	1,369,693	1,311,066
Arrangement fees allocated over the life of the loan	<u>(49,111)</u>	<u>(49,228)</u>
	<u>1,320,582</u>	<u>1,261,838</u>
Bank loans - due in 2-5 years	6,289,998	6,003,171
Bank loans due in more than 5 years	18,303,774	19,944,363
Arrangement fees allocated over the life of the loan	<u>(575,494)</u>	<u>(618,942)</u>
	<u>24,018,278</u>	<u>25,328,592</u>

The bank borrowing in the current period consist of a facility denominated in GBP and bearing interest at between 1.3% and 1.8% above SONIA. The bank loan is repayable in non-equal instalments with the final repayment due in December 2034. The assets of the Company form security for the bank loans via fixed and floating charges.

TODMORDEN MOOR WIND FARM LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022****15. Leasing****Right-of-use assets****Property, plant and equipment**

	31.3.22	31.3.21
	£	£
Cost		
At 1 April and 31 March	<u>262,607</u>	<u>262,607</u>
Depreciation		
At 1 April	30,694	13,642
Charge for year	<u>12,114</u>	<u>17,052</u>
	<u>42,808</u>	<u>30,694</u>
Net book value	<u><u>219,799</u></u>	<u><u>231,913</u></u>

Lease liabilities

Minimum lease payments fall due as follows:

	31.3.22	31.3.21
	£	£
Gross obligations repayable:		
Within one year	19,650	19,650
Between two to five year	78,600	78,600
In more than five years	<u>212,714</u>	<u>232,364</u>
	<u><u>310,964</u></u>	<u><u>330,614</u></u>

Lease liabilities are presented in the statement of financial position as follows:

	31.3.22	31.3.21
	£	£
Opening balance	240,837	253,169
Interest on lease liability recognised in statement of profit and loss	9,341	12,232
Lease repayments	<u>(19,649)</u>	<u>(24,564)</u>
Closing balance	<u><u>230,529</u></u>	<u><u>240,837</u></u>
Less: current	(10,720)	(10,306)
Non-current	<u><u>219,809</u></u>	<u><u>230,531</u></u>

16. Deferred tax

	31.3.22	31.3.21
	£	£
Opening balance	2,607,949	2,536,269
Charge to statement of profit or loss	<u>846,227</u>	<u>71,680</u>
Closing balance	<u><u>3,454,176</u></u>	<u><u>2,607,949</u></u>

TODMORDEN MOOR WIND FARM LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 31 MARCH 2022**16. Deferred tax - continued**

	31.3.22	31.3.21
	£	£
Deferred tax comprise of:		
Short term timing differences	(40,055)	(40,825)
Fixed assets timing differences	3,494,231	2,760,427
Timing differences arising on fair value of interest rate swap	-	(58,130)
Losses and other deductions	-	(53,523)
Tax rate changes	-	-
	<u>3,454,176</u>	<u>2,607,949</u>
Balance at 31 March	<u>3,454,176</u>	<u>2,607,949</u>

17. Provisions

	31.3.22	31.3.21
	£	£
Other provisions	<u>160,219</u>	<u>154,116</u>

Movement in year amounting to £6,103 (2021: £7,395).

A provision has been recognised for decommissioning costs associated with the wind farm owned by the company. The decommissioning provision provides for the future costs of decommissioning of the wind farm. The decommissioning costs were estimated at the time of construction based on the number and height of the turbines. The provision has been discounted at an annual rate of 4% (2021: 4%) and this discount will be unwound and charged to the income statement until 2034, the estimated date of decommissioning.

TODMORDEN MOOR WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

18. Financial risk management

The company's principal financial assets and liabilities comprise trade receivables, derivative financial assets/liability, cash, interest bearing loans and trade payables.

The company has exposure to the following risks from its use of financial instruments:

- Market risks, including foreign currency, commodity price, interest rate, inflation rate risks
- Credit risk
- Liquidity risk
- Capital management risk
- Technical risk

This note represents information about the company's exposure to each of the above risks and the company's objectives, policies and processes for assessing and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

a) Market risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

The company is not exposed to significant foreign currency risk as the majority of all payables and receivables are denominated in pounds sterling which is the functional currency in which the company operates.

The company has exposure to interest rate risk. The company is funded by bank loans with interest calculated based on floating rate interest bearing loans or borrowings at 31 March 2022. The company does not intend to hold cash for the purpose of generating interest income.

At the period end the company has a swap agreement with AIB in order to mitigate interest rate risk. The fair value of the instrument is recognised in the statement of profit or loss and statement of financial position.

b) Credit risk

The company's policy is aimed at minimising losses as a result of counterparty's failure to honour its obligations. Exposure to credit risk arises as a result of the transactions with counterparties. The counterparties used by the company are considered by management to be of appropriate credit rating. At each balance sheet date, the company's financial assets were neither impaired nor past due. The maximum credit exposure at reporting date are the carrying value of the credit balances if any. The intergroup loan is repayable on demand. All bank balances are held with banks with high credit ratings.

c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company monitors its risks of shortage of funds using projected cash flows and by monitoring the maturity of both its financial assets and obligations. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

TODMORDEN MOOR WIND FARM LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 31 MARCH 2022**18. Financial risk management - continued****c) Liquidity risk - continued**

The following table sets out the contractual maturities (representing undiscounted contractually-flows) of financial liabilities:

Year ended 31 March 2022:

	On demand £	Less than 3 months £	3 to 12 months £	2 to 5 years £	>5 years £	Total £
Financial liabilities						
Trade and other payables	-	52,313	-	-	-	52,313
Provision	-	-	-	-	160,219	160,219
Bank loans	-	455,054	1,409,111	7,991,474	21,786,700	31,642,339
Lease liability	-	4,912	14,738	78,600	212,714	310,964
	<u>-</u>	<u>512,279</u>	<u>1,423,849</u>	<u>8,070,074</u>	<u>22,159,633</u>	<u>32,165,835</u>

Period ended 31 March 2021:

	On demand £	Less than 3 months £	3 to 12 months £	2 to 5 years £	>5 years £	Total £
Financial liabilities						
Trade and other payables	-	77,492	-	-	-	77,492
Provision	-	-	-	-	154,116	154,116
Bank loans	-	455,054	1,409,111	7,991,474	22,241,754	32,097,393
Lease liability	-	4,930	14,738	78,600	232,346	330,614
	<u>-</u>	<u>537,476</u>	<u>1,423,849</u>	<u>8,070,074</u>	<u>22,628,216</u>	<u>32,659,615</u>

d) Capital management

Management considers capital to consist of equity plus net debt as disclosed in the balance sheet. The primary objective of the company's capital management is to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure to reduce the cost of capital.

The company's policy is to finance its operations through a combination of equity, shareholder debt and bank borrowings. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders or issue new shares.

It is the company's policy not to hold financial instruments for speculative purposes.

e) Technical risk

The company is exposed to technical problems with the operation of its wind turbines that could reduce availability for electricity generation. To mitigate against technical risk, the Group has contracted a team of experienced contractors who are responsible for monitoring wind farm performance and advising appropriate levels of essential parts.

TODMORDEN MOOR WIND FARM LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 31 MARCH 2022**19. Financial instruments****Fair value category**

Except for the derivative interest rate swap the financial assets and liabilities held by the Company for both 31 March 2022 and the 31 March 2021 were categorised under loans and receivables and carried at amortised cost.

Fair value measurement

The fair value of the financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

Fair value category	Carrying amount 31.3.22	Carrying amount 31.3.21	Fair value 31.3.22	Fair value 31.3.21
Financial Assets:				
Trade receivables	1,192,465	1,182,963	1,192,465	1,182,963
Loans	27,953,800	27,953,800	27,953,800	27,953,800
Financial Liabilities:				
Trade and other payables	52,313	77,492	52,313	77,492
Provision	160,219	154,116	160,219	154,116
Loans	25,338,860	26,590,430	25,338,860	26,590,430
Lease liability	230,529	240,837	230,529	240,837

The fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of the instruments.

It is considered that the fair value of the loans is equivalent to the carrying value.

Derivative financial asset/(liability) at fair value through profit or loss

The fair value measurement was categorised as a level 2 fair value based on the inputs in the valuation technique used.

	Carrying amount 31.3.22	Carrying amount 31.3.21	Fair value 31.3.22	Fair value 31.3.21
Interest rate SWAP	1,324,429	(366,693)	1,324,429	(366,693)

20. Contingent liability

The company has provided performance bond bank guarantees to landlords amounting to £271,749 (2021: 272,000).

21. Related party transactions

As at December 2018 the company owed a long-term loan of £31,326,555 to CEP Wind 3 Limited, a parent company. The balance on this loan was forgiven, giving rise to a capital contribution, when the company was purchased by FW G&T Wind Holdings Limited.

The company has since entered into an interest free loan receivable with CEP Wind 3 Limited of £27,953,800 (2021 - 27,953,800).

The company has an intercompany receivable with CEP Wind 1 Limited of £55,188 (2021 - £55,188).

The company has an intercompany receivable with CEP Wind 2 Limited (a wholly owned subsidiary of CEP Wind 1 Limited) of £1,378 (2021 - £1,378).

During the year, Averon Park Limited (Ultimate Holding Company) charged £806,835 (2021: £1,181,502) as part of management services provided to the Company.

TODMORDEN MOOR WIND FARM LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

22. Ultimate controlling party

The company is a wholly owned subsidiary of CEP Wind 3 Limited, which is in turn owned by CEP Wind 1 Limited.

Averon Park Limited is the ultimate controlling party of the Company.

23. Events after the reporting period

Subsequent to year end, a written resolution has been approved and signed by the directors on 27 March 2023 to confirm that the "Other reserves" amount of £31,146,096 resulting from transactions at the time of acquisition is distributable and can be used to distribute funds to the parent company CEP Wind 3 Limited. Accordingly, on the same date, a dividend amounting to £1,781,264 has been declared and paid to CEP Wind 3 Limited. This event does not require an adjustment to the financial statements.