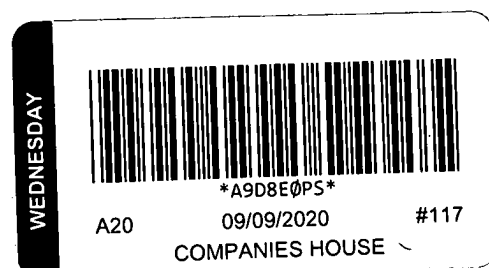


TURNCOLE WIND FARM LIMITED
Registered in England and Wales Number 09069277

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2019



TURNCOLE WIND FARM LIMITED
Registered in England and Wales: Number 09069277

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TURNCOLE WIND FARM LIMITED

Registered in England and Wales: Number 09069277

DIRECTORS, OFFICERS AND OTHER INFORMATION

Directors

F Murray

J Touzard

S McLachlan

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

7 More London Riverside

London

SE1 2RT

Registered Office

St Helen's

1 Undershaft

London

EC3P 3DQ

Company Number

Registered in England and Wales: Number 09069277

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their Report and audited financial statements for Turncole Wind Farm Limited ("Company") for the year ended 31 December 2019.

Directors

The Directors who served during the year were:

F Murray

J Touzard

N Brown

S McLachlan

Resigned on 3 April 2019

Principal Activities and Business Review

The activity of the Company is the development and operation of a utility scale wind turbine. The portfolio has been performing in line with expectation. There have been no significant additions or disposals in the year.

Future Developments

During the coming year the Company will continue to manage the development and operation of the wind turbines that it owns.

Post Balance Sheet Events

On January 30, 2020, the World Health Organisation declared the coronavirus (COVID-19) a public health emergency. There are no comparable recent events which may provide guidance as to the effect of the spread of COVID-19 and a potential pandemic, and, as a result, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

The Company is yet to see the full impact of COVID 19 in terms of investment and operational activity. Liquidity and transaction volumes are likely to be depressed for the immediate period, although it is too early to tell what the longer-term effects may be. Management believe that the Company should be well positioned compared to other investment strategies because it focuses on cash flows which are long-term and supported by factors largely independent of the current crisis. Management is also aware that the Company is not immune from the challenges likely to be presented to the wider industry and economy. For the year ended 31 December 2019, a 50bps movement in the discount rate of the fair value of the fixed assets held by the Company would result in a total impairment of £nil to their carrying value.

Given the emergence and spread of COVID-19 occurred in 2020, it is not considered relevant to conditions that existed at the balance sheet date. Consequently COVID-19 is considered to be a non-adjusting post balance sheet event. The measurement of assets and liabilities in the accounts has not been adjusted for its potential impact. The impact of COVID-19 is uncertain and may be material; the Directors will continue to monitor the situation.

Dividend

The Directors do not recommend the payment of a dividend for the financial year ending 31 December 2019 (2018: £nil).

Going Concern

During the year, the Company made a total comprehensive expense of £3,081,172 (31 December 2018: £2,466,322) which resulted in a net liability as at 31 December 2019 of £11,565,719 (31 December 2018: £8,484,547). Despite this net liability position, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Aviva Investors Infrastructure Income No.5 Limited (the "parent undertaking") has confirmed that it will not seek repayment of part or the entire amount loaned to the Company for at least twelve months from the date of approval of the Company's financial statements. In addition, a letter of support has been provided by the parent undertaking. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Please refer to Note 3 for further details.

TURNCOLE WIND FARM LIMITED
Registered in England and Wales: Number 09069277

DIRECTORS' REPORT (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2019**

Employees

The Company has no employees (2018: none).

Independent Auditors

It is the intention of the Directors to appoint the auditors under the deemed appointment rules of Section 487 of the Companies Act 2006.

Qualifying Indemnity Provisions

The Directors have the benefit of an indemnity provision contained in the Company's Articles of Association, subject to the conditions set out in the Companies Act 2006. This is a 'qualifying third party indemnity' provision as defined in section 234 of the Companies Act 2006.

Aviva plc granted in 2004 an indemnity to the Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 (which continue to apply in relation to any provision made before 1 October 2007). This indemnity is a 'qualifying third party indemnity' for the purposes of sections 309A to 309C of the Companies Act 1985. These qualifying third party indemnity provisions remain in force as at the date of approving the Directors' Report by virtue of paragraph 15, Schedule 3 of The Companies Act 2006 (Commencement Number 3, Consequential Amendments, Transitional Provisions and Savings) Order 2007.

Statement of directors' responsibilities in respect of the financial statements

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

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

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

The directors are 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.

TURNCOLE WIND FARM LIMITED
Registered in England and Wales: Number 09069277

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

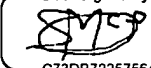
Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have 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.

In preparing their report, the Directors' have taken advantage of the exemption for small companies in accordance with section 415(A) of the Companies Act 2006.

On behalf of the Board on 25 June 2020

DocuSigned by:

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S McLachlan
Director

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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 Statement of Financial Position as at 31 December 2019; 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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 in respect of the financial statements set out on page 4, 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.

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.

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.

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 received 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 from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Sandra Dowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 June 2020

TURNCOLE WIND FARM LIMITED
Registered in England and Wales: Number 09069277

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Note | 2019 £ | 2018 £ |
|---|------|---------------------------|---------------------------|
| Turnover | 5 | 4,424,263 | 5,289,391 |
| Cost of sales | | (3,388,778) | (3,341,297) |
| Gross profit | | <u>1,035,485</u> | <u>1,948,094</u> |
| Administrative expenses | | (173,086) | (143,467) |
| Operating profit | 6 | <u>862,399</u> | <u>1,804,627</u> |
| Interest receivable and similar income | 7 | 4,656 | 3,467 |
| Interest payable and similar expenses | 8 | (3,948,227) | (4,333,167) |
| Loss before taxation | | <u>(3,081,172)</u> | <u>(2,525,073)</u> |
| Tax on loss | 9 | - | 58,751 |
| Total comprehensive expense for the year | | <u><u>(3,081,172)</u></u> | <u><u>(2,466,322)</u></u> |

Continuing Operations

All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2019 and 31 December 2018 relate to continuing operations.

The notes on pages 11 to 20 form an integral part of these financial statements.

TURNCOLE WIND FARM LIMITED
Registered in England and Wales: Number 09069277

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

| | Note | 2019 £ | 2018 £ |
|--|------|---------------------|--------------------|
| FIXED ASSETS | | | |
| Tangible assets | 10 | <u>44,107,691</u> | <u>45,874,563</u> |
| CURRENT ASSETS | | | |
| Debtors | 11 | 1,519,522 | 1,698,722 |
| Cash at bank and in hand | | <u>1,042,403</u> | <u>1,375,075</u> |
| | | 2,561,925 | 3,073,797 |
| CREDITORS | | | |
| Amounts falling due within one year | 12 | <u>(570,869)</u> | <u>(524,247)</u> |
| Net current assets | | 1,991,056 | 2,549,550 |
| Total assets less current liabilities | | <u>46,098,747</u> | <u>48,424,113</u> |
| CREDITORS | | | |
| Amounts falling due after more than one year | 13 | (56,906,557) | (56,165,613) |
| PROVISIONS FOR LIABILITIES | 14 | (757,909) | (743,047) |
| Net liabilities | | <u>(11,565,719)</u> | <u>(8,484,547)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 15 | 1 | 1 |
| Accumulated losses | | <u>(11,565,720)</u> | <u>(8,484,548)</u> |
| Total shareholders' deficit | | <u>(11,565,719)</u> | <u>(8,484,547)</u> |

The notes on pages 11 to 20 form an integral part of these financial statements.

The financial statements on pages 8 to 20 were approved by the Board of Directors on 25 June 2020 and signed on its behalf by:

DocuSigned by:

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S McLachlan
Director

TURNCOLE WIND FARM LIMITED
Registered in England and Wales: Number 09069277

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Called up Share capital | Accumulated losses | Total shareholders' deficit |
|---|----------------------------|----------------------------|-----------------------------------|
| | £ | £ | £ |
| Balance at 1 January 2018 | 1 | (6,018,226) | (6,018,225) |
| Total Comprehensive Expense for the year | - | (2,466,322) | (2,466,322) |
| Balance at 31 December 2018 | <u>1</u> | <u>(8,484,548)</u> | <u>(8,484,547)</u> |
| Total Comprehensive Expense for the year | - | (3,081,172) | (3,081,172) |
| Balance at 31 December 2019 | <u><u>1</u></u> | <u><u>(11,565,720)</u></u> | <u><u>(11,565,719)</u></u> |

The notes on pages 11 to 20 form an integral part of these financial statements.

TURNCOLE WIND FARM LIMITED
Registered in England and Wales: Number 09069277

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 GENERAL INFORMATION

The Company manages the development and operation of wind turbines in the UK.

The Company is a private company limited by shares and is incorporated and domiciled in United Kingdom. The address of its registered office is St Helen's, 1 Undershaft, London EC3P 3DQ.

2 STATEMENT OF COMPLIANCE

The Financial Statements have been prepared in compliance with UK accounting standards including Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland, and the Companies Act 2006.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout all the years presented unless otherwise stated.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operate.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Cash Flow Statement

The Company has taken advantage of the exemption, under FRS 102, from preparing a Statement of Cash Flows, on the basis that it is a qualifying entity and the Company's cash flows are included within the Consolidated Statement of Cash Flows of its parent entity, Aviva Investors Infrastructure Income Limited Partnership.

Strategic Report

A strategic report has not been included in these audited financial statements as the Company qualifies for exemption as a small entity under Section 414B of the Companies Act 2006 relating to small entities.

Basis of preparation

These Financial Statements have been prepared on a going concern basis and under the historical cost convention.

Going concern basis

During the year, the Company made a total comprehensive expense of £3,081,172 (31 December 2018: £2,466,322) which resulted in a net liability as at 31 December 2019 of £11,565,719 (31 December 2018: £8,484,547). Despite this net liability position, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Aviva Investors Infrastructure Income No.5 Limited (the "parent undertaking") has confirmed that it will not seek repayment of part or the entire amount loaned to the Company for at least twelve months from the date of approval of the Company's financial statements. In addition, a letter of support has been provided by the parent undertaking. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

TURNCOLE WIND FARM LIMITED
Registered in England and Wales: Number 09069277

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition and Turnover

Revenue comprises the fair value of the consideration received or receivable in respect of the invoiced value of generated electricity, Renewable Obligation Certificates (ROCs) and accrued income. Revenue is shown net of sales/value added tax, returns, rebates and discounts.

Revenue on the generation of energy comprises the value of units supplied during the year. Units are determined by energy volumes recorded on the wind farm meters and market settlement systems.

Under the terms of its Power Purchase Agreements with customers, ROC's are immediately transferable to the customer. Revenue in relation to ROC's is recognised in line with the generation of energy.

Accrued income represents the sales value of energy (and related ROC'S) which is yet to be invoiced and is based upon the value of units supplied with respect to energy and quantity of units supplied with respect to ROC's.

The company recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the company's activities.

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

Administrative expenses

Administrative expenses include all costs not directly incurred in the operation of the Company's portfolio. This includes administration, finance and management expenses.

Tangible fixed assets

Tangible fixed assets are stated at their historic purchase cost, together with any incidental expenses of acquisition less accumulated depreciation. Costs include the original purchase price of the asset and the cost attributable to bringing the asset to its working condition for its intended use.

The cost of wind farms under development are treated as assets under construction and includes all costs associated with bringing the asset into productive use and related costs directly attributable to the specific development. A property ceases to be a development asset when brought into productive use, and will begin to depreciate on a straight line basis over its estimated useful economic life.

Depreciation

Once brought into productive use, depreciation is provided to write off plant and machinery on a straight line basis over its estimated useful economic life of 25 years.

Debtors and other current assets

Debtors are recognised and carried at the lower of their originally invoiced value and recoverable amount. Where the time value of money is material the receivables are carried at amortised cost. Provisions are made where there is objective evidence that the amount will not be recovered in full.

TURNCOLE WIND FARM LIMITED
Registered in England and Wales: Number 09069277

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash at bank and in hand

Cash at bank and in hand comprises of cash and cash on deposit with banks, both of which are immediately available.

Current liabilities

Other payables are recognised on an accruals basis.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided in full, using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised only to the extent that it is probably that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised directly in changes in equity is recognised in the Statement of Changes in Equity and not in the Statement of Comprehensive Income.

Loans and borrowings

Loans and borrowings are recognised initially at their issue proceeds less transaction costs incurred. Subsequently, borrowings are stated at amortised cost with interest being accrued cyclically as defined in the facility agreements. Borrowing costs have been capitalised and are being amortised using the effective interest rate method over the life of the loan. Interest expense associated with loans and borrowings is accounted for on an accruals basis.

Impairment of non-financial assets

At each balance sheet date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a discount rate that represents the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income.

TURNCOLE WIND FARM LIMITED
Registered in England and Wales: Number 09069277

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

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

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statement of Comprehensive Income.

Financial assets that are classified as receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be received, net of impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

TURNCOLE WIND FARM LIMITED
Registered in England and Wales: Number 09069277

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

ii. Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Basic financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Commitments to make which meet the conditions above are measured at cost (which may be nil) less impairment.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

iii. Offsetting

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

Financial instruments disclosure exemption

The Company has taken advantage of the exemption, under FRS 102, from disclosure of its financial instruments, on the basis that it is a qualifying entity and the Company's financial instruments are disclosed within the consolidated financial statements of its parent entity Aviva Investors Infrastructure Income Limited Partnership.

Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Company financial statements.

The Company has taken advantage of the exemption, under FRS 102, from disclosure of transactions with related parties who are wholly owned within the same Group. The Group includes the Company, its parent undertakings and its fellow subsidiary undertakings.

Decommissioning costs

As part of the measurement and recognition of assets and liabilities in the period, the Company has recognised a provision for decommissioning obligations associated with the wind turbines. In determining the present value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of these costs, and this data is compared to industry available data. The carrying amount of the provision as at 31 December 2019 was £757,909 (2018: £743,047). The interest applied was 2%.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

TURNCOLE WIND FARM LIMITED
Registered in England and Wales: Number 09069277

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Company's Financial Statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience, expectations of future events and other factors that are considered to be relevant. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, the Directors have made the following judgements which have the most significant effect on the amounts recognised in the Financial Statements:

- i. Non-financial assets are reviewed for impairment at each balance sheet date. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.
- ii. As part of the measurement and recognition of assets and liabilities in the period, the Company has recognised a provision for decommissioning obligations associated with the wind turbines. In determining the present value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of these costs, and this data is compared to industry available data. The carrying amount of the provision as at 31 December 2019 was £757,909 (2018: £743,047). The interest applied was 2%.

5 TURNOVER

Analysis of the Company's turnover is as follows:

| | 2019 | 2018 |
|---|------------------|------------------|
| <i>Turnover analysed by class of business</i> | £ | £ |
| Electricity production | <u>4,424,263</u> | <u>5,289,391</u> |

6 OPERATING PROFIT

| | 2019 | 2018 |
|---|--------------|---------------|
| <i>This is stated after charging:</i> | £ | £ |
| Operating leases – land and buildings | 229,275 | 270,535 |
| Depreciation of owned tangible assets | 1,997,250 | 1,984,385 |
| Auditors' remuneration – audit services | <u>6,338</u> | <u>10,307</u> |

The Company did not have any employees during the current year or previous year. Directors were employed and remunerated by Aviva Investors Employments Services Limited. No recharge was made by the parent company for their services.

7 INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2019 | 2018 |
|--|--------------|--------------|
| | £ | £ |
| Interest receivable and similar income | <u>4,656</u> | <u>3,467</u> |

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8 INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2019 | 2018 |
|---|------------------|------------------|
| | £ | £ |
| Loan interest payable to parent undertaking | 3,928,424 | 4,312,178 |
| Other interest payable | 19,803 | 20,989 |
| | <u>3,948,227</u> | <u>4,333,167</u> |

9 TAX ON LOSS

| | 2019 | 2018 |
|---|----------|-----------------|
| | £ | £ |
| <i>Corporation tax:</i> | | |
| Corporation tax at 19% (2018 – 19%) | - | - |
| Adjustments in respect of prior periods | - | (58,751) |
| Tax credit on loss | <u>-</u> | <u>(58,751)</u> |

Factors affecting the tax credit for the year:

The tax assessed for the year is higher (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018 – 19%). The differences are explained below.

| | 2019 | 2018 |
|--|--------------------|--------------------|
| | £ | £ |
| Loss before taxation | <u>(3,081,172)</u> | <u>(2,525,073)</u> |
| Tax at 19% (2018 – 19%) | (585,423) | (479,764) |
| Effects of: | | |
| Fixed asset differences | 32,575 | 31,960 |
| Expenses not deductible for tax purposes | 2,824 | 2,767 |
| Other permanent differences | (177) | (177) |
| Change in tax rates | 57,496 | 46,865 |
| Adjustments in respect of prior periods | - | (58,751) |
| Deferred tax not recognised | <u>492,705</u> | <u>398,349</u> |
| Tax charge/credit for the year | <u>-</u> | <u>(58,751)</u> |
| Total deferred tax asset not recognised | | |
| Accelerated capital allowances | 983,339 | 782,887 |
| Short term timing differences | (2,054,143) | (1,415,308) |
| Losses and other deductions | <u>(794,614)</u> | <u>(740,712)</u> |
| | <u>(1,865,418)</u> | <u>(1,373,133)</u> |

There is an unrecognised potential deferred tax asset of £1,865,418 (2018: £1,373,133) relating to accelerated capital allowances, short term timing differences and tax losses which has not been recognised on the basis that there is not expected to be taxable profits against which to utilise them in the foreseeable future.

The deferred tax balances have been calculated using the future tax rate in force at the balance sheet date, being 17%. On 11 March 2020, the government announced that the Finance Act 2020 will increase the tax rate to 19% from 1 April 2020. Applying the revised tax rate would have the effect of increasing the net unrecognised deferred tax asset position by £219,461.

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10 TANGIBLE ASSETS

Leasehold wind farm development

| | |
|---------------------------------|---------------------|
| | Plant and machinery |
| Cost | £ |
| At start of year | 49,758,499 |
| Additions for the year | 230,378 |
| At end of year | <u>49,988,877</u> |
| Accumulated depreciation | |
| At start of year | 3,883,936 |
| Charge for the year | 1,997,250 |
| At end of year | <u>5,881,186</u> |
| Net book value | |
| At 31 December 2018 | <u>45,874,563</u> |
| At 31 December 2019 | <u>44,107,691</u> |

11 DEBTORS

Amounts falling due within one year:

| | | |
|--------------------------------|------------------|------------------|
| | 2019 | 2018 |
| | £ | £ |
| Trade debtors | 184,453 | 319,414 |
| Taxation | - | 58,751 |
| Other debtors | 150,000 | 150,000 |
| Prepayments and accrued income | 1,185,069 | 1,170,557 |
| | <u>1,519,522</u> | <u>1,698,722</u> |

12 CREDITORS: Amounts falling due within one year

| | | |
|------------------------------|----------------|----------------|
| | 2019 | 2018 |
| | £ | £ |
| Trade creditors | 70,704 | 83,100 |
| Taxation and social security | 214,844 | 252,794 |
| Accruals and deferred income | 285,321 | 188,353 |
| | <u>570,869</u> | <u>524,247</u> |

13 CREDITORS: Amounts falling due after more than one year

| | | |
|--|-------------------|-------------------|
| | 2019 | 2018 |
| | £ | £ |
| Loan from parent undertaking due in more than five years | <u>56,906,557</u> | <u>56,165,613</u> |

On 2016, the Company entered into a loan facility for a total available amount of £80,000,000 with Aviva Investors Infrastructure Income No. 5 Limited. The loan from parent undertaking bears interest at 5.23% per annum with an RPI uplift, is unsecured, and is repayable on 31 August 2043. An amount of £1,031,560 (2018: £1,454,424) representing RPI adjustment on the loan was capitalised during the year.

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14 PROVISIONS FOR LIABILITIES

| | Decommissioning provision | Total |
|---|------------------------------|----------------|
| | £ | £ |
| Balance at 1 January 2019 | 743,047 | 743,047 |
| Charged to the Statement of Comprehensive Income | 14,862 | 14,862 |
| Balance at 31 December 2019 | 757,909 | 757,909 |

The decommissioning provision for the future costs of decommissioning the wind farm. The provision has been discounted at an annual rate of 2% and this discount will be unwound and charged to the profit and loss account until 2040, the estimated date of decommissioning.

15 CALLED UP SHARE CAPITAL

| | 2019 | 2018 |
|--------------------------------------|------|------|
| | £ | £ |
| <i>Issued and fully paid</i> | | |
| 1 (2018:1) Ordinary Share of £1 each | 1 | 1 |

16 OPERATING LEASE COMMITMENTS

The Company has entered into lease agreements with the landowners on which its wind farm is situated to pay rent based on fixed amounts and amounts linked to turnover and production. Future minimum rentals payable under non-cancellable operation leases are as follows:

Operating leases which expire:

| | 2019 | 2018 |
|---|-----------|-----------|
| | £ | £ |
| Land and buildings | | |
| Not later than one year | 101,904 | 100,120 |
| Later than one year and not later than five years | 407,618 | 400,480 |
| Later than five years | 2,439,467 | 2,537,734 |

The amount of non-cancellable operating lease payments recognised as an expense during the year was £229,275 (2018: £270,535).

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17 POST BALANCE SHEET EVENTS

On January 30, 2020, the World Health Organisation declared the coronavirus (COVID-19) a public health emergency. There are no comparable recent events which may provide guidance as to the effect of the spread of COVID-19 and a potential pandemic, and, as a result, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

The Company is yet to see the full impact of COVID 19 in terms of investment and operational activity. Liquidity and transaction volumes are likely to be depressed for the immediate period, although it is too early to tell what the longer-term effects may be. Management believe that the Company should be well positioned compared to other investment strategies because it focuses on cash flows which are long-term and supported by factors largely independent of the current crisis. Management is also aware that the Company is not immune from the challenges likely to be presented to the wider industry and economy. For the year ended 31 December 2019, a 50bps movement in the discount rate of the fair value of the fixed assets held by the Company would result in a total impairment of £nil to their carrying value.

Given the emergence and spread of COVID-19 occurred in 2020, it is not considered relevant to conditions that existed at the balance sheet date. Consequently COVID-19 is considered to be a non-adjusting post balance sheet event. The measurement of assets and liabilities in the accounts has not been adjusted for its potential impact. The impact of COVID-19 is uncertain and may be material; the Directors will continue to monitor the situation.

18 ULTIMATE PARENT UNDERTAKING & CONTROLLING PARTY

The Company's immediate parent undertaking is Aviva Investors Infrastructure Income No. 5 Limited (formerly Aviva Investors REaLM Infrastructure No.5 Limited), a company incorporated in the United Kingdom, and its' ultimate parent undertaking is Aviva Investors Infrastructure Income Unit Trust (formerly Aviva Investors REaLM Infrastructure Unit Trust), which is registered in Jersey.

Aviva Investors Infrastructure Income Limited Partnership, which has 100% interest of the Company, is both the largest and the smallest group of undertakings to consolidate these financial statements at 31 December 2019. The consolidated financial statements of Aviva Investors Infrastructure Income Limited Partnership are available on application to:

Aviva Company Secretarial Services limited
St Helen's
1 Undershaft, London
EC3P 3DQ

The General Partner of the Aviva Investors Infrastructure Income Limited Partnership is the Aviva Investors Infrastructure GP Limited, a company incorporated in Great Britain and registered in England and Wales.