UK Green Investment Lyle Limited

Annual Report and Audited Financial Statements

For the period from 22 December 2016 to 31 March 2018

Company Registration No. 10537974

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COMPANY INFORMATION

BOARD OF DIRECTORS

Richard Abel	appointed on 17 August 2017
Stephen Alan John Deeley	appointed on 17 August 2017
Mark Jonathan Dooley	appointed on 17 August 2017
Gavin Bruce Merchant	appointed on 17 August 2017
Erin Kate Eisenberg	appointed on 12 January 2018
Gordon Ian Winston Parsons	appointed on 12 January 2018
Roberto Purcaro	appointed on 17 August 2017
David Paul Tilstone	appointed on 17 August 2017
Leigh Peter Harrison	appointed on 17 August 2017, resigned on 12 January 2018
Anthony James Lamb	appointed on 17 August 2017, resigned on 23 December 2017
Nigel Gordon Slater	appointed on 22 December 2016, resigned on 17 August 2017
John Lawson Stuart	appointed on 22 December 2016, resigned on 17 August 2017

COMPANY SECRETARIES

Leo Thorn Gent	appointed on 22 December 2016, resigned on 17 August 2017
Dominic Tan	appointed on 17 August 2017
Alter Domus (UK) Limited 18 St. Swithin's Lane London United Kingdom, EC4N 8AD	appointed on 17 August 2017

REGISTERED OFFICE

18 St. Swithin's Lane
London
United Kingdom, EC4N 8AD

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

COMPANY NUMBER

10537974 (England & Wales)

STRATEGIC REPORT

The Directors present their strategic report on the affairs of UK Green Investment Lyle Limited (the "Company") together with the audited financial statements (the "the Report and financial statements") for the period from 22 December 2016 to 31 March 2018.

INCORPORATION

The Company was incorporated in England and Wales on 22 December 2016 as a private company limited by shares under the Companies Act 2006. Its registered address is 18 St Swithin's Lane, London, United Kingdom, EC4N 8AD.

The Company is wholly owned by Clyde SPV Limited, a company incorporated and registered in England and Wales.

PRINCIPAL ACTIVITIES, REVIEW OF BUSINESS

The principal activity of the Company is that of a trading entity with a 31% interest in a joint arrangement called Lincs Wind Farm which was set up as a joint operation.

The Company and its parent entity Clyde SPV Limited were incorporated in connection with the Acquisition (as defined and further described below). On 17 February 2017, the Company entered into an agreement to acquire 31% of the share capital of Lincs Wind Farm Limited from Centrica (Lincs) Wind Farm Limited, a company registered in England and Wales, and Lincs Renewable Energy Holdings Limited, a company registered in England and Wales (the "Acquisition") for £281,503,987.

The principal activity of Lincs Wind Farm Limited is the generation of electricity in the UK through the use of offshore wind technology. The registered address is at 13 Queens Road, Aberdeen, Scotland, AB15 4YL (Registration Number: SC213646).

The Company's strategy is to maximise the lifetime value of the wind farm through active condition monitoring and maintenance to maintain high levels of availability and production. The Company has long-term offtake agreements which provide secure revenue from power sales.

At the balance sheet date, the Company had a net asset value of £58,605,338.

The loss for the period of the Company, attributable to equity holders from operations during the period ended 31 March 2018 amounted to £4,687,798. Included in this figure is operating profit of £9,656,573.

STRATEGIC REPORT - (CONTINUED)

FUTURE DEVELOPMENTS

The Company is not expected to change in nature for the foreseeable future.

Signed for and on behalf of the Board

Director

Date: 28 September 2018

DIRECTORS' REPORT

The Directors of UK Green Investment Lyle Limited present their Annual Report and Audited Financial Statements for the period from 22 December 2016 to 31 March 2018.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Please refer to the Strategic Report and notes to the financial statements for detailed disclosures relating to the review of the business and future developments.

RESULTS AND DIVIDENDS

The Company's loss for the period of £4,687,798 as disclosed on page 12, was transferred to reserves. During the period, the Company paid dividend to its shareholders of £7,644,453.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainty is revenue uncertainty. Revenue is dependent on the availability of both the wind farm and the associated transmission assets. The availability is driven by the technical performance of the wind turbines, physical access to the wind farm and transmission system availability.

Non-compliance with statutory Health, Safety, and Environment (HSE) obligations is also a principal risk. The Company operates a comprehensive HSE management system, and actively monitors its performance in order to identify and implement improvements.

EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There were no significant subsequent events requiring adjustment to or disclosure in the financial statements subsequent to 31 March 2018.

EMPLOYEES

The Company has no employees.

GOING CONCERN

The financial statements have been prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management has taken into account all available information about the future, which is at least 12 months from the date the financial statements were signed.

DIRECTORS' REPORT - (CONTINUED)

Statement of the Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the Audited Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 IFRSs as adopted by the European Union 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' REPORT - (CONTINUED)

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that:

- so far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Relevant audit information is defined as information needed by the Company's auditors in connection with preparing their report.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. The directors shall propose a resolution to reappoint them subsequent to the approval of the financial statements.

Signed for and on behalf of the Board

Director

Date: 28 September 2018

Independent auditors' report to the members of UK Green Investment Lyle Limited

Report on the audit of the financial statements

Opinion

In our opinion, UK Green Investment Lyle Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss and cash flows for the 15 month period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; 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 Audited Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2018, the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the 15 month period 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 when:

- 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 Strategic Report and 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.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 March 2018 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 Strategic Report and 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 the Directors' Responsibilites, 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.

Peter Acloque

Peter Acloque (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 September 2018

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	2018
		£
Non-current assets		
Goodwill	4	5,831,481
Property, plant & equipment	5	264,935,639
Total non-current assets		**270,767,120**
Current assets		
Inventories	6	52,080
Trade and other receivables	7	16,090,197
Cash and cash equivalents	8	8,821,318
Other current financial assets	10	266,489
Total current assets		**25,230,084**
Total Assets		**295,997,204**
Equity		
Share capital	9	706,810
Retained earnings		57,632,039
Other reserves		266,489
Total equity		**58,605,338**
Non-Current Liabilities		
Loans and borrowings	11	201,555,136
Provisions	12	8,724,603
Deferred tax liabilities	14	10,386,174
Total Non-Current Liabilities		**220,665,913**
Current Liabilities		
Trade and other payables	15	8,193,479
Other current financial liabilities	10	173,938
Loans and borrowings	11	8,358,536
Total current liabilities		**16,725,953**
Total liabilities and equity		**295,997,204**

Company Registration No. 10537974 (England and Wales)

The financial statements on pages 11 to 32 were approved and authorised by the Directors of the Company on 28 September 2018 and were signed on its behalf by:

Director
UK Green Investment Lyle Limited

The notes on pages 15 to 32 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2018

	Notes	22 Dec 2016 to 31 Mar 2018 £
Revenue	16	47,570,378
Cost of sales		(35,259,305)
Gross profit		12,311,073
Administrative expenses		(2,654,500)
Operating profit		9,656,573
Finance income		11,789
Finance costs	18	(14,011,837)
Net finance costs		(14,000,048)
Loss before tax		(4,343,475)
Tax charge	13	(344,323)
Loss for the period		(4,687,798)
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		266,489
Total comprehensive loss for the period		(4,421,309)

The above results were derived from continuing operations.

The notes on pages 15 to 32 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2018

	Share capital	Share premium	Retained earnings	Other reserves	Total equity
	£	£	£	£	£
Balance as at 22 December 2016	-	-	-	-	-
Issued share capital	706,810	69,964,290	-	-	70,671,100
Share premium transferred to reserves	-	(69,964,290)	69,964,290	-	-
Loss for the period	-	-	(4,687,798)	-	(4,687,798)
Dividend paid	-	-	(7,644,453)	-	(7,644,453)
Cash flow hedge	-	-	-	266,489	266,489
Balance as at 31 March 2018	706,810	-	57,632,039	266,489	58,605,338

The notes on pages 15 to 32 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2018

	Notes	22 Dec 2016 to 31 Mar 2018 £
Operating activities		
Loss before tax		(4,343,475)
Adjustment for:		
Depreciation	5	18,457,867
Amortisation of finance cost		128,067
Finance income		(11,789)
Finance costs	18	14,011,837
Net (increase)/decrease in operating assets		
Increase in inventories	6	(52,080)
Increase in trade and other receivables	7	(16,090,197)
Increase in trade and other payables	15	7,687,128
		(8,455,149)
Net cash flows from operating activities		19,787,358
Investing activities		
Acquisition of property, plant and equipment (net of associated liabilities)		(270,284,593)
Interest received		11,789
Net cash flows used in investing activities		(270,272,804)
Financing activities		
Proceeds from issuance of shares	9	70,671,100
Dividends paid		(7,644,453)
Net proceeds from borrowings		209,785,605
Interest paid		(13,505,488)
Net cash flows from financing activities		259,306,764
Net increase in cash and cash equivalents		8,821,318
Cash and cash equivalents at the start of the period		-
Cash and cash equivalents at the end of the period	8	8,821,318

The notes on pages 15 to 32 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2018

1. GENERAL INFORMATION

UK Green Investment Lyle Limited is a private company limited by shares domiciled in England and Wales, United Kingdom. The address of its registered office is at 18 St Swithin's Lane, London, United Kingdom, EC4N 8AD.

These financial statements have been prepared for the period from 22 December 2016 to 31 March 2018.

The immediate parent of the Company is Clyde SPV Limited, company number: 10662351, incorporated on 9 March 2017 in the United Kingdom, having its registered office at 18 St Swithin's Lane, London, United Kingdom, EC4N 8AD.

The principal activity of the Company is the generation of electricity in the UK through the use of offshore wind technology.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Companies Act 2006.

b. Basis of preparation

The financial statements have been prepared on a historical cost basis, as modified by financial assets and financial liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

b. Basis of preparation (continued)

Under IFRS 11 "Joint Arrangements" investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

In case of joint operations, the Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

The Company has a 31% interest in a joint arrangement called Lincs Wind Farm Limited which was set up as a joint operation together with Lyle JV Holdings Limited and Orsted Lincs (UK) Limited to generate electricity in the UK through the use of offshore wind technology. The principal place of business of the joint operation is in Aberdeen, Scotland. 100% of the revenue of the Company is from the operations of the wind farm. 8% and 91% of total assets and total liabilities, respectively, represents the share of the Company before accounting for the 31% interest on the joint operation.

c. Going concern

The financial statements have been prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management has taken into account all available information about the future , which is at least 12 months from the date the financial statements were signed.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

d. Changes in accounting policies and disclosures

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of the issuance of the Company's financial statements are disclosed below. This listing of standards and interpretations issued are those that the Company expects to be applicable at a future date. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 2 Classification and measurement of share-based payment transactions

The International Accounting Standards Board (IASB) issued amendments to IFRS that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The adoption of IFRS 2 is not expected to have any effect on the current activities of the Company.

IFRS 9 Financial instruments

In July 2014, the IASB issued IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: Classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The directors have performed an assessment on the adoption of IFRS 9 and do not expect any impact on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers

The IASB has issued a new standard for the recognition of revenue which is effective for periods beginning on, or after, January 2018. The adoption of IFRS 15 is not expected to have any effect on the current activities of the Company.

IFRS 16 Leases

IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and principles for reporting useful information to users of financial statements about the leasing activity of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard is effective for annual periods beginning on or after January 2019 (with early adoption permitted). IFRS 16 is not expected to impact the Company.

2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

e. Intangible assets

Goodwill
Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill on acquisition is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Other intangible assets
Intangible assets are identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed internally by the Company, where applicable. Only assets whose cost can be estimated reasonably objectively and from which the Company considers it probable that future economic benefits will be generated are recognised. Intangible assets are stated at original cost less accumulated amortisation.

f. Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and labour. Borrowing costs relating to both specific and general borrowings directly attributable to qualifying assets under construction with a lengthy construction period are recognised in cost during the construction period. Cost is increased by the present value of the estimate obligations for decommissioning and restoration to the extent that they are recognised as a provision.

Subsequent costs, for example in connection with replacement of parts of an item of property, plant and equipment, are recognised in the carrying amount of the asset in question when is its probable that future economic benefits will flow to the company from the expenses incurred. Replaced parts are derecognised from the balance sheet, and their carrying amounts are recognised in profit (loss) for the period. All other repair and maintenance expenses are recognised in profit (loss) for the period as incurred.

The Company depreciates property, plant and equipment on a straight line basis over the remaining life of the asset:

Asset class	
- Decommissioning asset	20 years from date of acquisition
- Wind Farm	20 years from date of acquisition

g. Fixed asset investments

Investments in joint operations are held at cost less any provisions for impairment.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

h. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

i. Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less any appropriate allowances for estimated irrecoverable amounts. A provision is established for irrecoverable amounts when there is objective evidence that amounts due under the original payment terms will not be collected.

j. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

k. Share capital

Ordinary shares are classified as equity.

l. Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

m. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest method.

n. Provisions

General
Provisions are recognised when, as a result of an event occurring before or at the balance sheet date, the company has a legal or constructive obligation, the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits. A provision for onerous contracts is recognised when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

o. Tax

Current tax expense or benefit is based on the taxable profit for that period. Taxable profit differs from the profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Furthermore the accrual for current tax includes provisions for uncertain tax positions which require estimates for each matter and the exercise of judgement in respect of the interpretation of tax laws and the likelihood of challenge of historical tax positions.

Current tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries based on the tax rates and laws enacted or substantively enacted at the date of the statements of financial position. The Company periodically evaluates positions taken in the tax returns for situations in which applicable tax regulations are subject to interpretation and establish provisions where appropriate.

Deferred tax liabilities are provided for using the liability method on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that the deductions and tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each date of the statements of financial position and reduced to the extent it is no longer probable that the deferred or income tax assets will be recovered. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to prevail in the period when the asset is realized or the liability settled, based on the tax rates and laws that have been enacted or substantively enacted at the dates of the statements of financial position.

p. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

q. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset or assets. Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease.

Payments under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

r. Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and liabilities are described below.

Classification and subsequent measurement of financial assets

The Company's financial assets include cash and cash equivalents and other receivables, classified in the 'Loans and receivables' category.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Given the short-term maturities, the fair value of current financial assets approximates their carrying value.

The Company's derivative financial assets are designated at fair value through profit and loss.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Company does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Company does not have any assets held for trading nor has it designated any financial assets as being at fair value through profit or loss.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include trade and other payables and borrowings, and are designated at amortised cost.

Financial liabilities measured subsequently at amortised cost use the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Given the short-term maturities, the fair value of current liabilities approximates their carrying value.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

r. Financial instruments - (continued)

Impairment of financial assets

A financial asset is impaired when its carrying amount exceeds its recoverable amount. The Company reviews all of its assets at each reporting date for indicators of impairment.

The carrying amount of impaired financial assets is reduced to its estimated recoverable amount and the amount of change in the current year provision is recognised in the statement of comprehensive income as part of changes in provisions of impairment.

If in a subsequent period, the amount of the impairment on financial assets decreases, the amount is reversed by adjusting the impairment and is recognised in the statement of comprehensive income.

Financial assets are impaired where there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset the estimated future cash flows of the asset have been impacted.

Derivatives financial instruments

The Company enters into derivative financial instruments to manage its exposure to interest rate and credit risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

s. Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Production assets are tested for impairment if there is any indication of impairment. For production assets with a limited lifetime such as wind turbines, cash flows are calculated based on forecast for the entire lifetime of the asset. The determination of the recoverable amount for production assets is based on a number of assumptions. Such assumptions include future market conditions, market prices, electricity, weighted average cost of capital (WACC) and exchange rates.

t. Revenue recognition

Revenue is recognised in profit (loss) for the year when delivery and transfer of risk to the buyer have taken place and to the extent that the income can be measured reliably and is expected to be received. Revenue is measured at the fair value of the agreed consideration excluding VAT and other indirect taxes collected on behalf of third parties.

Revenue comprises of sale of electricity at market prices and regulated prices (fixed tariffs and guaranteed minimum prices for green certificates), which is recognised at the production date.

u. Administrative and other general expenses

Administrative and other general expenses comprise operating expenses of the Company. These expenses are recognised on an accruals basis.

v. Finance income and finance cost

Finance income and expenses comprise interest receivable and payable on financial assets held-to-maturity and other financial liabilities.

Interest income and expense are recognised in the statement of comprehensive income as they accrue, taking into account the effective yield on the asset or liability.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management 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 end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amount recognised in the financial statements:

Deferred tax
Deferred tax assets, including the tax base of tax loss carry-forwards, are reassessed annually and recognised to the extent that it is probable that they will be utilised in the foreseeable future. Management's reassessment is based on future outlook of the investment plan and expected revenue generation.

Decommissioning provisions
The estimated cost of decommissioning at the end of the life of the wind farm is reviewed periodically and is based on price levels and technology at the year-end date. Provision is made for the estimated cost of decommissioning at the date of these financial statements. The payment dates of the total expected future decommissioning costs are uncertain and dependent on the lives of the facilities, but it is currently anticipated that the majority of the costs would be paid in 2033.

Useful lives of production assets
The expected useful lives of production assets are determined based on historical experience and expectations concerning the future use of these assets. The expected future applications may subsequently prove not to be realisable, which may require useful lives to be reassessed.

Assessment of impairment of goodwill and intangible assets
IFRS require companies to carry out impairment testing on any assets which show indications of impairment. In carrying out this assessment, we have exercised judgement in considering future cash flows as well as other information in accordance with the accounting policy to determine the true and fair value of an asset. This is performed in order to determine whether an impairment of the investment is required.

Joint arrangements
The determination of whether a joint arrangement is a joint operation or joint venture involves significant judgement. The agreement between UK Green Investment Lyle Limited, Lyle JV Holdings Limited and Orsted Lincs (UK) Limited in relation to the joint operation requires unanimous consent from all parties for all relevant activities. All parties recognise their direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. This entity is therefore classified as a joint operation and recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

4. GOODWILL

	£
Cost	
As at 22 December 2016	-
Additions	5,831,481
As at 31 March 2018	5,831,481

Goodwill arose on the acquisition of the company's joint operation, Lincs Wind Farm Limited.

Impairment tests for goodwill

The Company tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

5. PROPERTY, PLANT & EQUIPMENT

	Decommissioning Asset	Wind farm	Total
	£	£	£
Cost			
As at 22 December 2016	-	-	-
Additions	6,760,117	276,633,389	283,393,506
At 31 March 2018	6,760,117	276,633,389	283,393,506
Accumulated depreciation:			
At 22 December 2016	-	-	-
Charge for the period	455,687	18,002,180	18,457,867
At 31 March 2018	455,687	18,002,180	18,457,867
Carrying value at 31 March 2018	6,304,430	258,631,209	264,935,639

The depreciation charge for the year of £18,457,867 is included in the Cost of Sales.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

6. INVENTORIES

	31 Mar 2018
	£
Raw materials and consumables	52,080

7. TRADE AND OTHER RECEIVABLES

	31 Mar 2018
	£
Accrued income	13,786,101
Prepayments	2,304,096
Total	16,090,197

8. CASH AND CASH EQUIVALENTS

	31 Mar 2018
	£
Cash at bank and in hand	8,821,318
Total	8,821,318

The cash and cash equivalents disclosed above and in the statement of cash flows are all available on demand and there are no restricted cash amounts.

9. SHARE CAPITAL

The Company's total share capital was £706,810 as at 31 March 2018 comprising 706,810 ordinary shares at a par value of one pound per share (£1). Each share has identical voting rights.

On incorporation 100 Ordinary shares were issued at par. On 16 February 2017, 706,710 Ordinary shares were issued with a premium of £99 paid for each share awarded to Clyde SPV Limited. On 5 December 2017, the company converted its share premium of £69,964,290 into distributable reserves.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

10. DERIVATIVE FINANCIAL INSTRUMENTS

	31 Mar 2018
	£
Interest rate swap derivatives in hedge accounting relationship - assets	266,489
Foreign exchange derivatives at fair value through profit and loss - liabilities	(173,938)
	92,551

Exposure arises from the variability in future interest cash flows on liabilities which bear interest at variable rates. Interest rate swaps are maintained, and designated as cash flow hedges, where they qualify, to manage this exposure. Fair value changes on designated cash flow hedges are initially recognised directly in the cash flow hedge reserve, as gains or losses recognised in equity and any ineffective portion is recognised directly in the cash flow hedge reserve, as gains or losses recognised immediately in the income statement. Amounts are transferred from equity and recognised in the income statement or capitalised as the income or expense is recognised on the hedged item. The derivative financial instrument is classified as level 2 on the fair value measurement hierarchy.

Foreign exchange derivatives at fair value are recognised through profit and loss.

11. LOANS AND BORROWINGS

	31 Mar 2018
	£
Borrowings	216,630,234
Less unamortised finance cost	(6,716,562)
Total	209,913,672
Due within 1 year	8,358,536
Due after 1 year	201,555,136
	209,913,672

Secured bank debt is denominated in Pounds Sterling and bears interest at 1.45% (1.65% from 1 January 2023 until 31 December 2027 and 1.85% from 1 January 2028 until the final maturity date) per annum over LIBOR, and repayable in full on the final maturity date of 30 September 2032.

12. PROVISIONS

	31 Mar 2018
	£
As at 22 December 2016	-
Additions on acquisition	9,059,148
Charges to the income statement	84,403
Change in estimates	(418,948)
At 31 March 2018	8,724,603

The decommissioning provision represents the future expected costs of decommissioning the wind farm asset at the end of its useful economic life, discounted to its present value. The payment date of the total expected future decommissioning costs is uncertain but is currently anticipated to be 2033. The above provision relates solely to assets held at the date of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

13. TAX CHARGE

	2018
	£
Tax charged to the income statement	
Deferred taxation	
Arising from origination and reversal of temporary differences	344,323
Total deferred taxation	**344,323**

The tax assessed for the period is equal to the standard effective rate of corporation tax in the UK of 19.31% for the period ended 31 March 2018.

The tax assessed on the Loss before tax is explained below:

	2018
	£
Loss before tax	(4,343,475)
Corporation tax at the standard rate	(834,816)
Expenses not deductible	1,179,139
Total	344,323

Factors that might affect future tax charges:

The main rate of UK corporation tax from 1 April 2016 was 20%. This was reduced to 19% from 1 April 2017 and will be reduced to 18% from 1 April 2020. A further rate reduction to 17%, effective from 1 April 2020, was announced on 16 March 2016. These changes have been enacted at the reporting date and the deferred tax balances at 31 March 2018 have been recognised at 17%.

14. DEFERRED TAX LIABILITIES

	31 Mar 2018
	£
As at 22 December 2016	-
Additions (net)	10,386,174
As at 31 March 2018	10,386,174

From the total amount of deferred tax liabilities, £4,554,693 are related to the Joint Operation, whereas the £5,831,481 is arising from Goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

15. TRADE AND OTHER PAYABLES

	31 Mar 2018
	£
Trade creditors	534,471
Other creditors	1,775,932
Accruals	5,156,454
VAT payable	726,622
Total	8,193,479

16. REVENUE

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2018
	£
Power	12,682,112
ROCs	34,687,601
Other income	200,665
Total	47,570,378

Under the Power Purchase Agreement, the Company receives 31% of the electrical output and renewable obligation certificate (ROC) benefits generated by the wind farm asset. All output is sold to British Gas Trading Limited.

17. AUDITORS' REMUNERATION

	2018
	£
Fees payable to company's auditors for the audit of the financial statements	18,000
Fees payable to company's auditors for other services	
- Tax advisory services	118,526
Total	136,526

18. FINANCE COSTS

	2018
	£
Interest on shareholder loan	12,207,071
Interest expense - External Debt	1,212,321
Interest Rate Swaps	592,445
Total	14,011,837

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

19. FINANCIAL RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Interest rate risk
- Credit risk
- Liquidity risk
- Price risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Derivative financial instruments
- Trade and other receivables
- Cash and cash equivalents
- Borrowings
- Trade and other payables

Financial instruments by category

	Held at amortised cost 2018	Held at fair value through profit and loss 2018	Total 2018
Financial Assets	£	£	£
Derivative financial instruments	-	266,489	266,489
Trade and other receivables	16,090,197	-	16,090,197
Cash and cash equivalents	8,821,318	-	8,821,318
Total	**24,911,515**	**266,489**	**25,178,004**
Financial Liabilities			
Derivative financial instruments	-	173,938	173,938
Loans and borrowings	209,913,672	-	209,913,672
Trade and other payables	8,193,479	-	8,193,479
	218,107,151	**173,938**	**218,281,089**

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risks limits and other controls. The process of risk management is critical to the Company's continuing profitability.

The Company's senior management oversees the management of these risks. Management reviews and agrees policies for managing each of these risks, which are summarised below.

19. FINANCIAL RISK MANAGEMENT - (CONTINUED)

a. Interest rate risk

Interest rate risk is the risk of loss through unhedged or mismatched asset and liability positions sensitive to changes in interest rates.

The Company is exposed to changing interest rates as interest on its borrowings from the banks is based on a fixed margin over LIBOR. However, the Company has eliminated this risk by entering into interest rate swap agreements with similar characteristics to hedge the related risk.

b. Credit and liquidity risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk due to its loan to its related parties.

This risk is mitigated by the strong on-going customer relationships and credit rating. The composition of the bulk trading counterparties are fellow Group and other related party entities and the associated risk of default is low.

An analysis is performed at each reporting date on an individual basis for major counterparties. No receivables were past due and impaired as at 31 March 2018.

Liquidity risk is defined as the risk the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected. The Company expects to meet its financial obligations through operating cash flows.

c. Price risk

The Company's activities expose it to price risk. The Company's risk management programme seeks to minimise potential adverse effects on the Company's financial performance arising from the unpredictability of electricity markets.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Within 1 year	Between 2-5 years	After more than 5 years	Total
	£	£	£	£
31 March 2018				
Other financial liabilities	173,938	-	-	173,938
Trade and other payables	8,193,479	-	-	8,193,479
Loans & borrowings	8,358,536	47,375,448	160,896,251	216,630,235
	16,725,953	47,375,448	160,896,251	224,997,652

From the current performance of the Company, there is no indication for the next 12 months that the Company will face significant liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2018

20. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the ability to continue as a going concern in order to provide returns to parent entities. The Company's overall risk management program seeks to minimise potential adverse effects on the Company's financial performance.

21. RELATED PARTY TRANSACTIONS

Parties are deemed related when one has an ability to control the other or exercise significant influence while making financial and operational decisions.

During the period, the Company received funding from the shareholders of its parent company in the amount of £213,316,000. Interest charged during the period amounted to £12,207,071. As at 31 March 2018, the loan was repaid in full.

Under the agreement made on 17 August 2017, the shareholders that are indirect holders of the Company are responsible for paying its equity proportion of the charges and any exit assistance costs directly to Macquarie Infrastructure and Real Assets (Europe) Limited in accordance with the terms of the Operation Service Agreement.

22. SUBSEQUENT EVENTS

The directors are not aware of any other matters or circumstances which have arisen that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2018 not otherwise disclosed in the financial statements.

23. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate and ultimate parent undertaking of the company is Clyde SPV Limited, a company registered in England and Wales.