TURNCOLE WIND FARM LIMITED
Registered in England and Wales Number 09069277

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2021

Contents

DIRECTORS, OFFICERS AND OTHER INFORMATION

Directors

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

Company Secretary

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their Report and audited financial statements for Turncole Wind Farm Limited ("Company") for the year ended 31 December 2021.

Directors
The Directors who served during the year were:

F Murray	Resigned on 8 September 2021
J Touzard	
S McLachlan	

Principal Activities and Business Review
The principal activity of the Company is the development and operation of utility scale wind turbines. 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.

Principal Risks and Uncertainties
The key risks arising in the Company are COVID-19, credit, operational and liquidity risks which are discussed in more detail below.

The Aviva Group's approach to risk and capital management
The Company operates within the governance structure and priority framework of the Aviva Group ("Aviva plc and its subsidiaries").

COVID-19
On 30 January 2020, the World Health Organisation ('WHO') declared the coronavirus (COVID-19) a public health emergency, shortly followed by declaring a Global Pandemic on 11 March 2020. This had an unprecedented impact on economies and markets globally. On 22 February 2022 the United Kingdom government lifted all remaining COVID-19 restrictions. The Directors will continue to monitor the COVID-19 situation closely and act accordingly to protect the interests of investors.

Ukraine Russia conflict
Following the escalation of the conflict between Ukraine and Russia in February 2022 and the related economic sanctions imposed by various governments, the Directors are actively monitoring the situation and will assess any impact as it is deemed to arise. The Directors recognise that the overall impact of the conflict may not yet be apparent and does not underestimate the inevitable effect it will have on global financial markets, including any potential adverse impact on the Company and its investment. As at the date of approval of these financial statements, based on its assessment of the current situation and information available, the Directors do not envisage that this will have a material impact on the Company.

Going Concern
The company has net liabilities of £17,843,226 (31 December 2020: £13,214,468). Included within this is an unsecured loan of £58,793,796 (31 December 2020: £56,877,597) from Aviva Investors Infrastructure Income No.5 Limited (the "parent undertaking"). 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, where to do so will place this company in an insolvent position. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements. Please refer to Note 3 for further details.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Management of financial and non-financial risks

Interest rate risk
The Company's principal exposure to interest rate risk comes from its loan borrowings from its parent undertaking. The loan borrowings are index linked and issued at fixed rates which expose the Company to fair value interest rate risk.

Credit risk
The Company does not have a significant exposure to credit risk as receivables are mainly short-term trading items and related party receivables. The Company's assets are managed by agents who have responsibility for the prompt collection of amounts due.

Operational risk
Operational risk arises as a result of inadequate or failed internal processes, people or systems; or from external events. Details of the Aviva Group approach to operational risk are set out in the financial statements of Aviva Investors UK Fund Services Limited, which manages and administers the Company's obligations as and when they fall due.

Liquidity risk
The Company does not have a significant exposure to liquidity risk. Liquidity risk is managed by ensuring that there is always sufficient headroom available on the unsecured loan agreement to meet the working capital requirements of the business. The Directors monitor the maturity of the Company's obligations as and when they fall due.

Employees
The Company has no employees (2020: 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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

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.

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. 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 entities.

On behalf of the Board on 8 September 2022

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 2021 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 2021; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

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

Reporting on other information

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

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

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

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

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 revenue. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non compliance with laws and regulation and fraud;
- Reviewing relevant Board meeting minutes;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, entries posted containing unusual account descriptions, and entries posted with unusual amounts; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

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

Thomas Norrie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 September 2022

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	5	4,868,360	5,496,357
Cost of sales		(3,479,646)	(3,420,368)
Gross profit		1,388,714	2,075,989
Administrative expenses		(257,376)	(466,514)
Operating profit	6	1,131,338	1,609,475
Interest receivable and similar income	7	-	653
Interest payable and similar expenses	8	(5,760,936)	(3,436,880)
Loss before taxation		(4,629,598)	(1,826,752)
Tax on loss	9	840	178,003
Total comprehensive expense for the year		(4,628,758)	(1,648,749)

Continuing Operations
All amounts reported in the Statement of Comprehensive Income for the years ended 31 December 2021 and 31 December 2020 relate to continuing operations.

The notes on pages 12 to 20 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Tangible assets	10	40,108,581	42,108,136
CURRENT ASSETS			
Debtors	11	3,186,061	2,270,465
Cash at bank and in hand		1,541,079	1,209,428
		4,727,140	3,479,893
CREDITORS			
Amounts falling due within one year	12	(3,096,623)	(1,151,833)
Net current assets		1,630,517	2,328,060
Total assets less current liabilities		41,739,098	44,436,196
CREDITORS			
Amounts falling due after more than one year	13	(58,793,796)	(56,877,597)
Provisions for liabilities	14	(788,528)	(773,067)
Net liabilities		(17,843,226)	(13,214,468)
CAPITAL AND RESERVES			
Called up share capital	15	1	1
Accumulated losses		(17,843,227)	(13,214,469)
Total shareholders' deficit		(17,843,226)	(13,214,468)

The notes on pages 12 to 20 form an integral part of these financial statements.

The financial statements on pages 9 to 20 were approved by the Board of Directors on 8 September 2022 and signed on its behalf by:

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S McLachlan
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up Share capital	Accumulated losses	Total shareholders' deficit
	£	£	£
Balance at 1 January 2020	1	(11,565,720)	(11,565,719)
Total Comprehensive Expense for the year	-	(1,648,749)	(1,648,749)
Balance at 31 December 2020	1	(13,214,469)	(13,214,468)
Total Comprehensive Expense for the year	-	(4,628,758)	(4,628,758)
Balance at 31 December 2021	1	(17,843,227)	(17,843,226)

The notes on pages 12 to 20 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 operates.

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
The company has net liabilities of £17,843,226 (31 December 2020: £13,214,468). Included within this is an unsecured loan of £58,793,796 (31 December 2020: £56,877,597) from Aviva Investors Infrastructure Income No.5 Limited (the "parent undertaking"). 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, where to do so will place this company in an insolvent position. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements

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;

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.

Finance costs
Finance costs are recognised on an effective interest rate basis and include loan facility interest.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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, including creditors and loans payable, are initially measured at transaction price (including transaction costs), except for those financial liabilities classified as t 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 the 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 2021 was £788,528 (2020: £773,067). The discount rate 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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.

4.1 Critical accounting estimates and assumptions

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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fractional year are outlined below.

a) Impairment of non-financial assets
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.

4.2 Critical accounting judgements and assumptions

a) Decommissioning obligations
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 2021 was £788,528 (2020: £773,067). The discount rate applied was 2%.

5 TURNOVER

Analysis of the Company's turnover is as follows:

	2021	2020
Turnover analysed by class of business	£	£
Electricity production	4,868,360	5,496,357

6 OPERATING PROFIT

	2021	2020
This is stated after charging:	£	£
Operating leases – land and buildings	251,825	276,514
Depreciation of owned tangible assets	1,999,555	1,999,555
Auditors' remuneration – audit services	7,475	6,950

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 (2020: £nil). During the year no non-audit fees were paid to statutory auditors (2020: £nil).

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£	£
Interest receivable and similar income	-	653

8 INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Loan interest payable to parent undertaking	5,739,268	3,408,773
Other interest payable	21,668	28,107
	5,760,936	3,436,880

9 TAX ON LOSS

	2021	2020
Corporation tax:	£	£
Corporation tax at 19% (2020 – 19%)	-	-
Group relief receivable	-	(178,003)
Adjustments in respect of prior periods	(840)	-
Tax credit on loss	(840)	(178,003)

Factors affecting the tax credit for the year:
The tax assessed for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020 – 19%). The differences are explained below.

	2021	2020
	£	£
Loss before taxation	(4,629,598)	(1,826,752)
Tax at 19% (2020 – 19%)	(879,624)	(347,083)
Effects of:		
Fixed asset differences	32,017	32,017
Expenses not deductible for tax purposes	2,938	2,880
Other permanent differences	(177)	(177)
Group relief surrendered	-	178,003
Receipt for group relief	-	(178,003)
Adjustments in respect of prior periods	(840)	-
Re-measurement of deferred tax for changes in tax rates	(967,341)	(219,464)
Deferred tax not recognised	1,812,187	353,824
Tax credit for the year	(840)	(178,003)
Total deferred tax asset not recognised		
Fixed asset timing differences	2,053,153	1,199,368
Short term timing differences	(5,312,730)	(2,945,840)
Losses and other deductions	(771,011)	(472,794)
	(4,030,588)	(2,219,266)

The Company has unrecognised temporary differences of £16,122,000 (2020: £11,680,000) to carry forward indefinitely against future taxable income. This comprises £3,084,000 of trading losses carried forward and £21,251,000 of disallowed tax interest expense carried forward, partially offset by £8,213,000 of fixed asset timing differences carried forward. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

9 TAX ON LOSS - continued

In the Finance Bill 2021, which was substantively enacted on 24 May 2021, the corporation tax will increase to 25% from 1 April 2023. There is no impact on the Company's net assets as a consequence of this amendment.

10 TANGIBLE ASSETS

Leasehold wind farm development	Plant and machinery
Cost	£
At start of year	49,988,877
Additions for the year	-
At end of year	49,988,877
Accumulated depreciation	
At start of year	7,880,741
Charge for the year	1,999,555
At end of year	9,880,296
Net book value	
At 31 December 2020	42,108,136
At 31 December 2021	40,108,581

11 DEBTORS

Amounts falling due within one year:	2021	2020
	£	£
Trade debtors	531,033	539,312
Taxation	178,843	178,003
Other debtors	1,100,637	259,109
Prepayments and accrued income	1,375,548	1,294,041
	3,186,061	2,270,465

12 CREDITORS: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	156,605	71,604
Taxation and social security	1,483,872	695,995
Accruals and deferred income	1,456,146	384,234
	3,096,623	1,151,833

13 CREDITORS: Amounts falling due after more than one year

	2021	2020
	£	£
Loan from parent undertaking due in more than five years	58,793,796	56,877,597

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 £2,755,304 (2020: £477,841) representing RPI adjustment on the loan was capitalised during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

14 PROVISIONS FOR LIABILITIES

	Decommissioning provision	Total
	£	£
Balance at 1 January 2021	773,067	773,067
Charged to the Statement of Comprehensive Income	15,461	15,461
Balance at 31 December 2021	788,528	788,528

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

	2021	2020
	£	£
Issued and fully paid		
1 (2020:1) 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 operating leases are as follows:

Operating leases which expire:

Land and buildings	2021	2020
	£	£
Not later than one year	105,567	101,904
Later than one year and not later than five years	422,269	407,618
Later than five years	2,229,841	2,295,969

The amount of non-cancellable operating lease payments recognised as an expense during the year was £251,825 (2020: £276,514).

17 ULTIMATE PARENT UNDERTAKING & CONTROLLING PARTY

The Company's immediate parent undertaking is Aviva Investors Infrastructure Income No. 5 Limited, a company incorporated in the United Kingdom, and its' ultimate parent undertaking is Aviva Investors Infrastructure Income 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 2021. 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.