Company Registration No. 10700891

Diamond Green Limited

Annual Report and Financial Statements

For the year ended 31 December 2021

Diamond Green Limited

Annual report and financial statements for the year ended 31 December 2021

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Diamond Green Limited

Annual report and financial statements for the year ended 31 December 2021

Officers and professional advisers

Directors

Yasushi Umemura
Hayato Shinada
Masashi Fukaya
Stephen Altria
Samuel Thompson
Mohamed Raza Haindaday
Shinichiro Honda
Makoto Murata

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United Kingdom
WC1V 6BA

Banker

Mizuho Bank Limited
Mizuho House
30 Old Bailey
London
EC4M 7AU

Auditor

Deloitte LLP
Statutory Auditor
2 New Street Square
London
United Kingdom
EC4A 3BZ

Diamond Green Limited

Strategic report

The Directors present their annual report and the financial statements for the year ended 31 December 2021. The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activities

The Company was incorporated under the Companies Act 2006 on 31 March 2017 to act as an investment holding company with a share in a joint venture UK offshore wind project company; Moray Offshore Windfarm (East) Limited ("MOWEL"). The Company's investment in MOWEL is held via an intermediate holding company, Moray East Holdings Limited ("MEHL") which owns 100% of the share capital of MOWEL. Henceforth, MEHL and/or MOWEL are referred to as "the Project".

The Company owns 33.4% of the shares of the Project and exercises joint control along with Ocean Winds ("OW") and China Three Gorges ("CTG").

Review of the business and future developments

The Project was granted consent, in 2014, to construct and operate a windfarm with a capacity of up to 1,116MW, and won a 950MW contract for difference in September 2017, which set the price of power generated at £57.50 per MWhr. Construction began in 2019.

During the year, wind turbines were installed in a phased manner and the Project commenced early operations from June 2021 as the turbines became operational. By the end of the year, all 100 turbines were successfully commissioned and the project was generating a significant amount of power. Following the end of the year, the Project completed the entire construction phase and achieved commercial operation on 1 April 2022. The Project is now in the operation and maintenance phase during which the focus is on maintaining the operations of the windfarm to the highest possible standards in order to generate revenue from the sale of electricity generated from the windfarm. Following completion, the Project is capable of supplying power to one million households.

In the year ended 31 December 2021, the Company made a profit after taxation of £27,614,599 (31 December 2020: profit after taxation of £371,887). The profit was primarily due to the Company's share of profit from the Project recognised under the equity method. The operating profit of £11,754,722 (31 December 2020: £11,690,686) was due to recognition of revenue that exceeded the Company's administrative expenses. Revenue of £11,893,137 (31 December 2020: £11,830,182) largely consists of fees from the Project in consideration for providing parent company guarantees from the shareholders of the Company for guaranteeing its share of MEHL's Equity Bridging Loan ("EBL").

Corresponding to the above revenue, finance costs of £13,489,370 (31 December 2020: £12,719,843) consists of fees payable to the Company's shareholders in proportion to their shareholding for provision of parent company guarantees in relation to DGL's share of the EBL in MEHL.

Review of the business and future developments (continued)

The Company recognized £27,749,458 (31 December 2020: £303,719) as its share of the joint venture's profit for the year. In addition to this, the Company's recognised other comprehensive losses in the year relating to hedging arrangements, of £27,749,458 (31 December 2020: £303,720). In line with the requirements of IAS 28 *Investments in Associates and Joint Ventures*, the Company's share of the joint venture's other comprehensive loss in excess of this amount has not been recognized as the investment value has been reduced to nil due to the Project's negative hedging reserves. Subject to this restriction, the hedging reserve represents the Company's share of the effective portion of movements in the value of the interest rate swaps, consumer price inflation swaps and foreign currency swaps within the Project. The derivative liabilities in the Project reduced slightly in the year due to movement in interest rates, foreign exchange rates and inflation (CPI) during the period.

The Company's net assets as at 31 December 2021 were £1,453,040 (31 December 2020: £1,587,899). The slight decrease is due to the Company's administrative expenses and the fact that the positive share of earnings from the joint venture was offset by the recognition of additional share of negative hedging reserves.

The Directors do not believe that further information around key performance indicators is necessary at this stage for an understanding of the development, performance or position of the Company.

The Directors do not anticipate making any changes to the management policies or strategy currently in place.

Principal risks and uncertainties

The principal areas of risk relate to financial risk such as liquidity risk, valuation risk and credit risk.

Liquidity risk

Following the repayment of intercompany loans, the Company's sources of funding are its cash at bank, equity from the shareholders and expected distributions from the Project. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations, the Company reviews its cash flow and those of its investments on a regular basis. The liquidity risk to the Company is considered to be minimal.

Valuation risk

The company's valuation risk is primarily attributable to the potential impairment of the investment. The investment is classified as a joint venture and accounted for using the equity method. An investment in a joint venture is initially recognised in the balance sheet at cost and adjusted thereafter to recognise the company's share of the profit or loss and other comprehensive income of the investee. The valuation risk is mitigated through careful monitoring and management of the business plans and performance of the Project, including reviews of forecast cash flows and income statements and attendance at board meetings of the Project to address commercial or financial issues.

Credit risk

The company's principal financial assets are bank balances and other receivables. The company's credit risk is primarily attributable to its receivable from the Project. The company monitors the credit risk of the counterparty through regular reviews of the projections for the Project company, in particular cash flow forecasts.

Regulatory risk

The Project works within the framework of the UK Government's laws and regulations with respect to various aspects of its operations and finances, such as regulations on energy producers, tax rules and support mechanisms for low carbon electricity generation. The Company monitors developments in laws and regulations closely and works with external and internal legal advisors to mitigate risk to the extent possible.

Diamond Green Limited

Strategic report (continued)

Events after the balance sheet date

In November 2022, the UK Government announced that it would be introducing a temporary additional levy on certain electricity generation companies, the Electricity Generator Levy ("the EGL"). The EGL is not expected to have a significant impact on the Project as it will not apply to revenues generated under a CfD contract such as that held by the Project. There are no other events after the end of the reporting period which require adjustment or disclosure.

Approved by the Board of Directors and signed on behalf of the Board on 27 December 2022.

Stephen Altria

Director

Diamond Green Limited

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2021.

The Strategic Report includes information regarding future developments, as well as financial risk management policies and objectives under principal risks and uncertainties in the Strategic Report on page 2 which are required by regulations to be disclosed in the Directors' Report as the Directors consider this information is of strategic importance to the Company.

Directors of the Company

The Directors, who served throughout the period and to the date of this report, except as indicated, were as follows:

Fukashi Kumura (resigned 18 July 2022)
Hayato Shinada
Mohamed Raza Haindaday
Yoshida Takeda (appointed 5 January 2021, resigned 18 July 2022)
Masashi Fukaya
Stephen Altria
Samuel Thompson
Yasushi Umemura
Hisatsugu Nakamura (resigned 5 January 2021)
Shinichiro Honda (appointed 18 July 2022)
Makoto Murata (appointed 22 July 2022)

Directors' indemnity

Each of the shareholders of the Company has arranged, in accordance with the Companies Act 2006 and the Articles of Association, qualifying third party indemnities against financial exposure that Directors may incur in the course of their professional duties performed on this entity.

Dividends

The Directors did not propose nor pay any dividend for the current or prior period. In addition, no dividends were declared since the year end.

Going concern

The directors have considered forecasts for both the Company and the Project, taking account of the current market conditions which demonstrate that the Company should be able to continue to operate within the financial resources available to it. The forecasts used for this exercise are based on various assumptions regarding expected levels of income and cost and take into account the impact of the COVID-19 pandemic.

The project achieved commercial operations on 1 April 2022 and is now fully operational and generating significant cash inflows. Construction phase contract packages have been closed and the final cost confirmation was submitted to the lenders in May 2022 with no cost overruns.

Going concern (continued)

In addition to the impact on the Project as set out above, COVID-19 has had only a minimal impact on the Company. The Company had £1.5m cash as at 31 December 2021 to fund its ongoing operating costs and net current assets of £1.45m. The Company should be able to continue to operate over the 12-month period from the date of approval of these financial statements with its current levels of cash at bank balance of £1.4m as at the end of November 2022. The Company is managed by its 50% shareholder Diamond Generating Europe Investments Limited ("DGI") under a service agreement. DGI staff are predominantly working remotely but this has no impact on the ability to manage the Company under the terms of the service agreement.

The Company's forecasts and projections, taking account of reasonably possible changes in the current market conditions, show that the Company will be able to operate with the current levels of cash over the 12 month period from the date of approval of these financial statements.

After making enquiries, the Directors have a reasonable expectation that after considering the impact of COVID-19, the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 3 to the financial statements.

Disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Auditor

Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board on 27 December 2022.

Stephen Altria
Director

Diamond Green Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by IASB. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that the directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Diamond Green Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Diamond Green Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows;
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

Independent auditor's report to the members of Diamond Green Limited (continued)

Other information (continued)

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Independent auditor's report to the members of Diamond Green Limited (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Independent auditor's report to the members of Diamond Green Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Lowes

Andrew Lowes (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
27 December 2022

Diamond Green Limited

Statement of comprehensive income
For the year ended 31 December 2021

	Note	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Revenue	4	11,893,137	11,830,182
Gross profit		**11,893,137**	**11,830,182**
Administrative expenses		(138,415)	(139,496)
Operating profit	**5**	**11,754,722**	**11,690,686**
Finance income	4,6	1,599,789	894,651
Other income	7	-	202,674
Finance costs	8	(13,489,370)	(12,719,843)
Share of profit of joint venture	9	27,749,458	303,719
Profit before taxation		**27,614,599**	**371,887**
Taxation	10	-	-
Profit for the year		27,614,599	371,887
Items that may subsequently be reclassified to profit and loss			
Share of joint venture loss on hedging, net of income tax	11	(27,749,458)	(303,720)
Other comprehensive expense, net of income tax		(27,749,458)	(303,720)
Total comprehensive (expense)/income for the period		**(134,859)**	**68,167**

All results are derived from continuing operations and the accompanying notes form an integral part of the financial statements.

Diamond Green Limited

Statement of financial position
As at 31 December 2021

	Note	31 December 2021 £	31 December 2020 £
Non-current assets			
Investment in joint venture	11	-	-
Other receivables	12	4,031,501	22,610,186
		4,031,501	22,610,186
Current assets			
Other receivables	12	32,068,055	7,313
Cash at bank and in hand		1,516,989	39,402
Short-term cash deposits		-	1,590,000
		33,585,044	1,636,715
Total assets		37,616,545	24,246,901
Current liabilities			
Trade and other payables	13	(32,132,004)	(48,816)
		(32,132,004)	(48,816)
Net current assets		**1,453,040**	**1,587,899**
Non-current liabilities			
Trade and other payables	13	(4,031,501)	(22,610,186)
		(4,031,501)	(22,610,186)
Total liabilities		(36,163,505)	(22,659,002)
Net assets		1,453,040	1,587,899
Equity			
Share capital	14	33,100,000	33,100,000
Hedging reserve		(58,327,025)	(30,577,567)
Retained earnings		26,680,065	(934,534)
		1,453,040	**1,587,899**

The above statement should be read in conjunction with the accompanying notes.

The financial statements of Diamond Green Limited, registered number 10700891, were approved and authorised for issue by the Board of Directors on 27 December 2022.

Signed on behalf of the Board of Directors

S Altria

Stephen Altria- Director

Diamond Green Limited

Statement of changes in equity
For the year ended 31 December 2021

	Share Capital £	Hedging Reserve £	Retained Earnings £	Total Equity £
Balance at 1 January 2020	33,100,000	(30,273,847)	(1,306,421)	1,519,732
Profit for the period	-	-	371,887	371,887
Share of jointly controlled entities other comprehensive expense	-	(303,720)	-	(303,720)
Total comprehensive (expense) / income for the period	-	(303,720)	371,887	68,167
Balance at 31 December 2020	33,100,000	(30,577,567)	(934,534)	1,587,899
Profit for the year	-	-	27,614,599	27,614,599
Share of jointly controlled entities other comprehensive expense	-	(27,749,458)	-	(27,749,458)
Total comprehensive (expense) / income for the year	-	(27,749,458)	27,614,599	(134,859)
Balance at 31 December 2021	33,100,000	(58,327,025)	26,680,065	1,453,040

Diamond Green Limited

Statement of cash flows
For the year ended 31 December 2021

	Note	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Profit for the year	15	27,614,599	371,887
Adjustment for:			
Revenue	4	(11,893,137)	(11,830,182)
Tax	10	-	-
Share of profit of joint venture	9	(27,749,458)	(303,720)
Finance income	6	(1,599,789)	(894,651)
Other income	7	-	(202,674)
Finance costs	8	13,489,370	12,719,843
Change in working capital:			
Movement in receivables		(13,482,059)	(12,719,843)
Movement in payables	13	13,504,508	12,700,630
Net cash used in operating activities		(115,966)	(158,710)
Investing activities			
Interest received		3,553	4,988
Return of capital from joint venture		-	202,676
Net cash generated from investing activities		3,553	207,664
Net (decrease) / increase in cash and cash equivalents		(112,413)	48,954
Cash and cash equivalents at the beginning of the year[1]		1,629,402	1,580,448
Cash and cash equivalents at the end of the year		1,516,989	1,629,402

[1]£1,516,989 of closing cash and cash equivalents consists of cash held by the Company. £1,629,402 of opening cash and cash equivalents consists of £39,402 of cash held by the Company and £1,590,000 of short term deposits with Mizuho Bank.

Notes to the financial statements
For the year ended 31 December 2021

1. General information

Diamond Green Limited is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on page 2.

2. Adoption of new and revised Standards

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the company has applied the following amendment to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 9 and IFRS 7	*Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7*
Amendment to IFRS 16	*Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021*

New and revised IFRSs in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2022 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions.

IFRS 17 (including the June 2020 Amendments to IFRS 17)	Insurance Contracts
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

3. Accounting policies

Basis of accounting

The company has prepared its financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom (UK), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The financial statements include the accounts of the company made up to 31 December 2021 together with the attributable share of results and reserves of the Project, adjusted where appropriate to conform with the company's accounting policies.

The principal accounting policies adopted are as set out below.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors' Report.

The Company's principal financial resources and potential funding commitments arise from its participating interest in the Project. The Company was in a net current assets position of £1,453,040 (31 December 2020: £1,587,899), and a net assets position of £1,453,040 (31 December 2020: £1,587,899). The Company should be able to continue to operate over the 12-month period from the date of approval of these financial statements with its current levels of cash at bank of £1.4m as at end of November 2022. As such, the Company is able to meet its regular working capital requirements as they become due.

The Company has entered into a shareholder agreement ("SHA") with OW and CTG with regards to its shareholding in the Project. Although the Project is principally funded by third party debt, the SHA stipulates that the Company is also expected to provide a portion of the funding to the Project in accordancc with the Project's request in the form of cash calls. The SHA commits the shareholders to provide such finance in accordance with their relevant percentage interest to allow the Project to meet its obligations. However, such cash calls require the consent of all shareholders holding at least 10% of the Project and hence the timing of cash calls requires the consent of the Company as a 33.4% shareholder of the Project. Therefore, the Company will only provide further cash injections to the extent it has the ability to do so and consents to such funding. Should the Project require additional funding from its shareholders, the Directors expect the Company to have access to sufficient funds by way of issuing equity to the Company's investors.

As explained in the Strategic Report and Directors' Report, the project is now fully operational and generating significant cash inflows.

Based on the factors above, and after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources available to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the annual report and financial statements.

Investments

The shareholders of the Project have joint control of the Project and therefore the investment is treated as a joint venture and accounted for using the equity method in the current period. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

The results, assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

3. Accounting policies (continued)

Investments (continued)

Under the equity method, an investment in a joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the company's share of the profit or loss and other comprehensive income of the joint venture. Cumulative losses of a joint venture in excess of the investment value are not recognised unless the Company has a legal or constructive obligation to fund these losses.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 *Impairment of Assets* are applied to determine whether it is necessary to recognise any impairment loss with respect to the company's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment.

Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Financial instruments

Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs.

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. Financial assets with maturities less than 12 months are included in current assets, financial assets with maturities greater than 12 months after the balance sheet date are classified as non-current assets.

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

3. Accounting policies (continued)

Financial instruments (continued)

Classification of financial assets (continued)

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been adversely affected.

In relation to the impairment of trade receivables, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

3. Accounting policies (continued)

Financial instruments (continued)

The company has assessed the 12 months expected credit losses for its trade receivables as required and permitted under IFRS 9, and identified no material impact to the receivables amount.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

The company classifies non-derivative financial liabilities into the 'other financial liabilities' category.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and subsequently at amortised cost.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be recovered using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Taxable loss differs from net profit or loss as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

Investment revenue and Finance income

Finance income consists of interest earned on loans or guarantees issued to joint ventures.

Notes to the financial statements (continued)
For the year ended 31 December 2021

3. Accounting policies (continued)

Foreign currency

The financial statements of the Company are presented in British Pound Sterling (GBP). The Directors have determined that the Company's functional currency is British Pounds Sterling, as this is the currency in which the Company's share capital, borrowings and its investment in the Project are denominated. Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Translation differences are recorded in profit and loss

Critical accounting judgements and key sources of estimation uncertainty

The key assumptions concerning the future at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. There are no key sources of estimation uncertainty that are considered to have a significant effect on the amounts recognised in the financial statements. Critical accounting judgements are noted below.

Critical accounting judgements

Recoverability of investment and other receivables

During the period, the Directors have considered the recoverability of the investment in, and other receivable balance due from the Project. The key factors that impact the Project, and hence the recoverability of these balances, are the successful completion of construction on time and within budget and thereafter the efficient operation of the windfarm. In addition to this, in the current year it also depends on the effective management of the impact of COVID-19. As set out in the Strategic Report and Directors' Report above, the project is now fully operational and generating significant cash inflows. The construction phase was completed on time and within budget and risk of COVID-19 has now abated.

The Directors' review of the recoverability of the investment in the Project has been performed by assessing whether there have been events and changes within the Company, the Project or in its external environment of the type set out in IAS 36 *Impairment of assets* which might be indicators of impairment or a significant increase in credit risk as set out in *IFRS 9 Financial instruments: recognition and measurement*. This assessment does not suggest that such factors are present, and so no full impairment test has been performed or expected credit loss allowance recognised. This situation will be closely monitored and adjustments made in future periods if future market and production activities indicate that such adjustments are required.

4. Revenue

Revenue relates to accrued guarantee fees payable by the Project to the Company in respect of parent company guarantee provided, by the ultimate shareholders of the Company, to the Lenders in respect of an equity bridge loan within the Project to fund the Company's share of the equity contributions to the Project.

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Revenue on guarantee fees	11,893,137	11,830,182
Revenue	11,893,137	11,830,182
Interest on guarantee fees and deposits (see note 6)	1,599,789	894,651
Other income (see note 7)	-	202,674
Total	**13,492,926**	**12,927,507**

Notes to the financial statements (continued)
For the year ended 31 December 2021

5. Operating profit

This is stated after charging:

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Fees payable to the Company auditor in respect of:		
- audit of the statutory financial statements of the Company	12,125	11,625

There were no fees payable to Deloitte LLP or their associates for non-audit services to the Company in either the current or previous financial period.

Employees and Directors

The Directors of the Company received no emoluments for services as the company's Directors during the current or the prior period. The Company had no employees in either period.

6. Finance income

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Interest on guarantee fees	1,596,236	889,661
Interest on bank deposits	3,553	4,990
	1,599,789	894,651

Finance income mainly relates to interest on accrued guarantee fees payable by the Project to the Company in respect of parent company guarantee provided, by the ultimate shareholders of the Company, to the Lenders in respect of an equity bridge loan within the Project to fund the Company's share of equity contributions to the Project.

7. Other income

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Overage refund	-	202,674
	-	202,674

Other income in the prior year related to the reimbursement of the Company's share of the overage paid to the Crown Estate Scotland in relation to the Project prior to 7 July 2017.

Notes to the financial statements (continued)
For the year ended 31 December 2021

8. Finance costs

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Guarantee fee payable to shareholders	(11,893,137)	(11,830,182)
Interest on guarantee fee payable to shareholders	(1,596,233)	(889,661)
	(13,489,370)	(12,719,843)

Refer to note 13 for further details on other payables, which include guarantee fees.

9. Share of profit of joint venture

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Joint venture's profit during period	84,508,634	909,339
Company's 33.4% share of profit for the year ended 31 December 2021 (2020: year ended 31 December 2020)	28,225,884	303,719
Adjustment to equity pick-up for amortisation of licences and permits	(476,426)	-
	27,749,458	303,719

10. Tax charge on profit

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
a) Tax on profit		
Tax charge	-	-
b) Factors affecting the tax charge		
Profit before tax	27,614,599	371,887
Tax using the UK Corporation Tax rate of 19% (2020: 19%)	(5,246,774)	(70,659)
Effects of:		
Prior year adjustment	3,021	10,727
Tax effect of share of results of joint ventures	5,272,397	57,707
Tax loss carried forward not recognised	(28,644)	2,225
Total tax charge	-	-

(c) Factors that may affect future tax charge

Finance Act 2020 enacted provision to increase the UK Corporation tax rate to 19% from 1 April 2020 and accordingly the deferred tax (if any) was calculated at this rate.

Finance Act 2021, which was substantively enacted on 24 May 2021, included provisions to increase the rate further to 25% effective from 1 April 2023. In valuing the deferred tax balances (if any) at the end of the reporting period, 25% has been used for temporary differences with expected reversals from 1 April 2023.

The Company has unutilised tax losses arising in the UK of £348,354 (31 December 2020: £197,597), which are available indefinitely for offset against future taxable profits. A deferred tax asset has not been recognised as the Company is not expected to have taxable profits in the foreseeable future. These losses may be carried forward indefinitely.

Notes to the financial statements (continued)
For the year ended 31 December 2021

11. Investment in joint venture

a) Investment in joint venture

The shareholders of the Project have joint control of the Project and therefore the investment is treated as a joint venture and accounted for using the equity method in the current period.

Details of the Company's investments are as follows:

Name of company	Incorporated	Registered Office	Holding	Shares held	Nature of business
Moray East Holdings Limited	United Kingdom	C/O Shepherd And Wedderburn LLP, Octagon Point, 5 Cheapside, London, England, EC2V 6AA	Ordinary shares	33.4%	Holding Company of an investment in Offshore Wind Plant

The above joint venture is accounted for using the equity method as set out in note 3.

Summarised consolidated financial information in respect of the company's joint venture is set out below. The summarised consolidated financial information represents amounts in the joint venture's consolidated financial statements prepared in accordance with IFRSs adjusted by the Company for alignment with the Company's accounting policies.

Notes to the financial statements (continued)
For the year ended 31 December 2021

11. Investment in joint venture (continued)

a) Investment in joint venture (continued)

	31 December 2021 £	31 December 2020 £
Summarised balance sheet information:		
Current assets	824,982,963	233,312,134
Non-current assets	2,405,555,673	2,277,496,108
Current liabilities	(611,494,873)	(500,526,565)
Non-current liabilities	(2,716,479,239)	(2,198,174,290)
Equity	(97,435,476)	(187,892,613)
Selected balance sheet items		
Cash and cash equivalents	116,508,963	117,893,440
Current financial liabilities	(611,426,242)	(500,503,934)
Non-current financial liabilities	(2,497,138,239)	(2,192,596,214)
Summarised income statement information		
Revenue	184,649,963	-
Administrative expenses	(344,570)	(276,254)
Finance income	44,374,849	43,725,895
Finance costs	(62,742,712)	(44,061,290)
Profit for the year	84,508,634	909,339

The summarized consolidated financial information of the joint venture represents balances and transactions for the year ended 31 December 2021 which is MEHL's accounting year end.

Notes to the financial statements (continued)
For the year ended 31 December 2021

11. Investment in joint venture (continued)

a) Investment in joint venture (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in MOWEL/MEHL recognised in the financial statements:

	31 December 2021 £
Movement in net assets of the joint venture during the year	90,457,136
Proportion of the company's ownership interest in the joint venture at 33.4% of above	30,212,684
Company's share of joint venture profit in the income statement	27,749,458
Company's share of joint venture other comprehensive loss	(27,749,458)
Adjustment to equity pick-up for negative investment value	(29,736,258)
Adjustment to equity pick-up for amortisation of licences and permits	(476,426)
Carrying amount of the company's interest in the joint venture at 31 December 2021	-

	31 December 2020 £
Movement in net assets of the joint venture during the year	(57,541,058)
Proportion of the company's ownership interest in the joint venture at 33.4% of above	(19,218,713)
Company's share of joint venture loss in the income statement	303,720
Company's share of joint venture other comprehensive loss	(303,720)
Adjustment to equity pick-up – negative investment value	19,218,714
Carrying amount of the company's interest in the joint venture at 31 December 2020	-

11. Investment in joint venture (continued)

b) Reconciliation of movement in investment in joint venture

The following table reconciles the movement in the opening balance and closing balance of the investment in the joint venture.

	31 December 2021 £	31 December 2020 £
Opening balance	-	-
Company's share of joint venture profit in the income statement	27,749,458	303,720
Company's share of joint venture other comprehensive loss	(27,749,458)	(303,720)
Closing balance	-	-

12. Other receivables

	31 December 2021 £	31 December 2020 £
Guarantee fees receivable	36,099,556	22,610,186
Group relief receivable	-	7,313
	36,099,556	22,617,499
Presented as:		
Current	32,068,055	7,313
Non-current	4,031,501	22,610,186
	36,099,556	22,617,499

Guarantee fees payable to the Company in respect of borrowings of the Company's joint venture are unsecured and receivable from MOWEL at a rate of 4.9049%.

Until 31 December 2021, interest in relation to accrued guarantee fees was calculated based on LIBOR plus a 5.5% margin. As a result of the IBOR transition and cessation of LIBOR as a primary benchmark rate, the related finance agreements were amended and the calculation is now based on the one month SONIA rate with a 5 day end period look back plus a credit spread adjustment of 0.0326%.

Notes to the financial statements (continued)
For the year ended 31 December 2021

13. Trade and other payables

	31 December 2021 £	31 December 2020 £
Trade payables	-	30,000
Accruals	63,949	18,816
Other payables	36,099,556	22,610,186
	36,163,505	22,659,002
Presented as:		
Current	32,132,004	48,816
Non-current	4,031,501	22,610,186
	36,163,505	22,659,002

Other payables relate to guarantee fees payable by the Company to its investors in respect of borrowings of the Company's joint venture and are unsecured. Guarantee fees are payable at a rate of 4.9049%.

Until 31 December 2021, interest in relation to accrued guarantee fees was calculated based on LIBOR plus a 5.5% margin. As a result of the IBOR transition and cessation of LIBOR as a primary benchmark rate, the related finance agreements were amended and the calculation is now based on the one month SONIA rate with a 5 day end period look back plus a credit spread adjustment of 0.0326%.

14. Share capital

	31 December 2021 £	31 December 2020 £
Authorised, called up, issued and fully paid		
33,100,000 (31 December 2020: 33,100,000) ordinary shares of £1 each	33,100,000	33,100,000

15. Retained earnings

	£
Balance as at 1 January 2020	(1,306,421)
Total profit in the year	371,887
Balance at 31 December 2020	(934,534)
Total profit in the year	27,614,599
Balance at 31 December 2021	26,680,065

16. Financial instruments

Capital risk management

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The company is not subject to any externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Categories of financial instruments

	31 December 2021 £	31 December 2020 £
Financial assets at amortised cost		
Cash at bank	1,516,989	1,629,402
Trade and other receivables	36,099,556	22,617,499
Financial liabilities at amortised cost		
Trade and other payables	(36,163,505)	(22,659,002)

Financial risk management objectives

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 risk limits and other controls. The process of risk management is critical to the company's continuing profitability.

The Board of Directors supervises and is ultimately responsible for the overall risk management of the company. The company's risk management framework and approach is set out within the Strategic Report. The Board's considerations of key risks impacting the business is also set out within the Strategic Report.

Notes to the financial statements (continued)
For the year ended 31 December 2021

16. Financial instruments (continued)

Credit risk management

The company's credit risk is primarily attributable to its receivables and cash balance. The amounts presented in the balance sheet are presented net of loss allowances where required.

The company measures the loss allowance for receivables at an amount equal to lifetime expected credit losses. The expected credit losses on receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has not recognised any loss allowance at 31 December 2021 against receivables because the amounts are receivable from related parties and historical experience has indicated that these receivables should be fully recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Liquidity risk management

Liquidity risk is the potential that, although remaining solvent, the company does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company reviews its cash flow and sources of finance on a regular basis.

All the financial liabilities except for borrowings are due within one year or less.

Maturities of financial liabilities

	Less than 1 Month	1-3 Months	3 Months to 1 Year	More than 1 Year	Total 2021
	£	£	£	£	£
Liabilities					
Accrued expenses	-	-	63,949	-	**63,949**
Other payables	-	-	32,068,055	4,031,501	**36,099,556**
	-	-	32,132,004	4,031,501	**36,163,505**

Notes to the financial statements (continued)
For the year ended 31 December 2021

16. Financial instruments (continued)

Maturities of financial liabilities (continued)

	Less than 1 Month	1-3 Months	3 Months to 1 Year	More than 1 Year	Total 2020
	£	£	£	£	£
Liabilities					
Trade payables	30,000	-	-	-	**30,000**
Accrued expenses	-	-	18,816	-	**18,816**
Other payables	-	-	-	22,610,186	**22,610,186**
	-				

The table analyses the company's financial liabilities by their contractual maturities. The amounts disclosed in the table are the contractual cash flows and equal their carrying values.

Other risk management

The company undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise but the impact of reasonably possible foreign exchange rate changes on the company would be immaterial.

The company is exposed to interest rate risk because the company borrows funds at fixed interest rates but the effect of reasonably possible interest rate changes on the company would be immaterial.

Notes to the financial statements (continued)
For the year ended 31 December 2021

17. Related party transactions

During the period the company entered into transactions, in the ordinary course of business, with certain related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

	31 December 2021 £	31 December 2020 £
Sales: Services supplied to joint venture	11,893,137	11,830,182
Purchases: Services supplied from Diamond Generating Europe Investments Limited	(120,000)	(120,000)
Finance income from joint venture	1,596,233	889,661
Finance (expense) to Diamond Generating Europe Limited	(6,744,685)	(6,359,921)
Finance (expense) to KPIC Netherlands B.V	(4,046,811)	(3,815,953)
Finance (expense) to MHC Infrastructure UK Limited	(2,697,874)	(2,543,969)
Receivable from joint venture	36,099,556	22,610,186
Receivable to Diamond Generating Europe Limited	-	7,313
(Payable) to Diamond Generating Europe Limited	(18,049,778)	(11,305,093)
(Payable) to Diamond Generating Europe Investments Limited	-	(30,000)
(Payable) to KPIC Netherlands B.V	(10,829,867)	(6,783,056)
(Payable) to MHC Infrastructure UK Limited	(7,219,911)	(4,522,037)

18. Controlling parties

The company is jointly owned by Diamond Generating Europe Investments Limited ("DGI"), KPIC Netherlands B.V. ("KPIC") and MHC Infrastructure UK Limited ("MHC") which are incorporated in the United Kingdom and the Netherlands.

Decisions are agreed mutually between the shareholders and are governed by a Shareholders' Agreement; therefore, the directors are of the opinion that there is no controlling party or ultimate parent company. The results of the company are therefore not consolidated at any level (other than by the equity method of accounting).