Registration number: SC213646

Lincs Wind Farm Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017

Lincs Wind Farm Limited

Contents

Lincs Wind Farm Limited

Company Information

Directors	Philip De Villiers
	Robert Helms
	Allan Madsen
	Paul Harper Wilson Mcadam
	Matthew Porter
	Karl Ben Smith
	John Lawson Stuart
	Partha Vasudev
	David Paul Tilstone.
Registered office	13 Queens Road Aberdeen Scotland AB15 4YL
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

Major events during the year
During the year the Company entered into a financial restructuring and a Company's new ownership. The company's change of ownership, resulted in the injection of funds which the company used to settle all the company's previous shareholder loans, external debt financing and the related interest rate swaps all disclosed in note 15 Loans and borrowings. The company in return issued the new shareholders and remaining prior shareholder equity in the form of share capital which include share premium, disclosed in note 14 Share capital.

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

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 provides secure revenues from power sales.

The company's strategic objectives are:
• Achieving zero accidents and breaches of environmental standards;
• Maximising energy production through high levels of availability;
• Maintaining long term asset condition and reliability;
• Optimising costs.

	2017 £	2016 £
Revenue	115,541,219	113,746,766
Loss on ordinary activities before taxation	(32,997,559)	(27,607,805)
Company's net asset position	727,260,315	112,461,872

The company's key non-financial performance indicator is wind farm availability. The level of availability is achieved by the company monitoring the effectiveness and efficiency of the wind farm. For the current and prior year the availability was broadly in-line with management's expectation.

Principal risks and uncertainties
The principal risk 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.

Approved by the Board on 11 April 2018 and signed on its behalf by:

KARL SMITH
Director

PHILIP H. DE VILLIERS
Director

Directors' Report for the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' of the company

The directors, who held office during the year, were as follows:

Philip De Villiers

Robert Helms (appointed 17 February 2017)

Allan Madsen (appointed 2 March 2017)

Paul Harper Wilson Mcadam (appointed 3 February 2017)

Matthew Porter (appointed 3 February 2017)

Nigel Gordon Slater (appointed 17 February 2017 and resigned 31 January 2018)

Karl Ben Smith (appointed 17 February 2017)

John Lawson Stuart (appointed 17 February 2017)

Partha Vasudev (appointed 17 February 2017)

Roger Carsten Ernst (resigned 17 February 2017)

Robert William Marsden (resigned 17 February 2017)

Richard Matthew Mccord (resigned 17 February 2017)

Simon Patrick Redfern (resigned 17 February 2017)

Jochen Schiminski (resigned 17 February 2017)

Mads Skovgaard-Andersen (resigned 17 February 2017)

The following director was appointed after the year end:

David Paul Tilstone (appointed 31 January 2018)

Financial instruments

Objectives and policies

The company's operations expose it to a variety of financial risks that include the effects of price risk, liquidity risk, credit risk, cash flow risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. Further details of the financial risks faced by the company are laid out in the accounting policies of the financial statements.

Given the size of the company and being part of a larger group with group wide policies and risk management procedures, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board.

Price risk, credit risk, liquidity risk and cash flow risk

Price risk
The company enters into contractual arrangements, which guarantee fixed revenue for the output of the wind farm. In addition to this, price risk is mitigated through contractual arrangements, by fixing a large part of the company's costs.

Credit risk
The company's credit exposures are monitored by individual counterparty and by category of credit rating, and are subject to approved limits.

Liquidity risk
The company managed this through the available debt financing facilities and the flexing of shareholder distributions.

Cash flow risk
The company prepares and reviews cash forecasts in order to determine it's liquidity requirements.

Directors' liabilities
Directors' indemnity insurance is in place through the company's parent organisations and was in force during the financial year and at the date of the approval of the financial statements.

Disclosure of information to the auditors
Each director has taken 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. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 11 April 2018 and signed on its behalf by:

KARL SMITH
Director

PHILIP H. DE VILLIERS
Director

Lincs Wind Farm Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 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 these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Approved by the Board on 11 April 2018 and signed on its behalf by:

.... KARL SMITH	.... PHILIP H DE VILLIERS
Director	Director

Lincs Wind Farm Limited

Independent Auditor's Report to the Members of Lincs Wind Farm Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with 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, which comprise: the statement of financial position as at 31 December 2017; the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

Independent Auditor's Report to the Members of Lincs Wind Farm Limited (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 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 year ended 31 December 2017 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 Directors' Responsibilities set out on page 5, 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.

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 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.

Independent Auditor's Report to the Members of Lincs Wind Farm Limited (continued)

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.

....
Jonathan Matthews (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP, Statutory Auditor

Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

11 April 2018

Independent Auditor's Report to the Members of Lincs Wind Farm Limited (continued)

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.

....
Jonathan Matthews (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP, Statutory Auditor

Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

11 April 2018

Lincs Wind Farm Limited

Income Statement for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Revenue	4	115,541,219	113,746,766
Cost of sales		(69,523,346)	(48,918,575)
Gross profit		46,017,873	64,828,191
Administrative expenses		(29,397,500)	(42,732,516)
Other losses	5	(73,843)	-
Operating profit		16,546,530	22,095,675
Finance income		19,340	425,526
Finance costs		(49,563,429)	(50,129,006)
Net finance cost	6	(49,544,089)	(49,703,480)
Loss before tax		(32,997,559)	(27,607,805)
Income tax receipt	9	5,228,115	5,664,341
Loss for the year		(27,769,444)	(21,943,464)

The above results were derived from continuing operations.

Lincs Wind Farm Limited

Statement of Comprehensive Income for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Loss for the year		(27,769,444)	(21,943,464)
Items that may be reclassified subsequently to profit or loss			
Gain/(loss) on cash flow hedges (net)	21	(3,866,275)	(25,009,801)
Transfer to income and expense on cash flow hedges		28,180,000	6,947,000
Income tax effect on cash flow hedge		(4,134,000)	3,009,000
		20,179,725	(15,053,801)
Total comprehensive loss for the year		(7,589,719)	(36,997,265)

The notes on pages 15 to 43 form an integral part of these financial statements.

Lincs Wind Farm Limited

(Registration number: SC213646)
Statement of Financial Position as at 31 December 2017

	Note	31 December 2017 £	31 December 2016 £
Assets			
Non-current assets			
Property, plant and equipment	10	762,391,622	813,148,517
Current assets			
Inventories	11	188,828	75,350
Trade and other receivables	12	16,624,413	75,729,701
Income tax asset		5,523	5,523
Cash and cash equivalents	13	5,476,886	6,540,601
Other current financial assets	19	8,268	287,983
		22,303,918	82,639,158
Total assets		784,695,540	895,787,675
Equity and liabilities			
Equity			
Share capital	14	348,817,276	248,817,276
Cash flow hedging reserve		-	(20,179,725)
Retained earnings		378,443,039	(116,175,679)
Total equity		727,260,315	112,461,872
Non-current liabilities			
Loans and borrowings	15	-	653,780,905
Provisions	17	28,143,880	29,223,057
Other non-current financial liabilities		-	18,406,242
Deferred tax liabilities	9	15,987,985	17,081,583
Trade and other payables		-	15,142,205
		44,131,865	733,633,992
Current liabilities			
Trade and other payables	18	12,742,269	12,851,486
Loans and borrowings	15	-	30,632,492
Other current financial liabilities		561,091	6,207,833
		13,303,360	49,691,811
Total liabilities		57,435,225	783,325,803
Total equity and liabilities		784,695,540	895,787,675

The notes on pages 15 to 43 form an integral part of these financial statements.

Lincs Wind Farm Limited

(Registration number: SC213646)
Statement of Financial Position as at 31 December 2017 (continued)

Approved by the Board of directors on 11 April 2018 and signed on its behalf by:

.... KARL SMITH	.... PHILIP H. DE VILLIERS
Director	Director

Lincs Wind Farm Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital £	Share premium £	Cash flow hedging reserve £	Retained earnings £	Total £
At 1 January 2017	248,817,276	-	(20,179,725)	(116,175,679)	112,461,872
Loss for the year	-	-	-	(27,769,444)	(27,769,444)
Dividends	-	-	-	(79,200,000)	(79,200,000)
New share capital issued	100,000,000	601,588,162	-	-	701,588,162
Cash flow hedge movement	-	-	20,179,725	-	20,179,725
Share premium transferred to other reserves	-	(601,588,162)	-	601,588,162	-
At 31 December 2017	348,817,276	-	-	378,443,039	727,260,315

	Share capital £	Share premium £	Cash flow hedging reserve £	Retained earnings £	Total £
At 1 January 2016	248,817,276	-	(5,125,924)	(94,232,215)	149,459,137
Loss for the year	-	-	-	(21,943,464)	(21,943,464)
Cash flow hedge movement	-	-	(15,053,801)	-	(15,053,801)
At 31 December 2016	248,817,276	-	(20,179,725)	(116,175,679)	112,461,872

Lincs Wind Farm Limited

Statement of Cash Flows for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Loss after tax		(27,769,444)	(21,943,464)
Adjustments to cash flows from non-cash items			
Depreciation		49,313,325	48,917,575
Financial instrument net gains (losses) through profit and loss		541,025	767,412
Loss on disposal of property plant and equipment	5	73,843	-
Finance income	6	(16,485)	(425,526)
Finance costs	6	48,743,429	50,129,006
Income tax expense	9	(5,228,115)	(5,664,341)
		65,657,578	71,780,662
Working capital adjustments			
Increase in inventories	11	(113,478)	(35,350)
Decrease in trade and other receivables	12	13,180,000	8,827,405
Decrease in trade and other payables	18	(2,471,000)	(7,053,114)
Cash generated from operations		76,253,100	73,519,603
Income taxes received	9	-	7,564,020
Net cash flow from operating activities		76,253,100	81,083,623
Cash flows from investing activities			
Interest received	6	16,485	418,794
Acquisitions of property plant and equipment		-	(368,809)
Proceeds from sale of property plant and equipment		(21,426)	-
Reciepts of loans, classified as investing activities		45,926,522	41,957,010
Net cash flows from investing activities		45,921,581	42,006,995
Cash flows from financing activities			
Interest paid	6	(46,024,161)	(133,706,922)
Proceeds from issue of ordinary shares, net of issue costs	14	701,588,162	-
Repayment of bank borrowing	15	(474,602,397)	(58,965,095)
Repayment of other borrowing	15	(225,000,000)	-
Dividends paid		(79,200,000)	-
Net cash flows used in financing activities		(123,238,396)	(192,672,017)
Net decrease in cash and cash equivalents		(1,063,715)	(69,581,399)
Cash and cash equivalents at 1 January		6,540,601	76,122,000
Cash and cash equivalents at 31 December		5,476,886	6,540,601

1 General information

The company is a private company limited by share capital, incorporated and domiciled in United Kingdom.

The address of its registered office is:
13 Queens Road
Aberdeen
Scotland
AB15 4YL

2 Accounting policies

Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets, and financial assets and financial liabilities.

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

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.

Changes in accounting policy
None of the following standards, interpretations and amendments effective for the first time from 1 January 2017 have had a material effect on the financial statements:

- Amendment to IAS 7 Statement of Cash Flows
- Amendment to IAS 12 Incomes Taxes
- Annual improvements to IFRS 2014-2016 concerning IFRS 12

New standards, interpretations and amendments not yet effective
The following newly issued but not yet effective standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the company financial statements in future:

2 Accounting policies (continued)

IFRS 9, 'Financial instruments'
The number of categories of financial assets is reduced to three: amortised cost, fair value or fair value through other comprehensive income. Fair value changes in financial liabilities arising from changes in own credit risk must be recognised in other comprehensive income. In addition, IFRS 9 includes simplified provisions concerning the possibility of using hedge accounting. In future, companies will only be required to perform efficiency tests and prepare a statement on the actual efficiency.

IFRS 15, 'Revenue from contracts with customers'
In the new standard, the model for recognising revenue is changed from having been based on the transfer of the risks and rewards of ownership of a product or service to being based on the transfer of control of the goods or services transferred to the customer. The underlying principle is that recognition of revenue must reflect the transfer of goods or services from a company to a customer at the time of the sale.

IFRS 16, 'Leases'
The new standard changes the accounting treatment of leases which are currently treated as operating leases. The standard requires that all leases, regardless of type and with few exceptions, must be recognised in the lessee's balance sheet as an asset with a related liability. Also, the lessee's income statement will be affected, as the annual lease costs will in future consist of two elements - depreciation and interest expenses - as opposed to now, where the annual costs relating to operating leases are recognised as one amount in other external expenses or in property, plant and equipment in connection with the construction.

General overview of interpretations
The new or amended standards and interpretations are not mandatory in connection with the financial reporting for 2017. The company expects to implement the standards and interpretations from their mandatory effective dates.

A detailed analysis of the financial instruments in the company has been made with a view to assessing whether the implementation of IFRS 9 will have a significant impact on the recognition of financial instruments in the company. The analysis shows that the implementation of IFRS 9 will have no impact on the company as the company no longer uses hedging instruments to limit exposure on varrying interest rates on borrowings as all borrowings have been settled in full in the current period. Implementation of IFRS 9 will not have any affect on current year financial statement or any comparative figures. The standard will be implemented on 1 January 2018.

A performed analysis of the revenue streams in the company has been made with a view to assessing whether the implementation of IFRS 15 will have a significant impact on the recognition of revenue in the company. The analysis shows that the implementation of IFRS 15 will have no impact on the company's current revenue stream. Implementation of IFRS 15 will not have any affect on current year's financial statement or any comparative figures. The standard will be implemented on 1 January 2018.

An analysis of the effect of implementing IFRS 16 has been started but it has not yet been completed. The implementation of IFRS 16 is expected to have an effect on the company's financial statements. The standard will be implemented on 1 January 2019.

None of the other standards, interpretations and amendments which are effective for periods beginning after 1 January 2017 and which have not been adopted early, are expected to have a material effect on the financial statements.

2 Accounting policies (continued)

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 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.

Note during the year the Company change in equity ownership on 17 February 2017 the existing long-term power purchase agreements have been replaced by fixed price power purchase agreements (with substantially similar terms) that sell all of the power generated by the Company and include an availability target. The fixed price power purchase agreements are linked to the movement in the UK Retail Prices Index.

Tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income. Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured using the balance sheet liability method, providing for all temporary differences between the carrying amounts and the tax base of assets and liabilities. Deferred tax is measured on the basis of management's planned use of the asset or settlement of the liability respectively. Deferred tax assets are recognised at the value at which they are expected to be utilised either by elimination against tax on future earnings or by offsetting against deferred tax liabilities. Deferred tax is measured in accordance with the tax rules and tax rates that will apply under the legislation enacted at the balance sheet date when the deferred tax is expected to crystallise in the form of current tax. Changes in deferred tax as a result of changes in tax rates are recognised in profit (loss) for the year. Deferred tax is only recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences, unused tax losses or credits can be utilised.

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 borrowing 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 estimated 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 it is 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 amount is recognised in profit (loss) for the year. All other repair and maintenance expenses are recognised in profit (loss) for the year as incurred.

2 Accounting policies (continued)

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Decommissioning asset	Straight line method over 20 years
Wind Farm	Straight line method over 20 years

Cash and cash equivalents
In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

Trade receivables
Trade receivables are amounts due from customers for electricity sales. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

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

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

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

2 Accounting policies (continued)

Borrowings

All borrowings are initially recorded at the fair value of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Short term borrowings that contain a demand feature are recorded at the full loan amount and fair value is deemed to approximate loan proceeds without discounting.

Borrowing costs

Borrowing costs that arise in connection with the acquisition, construction or production of a qualifying asset are capitalised and subsequently amortised in line with the depreciation of the related asset. Borrowing costs are capitalised from the time of acquisition or from the beginning of construction or production until the point at which the qualifying asset is ready for use. Where a specific financing arrangement is in place, the specific borrowing rate for that arrangement is applied. For non-specific financing arrangements, a financing rate representative of the weighted average borrowing rate is used.

Borrowing costs not arising in connection with the acquisition, construction or production of a qualifying asset are recognised as finance costs in the income statement in the period in which they are incurred.

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.

Decommissioning provision

Decommissioning obligations are measured at the present value of the future liability in respect of decommissioning and restoration as expected at the balance sheet date. The value of the provision is recognised in property, plant and equipment and depreciated together with the associated asset. The decommissioning asset is amortised on a straight-line basis over the useful economic life. The lapsing in time will result in an increase of the present value of the provision is recognised in profit (loss) for the year as finance expenses.

2 Accounting policies (continued)

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 leases 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 leases.

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

Impairment of non-financial assets

Non-financial assets are reviewed 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 largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

Production assets are tested for impairment if there is any indication of impairment. For production assets with a limited lifetime as wind turbines, cash flows are calculated based on forecasts 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.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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.

2 Accounting policies (continued)

Financial assets and liabilities

Classification

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and reward of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires. At initial recognition, the company classifies its financial instruments in the following categories:

Recognition and measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Loans and receivables are initially recognised at the amount expected to be received less, when material, a discount to reduce the amount to fair value. Subsequently, loans and receivables are measured at amortised cost using the effective interest rate method less a provision for impairment. At each reporting date, the company assesses whether there is objective evidence that a financial asset is impaired. A provision for impairment of loans and receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The amount of the provision is recognised in the condensed statement of comprehensive income. Impairment losses on financial assets carried at amortised cost are reversed in subsequent financial periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts. After initial recognition, long term interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or Loss. Short term interest bearing borrowings of a short term nature that carry interest at floating rates are not amortised at the effective interest rate as their carrying value approximates their fair value on initial recognition.

2 Accounting policies (continued)

Derivatives and hedging
The Company uses derivatives to hedge exposures to financial risks, such as interest rate and foreign exchange risks, arising in the normal course of business. The use of derivative financial instruments is governed by the Company's policies which are approved by the Board of Directors. Further detail on the Company's risk management policies is included within the Strategic report "Principal risks and uncertainties" on page 1 and in note 23.

All derivatives are recognised at fair value on the date on which the derivative is entered into and are re-measured to fair value at each reporting date. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative assets and derivative liabilities are offset and presented on a net basis only when both a legal right of set-off exists and the intention to net settle the derivative contracts is present.

Recognition of the gains or losses resulting from changes in fair value depends on the purpose for issuing or holding the derivative.

(i) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting, for example foreign currency forward transactions used to manage foreign exchange risk. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in operating profit.

(ii) Cash flow hedge - Interest rate swaps
The Company designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), for example interest rate swaps hedging variable rate borrowings.

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within Finance income or Finance costs.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within finance costs.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the 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 amounts 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 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.

4 Revenue

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

	2017	2016
	£	£
Sale of electricity	115,541,219	113,746,766

5 Other losses

The analysis of the company's other gains and losses for the year is as follows:

	2017	2016
	£	£
Loss on disposal of property, plant and equipment	73,843	-

6 Finance income and costs

	2017 £	2016 £
Finance income		
Interest income on bank deposits	4,400	100,735
Ineffective portion of changes in fair value of cash flow hedge	-	6,732
Interest income from group under takings	12,085	318,059
Foreign exhange gains	2,855	-
Total finance income	19,340	425,526
Finance costs		
Interest on bank overdrafts and borrowings	(31,245,150)	(23,673,014)
Interest and fees payable on shareholder loans	(2,856,590)	(23,389,376)
Borrowing costs included in cost of qualifying asset	(15,189,421)	(2,544,532)
Unwinding of discount on decommissioning provision	(272,268)	(522,084)
Total finance costs	(49,563,429)	(50,129,006)
Net finance costs	(49,544,089)	(49,703,480)

7 Directors' remuneration

There were no (2016 : £-) employees during the year. The directors received no (2016 : £-) emoluments during the year, in respect of their services to the company.

The directors appointed by the Orsted Energy group are remunerated by other companies within the Orsted A/S group for their services to the group as a whole.

The directors appointed by Macquarie Group Limited are remunerated through their respective group company structures . It is not possible to allocate these directors remuneration for their services to the company.

8 Auditors' remuneration

	2017 £	2016 £
Audit of the financial statements	31,767	22,400

9 Income tax

Tax charged/(credited) in the income statement

	2017 £	2016 £
Deferred taxation		
Arising from origination and reversal of temporary differences	(5,228,115)	(4,907,341)
Arising from changes in tax rates and laws	-	(757,000)
Total deferred taxation	(5,228,115)	(5,664,341)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Loss before tax	(32,997,559)	(27,607,805)
Corporation tax at standard rate	(6,352,030)	(5,521,561)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	431,959	304,000
Effect of changes in tax rates	691,956	(757,000)
Other tax effects for reconciliation between accounting profit and tax expense (income)	-	310,220
Total tax credit	(5,228,115)	(5,664,341)

Factors that might affect future tax charges:

With effect from 1 April 2017, the main rate of UK corporation tax reduced from 20% to 19%. The main rate will reduce further to 17% from 1 April 2020. These changes have been enacted at the reporting date and the deferred tax balances at 31 December 2017 have been recognised at 17%.

Amounts recognised in other comprehensive income

2017	Before tax £	Tax (expense) benefit £	Net of tax £
Cash flow hedges	24,313,725	(4,134,000)	20,179,725

2016	Before tax £	Tax (expense) benefit £	Net of tax £
Cash flow hedges	(18,062,801)	3,009,000	(15,053,801)

9 Income tax (continued)

Deferred tax

Deferred tax movement during the year:

	At 1 January 2017	Recognised in income	Recognised in other comprehensive income	At 31 December 2017
	£	£	£	£
Accelerated tax depreciation	(43,302,628)	(6,329,329)	-	(49,631,957)
Other items	(5,468,479)	676,932	-	(4,791,547)
Tax losses carry-forwards	27,555,007	10,880,511	-	38,435,518
Revaluation of cash flow hedges	4,134,517	-	(4,134,517)	-
Net tax assets/(liabilities)	(17,081,583)	5,228,114	(4,134,517)	(15,987,986)

Deferred tax movement during the prior year:

	At 1 January 2016	Recognised in income	Recognised in other comprehensive income	At 31 December 2016
	£	£	£	£
Accelerated tax depreciation	(53,597,628)	10,295,000	-	(43,302,628)
Other items	(6,479,479)	1,011,000	-	(5,468,479)
Tax losses carry-forwards	33,197,007	(5,642,000)	-	27,555,007
Revaluation of cash flow hedges	1,125,517	-	3,009,000	4,134,517
Net tax assets/(liabilities)	(25,754,583)	5,664,000	3,009,000	(17,081,583)

10 Property, plant and equipment

	Decommissioning asset £	Wind farm £	Total £
Cost or valuation			
At 1 January 2016	21,046,992	956,781,871	977,828,863
Increase in decommissioning estimate	6,535,047	-	6,535,047
Additions	-	421,809	421,809
At 31 December 2016	27,582,039	957,203,680	984,785,719
At 1 January 2017	27,582,039	957,203,680	984,785,719
Increase in decommissioning estimate	(1,351,445)	-	(1,351,445)
Disposals	-	(110,248)	(110,248)
At 31 December 2017	26,230,594	957,093,432	983,324,026
Accumulated depreciation			
At 1 January 2016	3,166,277	119,553,350	122,719,627
Charge for year	1,021,788	47,895,787	48,917,575
At 31 December 2016	4,188,065	167,449,137	171,637,202
At 1 January 2017	4,188,065	167,449,137	171,637,202
Charge for the year	1,417,812	47,895,513	49,313,325
Disposals	-	(18,123)	(18,123)
At 31 December 2017	5,605,877	215,326,527	220,932,404
Carrying amount			
At 31 December 2017	20,624,717	741,766,905	762,391,622
At 31 December 2016	23,393,974	789,754,543	813,148,517
At 1 January 2016	17,880,715	837,228,521	855,109,236

The depreciation charge for the year of £49,313,325 (2016 - £48,917,575) is included in cost of sales.

11 Inventories

	31 December 2017 £	31 December 2016 £
Raw materials and consumables	188,828	75,350

The cost of inventories recognised as an expense in the year amounted to £2,288 (2016 - £85,000). This is included within Administrative expenses.

12 Trade and other receivables

	31 December 2017 £	31 December 2016 £
Financial assets :		
Trade receivables	-	44,052
Receivables from related parties	6,520,607	45,926,522
Other receivables	61,061	59,609
Other prepayments	9,053,753	25,693,212
Non-financial assets :		
Prepayments	463,729	3,788,269
VAT debtor	525,263	218,037
Total current trade and other receivables	16,624,413	75,729,701

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in note 22 "Financial instruments".

The company's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in note 23 "Financial risk management and impairment of financial assets".

Receivables from related parties are unsecured and have no fixed date of repayment and are repayable on demand.

13 Cash and cash equivalents

	31 December 2017 £	31 December 2016 £
Cash at bank	3,284,525	2,573,497
Other cash and cash equivalents	2,192,361	3,967,104
	5,476,886	6,540,601

14 Share capital

Allotted, called up and fully paid shares

	31 December 2017		31 December 2016	
	No.	£	No.	£
Ordinary shares of £1 each	348,817,276	348,817,276	248,817,276	248,817,276

During the year the company issued 100,000,000 ordinary shares with a nominal value of £1 each, aggregate value of £701,588,162.

During the year the company converted it's share premuim of £601,588,162 into distributable reserves.

15 Loans and borrowings

	31 December 2017 £	31 December 2016 £
Non-current loans and borrowings		
Bank borrowings	-	428,780,905
Other borrowings	-	225,000,000
	-	653,780,905

	31 December 2017 £	31 December 2016 £
Current loans and borrowings		
Bank borrowings	-	30,632,492

Bank borrowings

On 17 February 2017 there was a change to the company's ownership, resulting in the injection of funds to settle the company's previous shareholder loans, external debt financing and the related interest rate swaps listed below.

The constituent parts of the bank loans for the prior year were:

1) a term loan facility that reduced in line with specified loan repayments made on a semi-annual basis until settled date 17 February 2017 (2016 : Settlement date June 2028). The term loan of £- (2016 : £474,602,000) was fully drawn down in the prior period (31 December 2016). The term loan comprises were :

• £- (2016 : £33,026,000) due within one year, which is stated net of £- (2016 : £2,394,000) of unamortised bank loan issue costs.

• £- (2016 : £441,576,000) due after more than one year, which is stated net of £- (2016 : £12,795,000) of unamortised bank loan issue costs.

2) a revolving working capital facility of up to £- (2016 : £20,000,000) until settled date 17 February 2017 (2016 : Settlement date 31 May 2028). The loan value at 31 December 2017 was £- (2016 : £-).

3) a revolving letter of credit facility of up to £- (2016 : £30,000,000). The loan value at 31 December 2017 was £- (2016 : £-).

4) a revolving VAT facility of up to £- (2016 : £5,000,000) was available until 1 January 2016 at which time the facility was cancelled.

The term loan could be repaid early subject to meeting the requirements set out in the loan Facilities Agreement.

The interest payable on bank loans accrues at a floating rate consisting of LIBOR for the interest period for that particular loan plus a margin. A commitment fee is payable on the undrawn portion of each facility.

Under the covenants in the loan Facilities Agreement, the company is required to swap a minimum of 0% (2016: 75%) of the floating LIBOR interest exposure on the wind farm term loan for a fixed rate interest charge.

The bank loans were secured through a comprehensive security package including a charge over the shares and assets of the company and the ability to step into the project through direct agreements with contractors.

15 Loans and borrowings (continued)

Other borrowings

Other borrowings related to shareholder loans payable to the company's immediate parent undertakings. The company repaid the whole loan and any interest due on 17 February 2017 (2016 : Settlement date 31 December 2030). The loans were unsecured. The interest payable accrued at a fixed rate of 9% per annum.

The loans and borrowings classified as financial instruments are disclosed in note 22 "Financial instruments".

The company's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in note 23 "Financial risk management and impairment of financial assets".

16 Obligations under leases and hire purchase contracts

Operating leases

The company entered into a long-term lease for an area of seabed upon which the wind turbines and associated cables are located and operated. The operating lease rental charged is based on MWh generated. However, the full commitment for the following year cannot be established in advance.

The total future value of minimum lease payments is as follows:

	31 December 2017 £	31 December 2016 £
Within one year	2,186,000	2,579,000
In two to five years	3,996,000	3,824,000
In over five years	11,491,000	11,955,000
	17,673,000	18,358,000

The amount of non-cancellable operating lease payments recognised as an expense during the year was £2,579,000 (2016 - £2,521,000)

The amount of contingent finance lease payments recognised as an expense during the year is £421,000 (2016 - £319,000).

17 Provisions

	Decommissioning £	Total £
At 1 January 2017	29,223,057	29,223,057
Charged to the income statement	272,268	272,268
Change in estimates	(1,351,445)	(1,351,445)
At 31 December 2017	28,143,880	28,143,880

	Decommissioning £	Total £
At 1 January 2016	22,165,926	22,165,926
Charged to the income statement	522,084	522,084
Change in estimates	6,535,047	6,535,047
At 31 December 2016	29,223,057	29,223,057

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 as at the date of these financial statements.

18 Trade and other payables

	31 December 2017 £	31 December 2016 £
Trade payables	-	3,257,732
Accrued expenses	12,741,885	9,493,578
Other payables	384	100,176
	12,742,269	12,851,486

Payables to related parties are unsecured and have no fixed date of repayment and are repayable on demand.

The fair value of the trade and other payables classified as financial instruments are disclosed in note 22 "Financial instruments".

The company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 23 "Financial risk management and impairment of financial assets".

19 Derivative financial instruments

	31 December 2017 £	31 December 2016 £
Non-current derivative financial assets/(liabilities)		
Foreign exchange derivatives at fair value through profit and loss - liabilities	-	(117,242)
Interest rate swap derivatives in hedge accounting relationship - liabilities	-	(18,289,000)
	-	(18,406,242)

	31 December 2017 £	31 December 2016 £
Current derivative financial assets/(liabilities)		
Foreign exchange derivatives at fair value through profit and loss - assets	8,268	287,983
Foreign exchange derivatives at fair value through profit and loss - liabilities	(561,091)	(183,108)
Interest rate swap derivatives in hedge accounting relationship - liabilities	-	(6,024,725)
	(552,823)	(5,919,850)

20 Reserves

Cash flow hedging reserve

The cash flow hedging reserve comprises fair value movements on instruments designated as cash flow hedges under the requirements of IAS 39. Amounts are transferred from the cash flow hedging reserve to the income statement or the statement of financial position as and when the hedged item affects the income statement or the statement of financial position which is, for the most part, on receipt or payment of amounts denominated in foreign currencies and settlement of interest on debt instruments.

Accumulated losses

The balance classified as accumulated losses includes the profits and losses realised by the company in previous periods. No distributions from reserves have been made to the shareholders of the company at the date of these financial statements.

21 Hedging instruments

Cash flow hedges

A derivative is classified as a cash flow hedge when it hedges exposure to variability in cash flows that is attributable to a particular risk either associated with a recognised asset, liability or a highly probable forecast transaction.

The portion of the gain or loss on the hedging instrument which is effective is recognised directly in equity while any ineffectiveness is recognised in the income statement. The gains or losses that are initially recognised in the cash flow hedging reserve in the statement of comprehensive income are transferred to the income statement in the same period in which the highly probable forecast transaction affects income. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, no longer qualifies for hedge accounting or the company revokes the designation. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity remains in equity until the highly probable forecast transaction occurs. If the transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is recognised in the income statement.

Derivative liabilities accounted for as a cash flow hedge

The company's cash flow hedge consists of an interest rate swaps which was used to protect against the variability in cash flows associated with floating-rate borrowings due to movements in market interest rates, covering 6-monthly periods until settlement date (2016 : settlement date June 2028) of the company's long term borrowings.

The net fair value of cash flow hedges is £nil (2016 : £24,314,000 liability).

The gain / (loss) recognised in equity during the year amounted to £20,179,725 (2016 : 15,053,801). The gain on ineffectiveness recognised in the income statement was £nil (2016 : £7,000).

22 Financial instruments

Financial assets

Other financial asset

	Carrying value		Fair value	
	31 December 2017 £	31 December 2016 £	31 December 2017 £	31 December 2016 £
Other financial asset	8,268	287,983	8,268	287,983

Description of instruments
Other financial asset are cash flow hedges put in place to mitigate against foreign currency exposure related to the company's current capital project.

Valuation
Other financial assets are initially recognised at fair value and subsequently remeasured at each reporting date. Changes in the fair value recorded in the period they arise, in the statement of changes in equity depending on the applicable accounting standards.

Loans and receivables

	Carrying value		Fair value	
	31 December 2017 £	31 December 2016 £	31 December 2017 £	31 December 2016 £
Cash and cash equivalents	3,284,525	2,573,497	3,284,525	2,573,497
Trade and other receivables	6,520,607	45,970,574	6,520,607	45,970,574
	9,805,132	48,544,071	9,805,132	48,544,071

Description of instruments
Trade and other receivables include receivables recognised during the normal course of business and amounts due to group companies. Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments.

Valuation methods and assumptions
The company's financial instruments are not measured at fair value. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables approximates their fair value.

22 Financial instruments (continued)

Financial liabilities

Other financial liability

	Carrying value		Fair value	
	31 December 2017 £	**31 December 2016 £**	**31 December 2017 £**	**31 December 2016 £**
Other financial liabilities	561,091	24,614,075	561,091	24,614,075

Description of instruments
Other financial liabilities are cash flow hedges put in place to mitigate against foreign currency exposure related to the company's current capital project.

Valuation
Other financial liabilities are initially recognised at fair value and subsequently remeasured at each reporting date. Changes in the fair value recorded in the period they arise, in the statement of changes in equity depending on the applicable accounting standards.

Financial liabilities at amortised cost

	Carrying value		Fair value	
	31 December 2017 £	**31 December 2016 £**	**31 December 2017 £**	**31 December 2016 £**
Trade and other payables	12,742,269	12,851,485	12,742,269	12,851,485
Borrowings	-	684,413,397	-	684,413,397
	12,742,269	697,264,882	12,742,269	697,264,882

Description of instruments
Trade and other payables include payables incurred during the normal course of business and amounts owed to group companies.

23 Financial risk management and impairment of financial assets

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

Market risk
Credit risk and
Liquidity risk

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. Further quantitative information in respect of these risks is presented throughout these financial statements. There has been an substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note. The financial instrument used to hedge interest rate movement of the LIBOR linked to the company's borrowings was closed during the year when the company settled in full it's borrowings.

1. Market risk
Market risk includes interest risk and foreign exchange risk.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's operating activities (when expenses are denominated in foreign currencies). The net exposure of each currency is monitored and managed by the Board of directors.

The company has a total currency exposure of £102,385 if the Pound Sterling increases or decreases by 10%, this is based on total liabilities which is carried in DKK and EUR. The loss or profit will be recognised in the Income Statement of the company if this would take place.

Foreign currency sensitivity analysis
The company's principal currency risks relate to DKK and EUR exposure. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's operating activities and loans are denominated in Pound Sterling.

The company has used a sensitivity analysis technique that measures the estimated impact on the income statement and equity of a reasonably possible change in foreign currency exchange rates for each class of financial instruments, with all other variables held constant. The sensitivity analysis is based on material non-functional currency financial instruments.

Interest rate sensitivity
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to debt obligations with floating interest rates that are primarily due to related parties.

Interest rate sensitivity
If interest rates on borrowings had been 10 basis points higher/lower with all other variables held constant, the impact would have been insignificant to the calculated post-tax profit for the current year and the previous year.

23 Financial risk management and impairment of financial assets (continued)

2. 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 from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and related Group entities.

This risk is mitigated by the strong on-going customer relationships and credit rating. The composition of the bulk of 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 at 31 December 2017 and 31 December 2016.

The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows do not cover all the financial obligations, the company has credit facilities available from its shareholders. The company is in a position to meet its commitments and obligations as they become due.

Maturity analysis

2017	Within 1 year £	Between 1 and 2 years £	Between 2 and 5 years £	After more than 5 years £	Total £
Trade and other payables	12,742,269	-	-	-	12,742,269

2016	Within 1 year £	Between 1 and 2 years £	Between 2 and 5 years £	After more than 5 years £	Total £
Trade and other payables	12,851,486	-	-	-	12,851,486
Bank borrowings	30,632,000	31,972,000	113,977,000	282,832,000	459,413,000
Derivative financial instruments	6,207,833	5,265,000	9,466,000	3,675,000	24,613,833
Other borrowings	-	-	-	225,000,000	225,000,000
	49,691,319	37,237,000	123,443,000	511,507,000	721,878,319

24 Related party transactions

Centrica plc, Centrica Renewable Energy Limited, British Gas Trading Limited, Lyle JV Holdings Limited, UK Green Investments Lyle Limited, Orsted A/S (formerly DONG Energy A/S), Orsted Salg & Service A/S (formerly DONG Energy Salg & Service A/S), Orsted Wind Power A/S (formerly DONG Energy Wind Power A/S), Orsted Lincs (UK) Limited (formerly DONG Energy Lincs (UK) Limited), Siemens plc, Siemens Transmission and Distribution Limited and Siemens Bank GmbH are considered to be related parties as they are members of groups that are considered to be the ultimate controlling parties of the Company.

GLID Wind Farms TopCo Limited was considered to be a related party for the prior period up to March 2016, as prior to this date it was a joint venture of one of the ultimate controlling parties of the Company.

Centrica (Lincs) Wind Farm Limited and Lincs Renewable Energy Holdings Limited are considered to be related parties as they are the Company's immediate parent undertakings, until change of ownership 17 February 2017.

24 Related party transactions (continued)

Income and receivables from related parties

The company has entered into arm's length transactions with related parties, which includes the sale of generated electricity and associated environmental credits to British Gas Trading Limited and Orsted Salg & Service A/S (formerly DONG Energy Salg & Service A/S), for the year up until 17 February 2017. The company then entered into the same arm's lenth trasaction with Lyle JV Holdings Limited, UK Green Investments Lyle Limited and Orsted Lincs (UK) Limited (formerly DONG Energy Lincs (UK) Limited).

Income and receivables	Lyle JV Holdings Limited	UK Green Investment Lyle Limited	British Gas Trading Limited	Orsted Lincs (UK) Limited	Orsted Salg & Service A/S (formerly DONG Energy Salg Service A/S)
	2017	2017	2017	2017	2017
	£	£	£	£	£
Transactions					
Sales of generated electricity and associated environmental credits	39,444,755	27,790,623	14,015,615	23,859,108	4,836,920
Balance outstanding at balance sheet date					
Trade and other receivables	3,825,423	2,695,184	-	-	-
	2016	2016	2016	2016	2016
	£	£	£	£	£
Transactions					
Sales of generated electricity and associated environmental credits	-	-	64,874,000	-	28,376,000
Balance outstanding at balance sheet date					
Trade and other receivables	-	-	-	-	40,000

24 Related party transactions (continued)

Expenditure with and payables to related parties

The company has arm's length transactions with related parties, which includes the purchase of operating & maintenance, management and support services from Centrica Renewable Energy Limited for period until 17th February 2017 and Orsted Wind A/S (Formerly DONG Energy Wind A/S) for the remainder of the year, an agreement in respect of vessel charter with GLID Wind Farms TopCo Limited, the purchase of wind turbine generator operating & maintenance services from Siemens plc, the supply of wind turbine generators and associated equipment by Siemens plc and the purchase of wind turbine generator maintenance services from Orsted Wind A/S (Formerly DONG Energy Wind A/S).

Expenses and payables	Siemens plc	GLID Wind Farms TopCo Limited	Centrica Renewable Energy Limited	Other Orsted Energy companies	Orsted Wind A/S (Formerly DONG Energy Wind A/S)
	2017	2017	2017	2017	2017
	£	£	£	£	£
Transactions					
Purchases of goods and services	1,266,394	-	714,326	50	6,842,415
Balance outstanding at balance sheet date					
Trade and other payables	-	-	-	-	873,543
	2016	2016	2016	2016	2016
	£	£	£	£	£
Transactions					
Purchase of goods and services	9,193,598	37,000	7,372,000	-	17,692
Balance outstanding at balance sheet date					
Trade and other payables	2,578,447	9,920	965,260	-	-

Loans to related parties

The company's shareholder loan values, including interest, are presented below. The loans are provided by each immediate parent undertaking, Centrica (Lincs) Wind Farm Limited and Lincs Renewable Energy Holdings Limited, in equal proportions such that 50% of the values below are attributable to each related party.

The loans are repayable on demand, accruing interest at LIBOR for the interest period and are guaranteed by each debtor's ultimate parent company.

Note the loans were repaid in full from shareholder's during the period under review as part of the sale of ownership and equity restructure.

24 Related party transactions (continued)

Loans to related parties

The company's shareholder loan values, including interest, are presented below. The loans are provided by each immediate parent undertaking, Centrica (Lincs) Wind Farm Limited and Lincs Renewable Energy Holdings Limited, in equal proportions such that 50% of the values below are attributable to each related party.

Shareholder loans are payable to the company's immediate parent undertakings. The company may repay the whole or any part of the outstanding loan amount at any time, but in any event the loan amount (together with interest accrued) is repayable in full by 31 December 2030. The loans are unsecured. The interest rate payable on the shareholder loans is 9% per annum.

Interest and loans	Centrica (Lincs) Wind Farm Limited	Lincs Renewable Energy Holdings Limited	Siemens Project Ventures GmbH	Orsted Lincs (UK) Limited (Formerly DONG Energy Lincs (UK) Limited)
	2017	2017	2017	2017
	£	£	£	£
Transactions				
Interest received	8,056	-	-	4,028
Interest paid	1,406,321	1,406,321	145,931	5,703,855
Balance outstanding at balance sheet date				
Loans receivable	-	-	-	-
Borrowings	-	-	-	-
	2016	2016	2016	2016
	£	£	£	£
Transactions				
Interest received	212,000	106,000	-	-
Interest paid	11,695,400	11,695,400	1,254,500	4,091,000
Balance outstanding at balance sheet date				
Loans receivable	30,617,702	-	-	15,308,851
Borrowings	118,821,000	118,821,000	-	-

Related party transactions within external debt financing

24 Related party transactions (continued)

The company had an arrangement with a consortium of lenders to obtain financing for construction and operation of the wind farm and associated assets. The consortium members include Orsted Wind A/S (Formerly DONG Energy Wind A/S) A/S (16.667% of the facility commitments) and Siemens Bank GmbH (7.501% of the facility commitments). Note the consortium borrowings were settled as part of the sale of ownership of the company.

The total loans drawn under the loan Facilities Agreement at 31 December are included in note 15. These loans were issued to the company by Lloyds Bank plc, the issuing bank, with the underlying funding provided by the consortium of lenders of which Orsted Wind A/S (Formerly DONG Energy Wind A/S) provided £- (2016 : £79,100,000) and Siemens Bank GmbH provided £- (2016 : £35,598,000).

The interest and commitment fees charged in respect of these bank facilities are payable by the company to Lloyds Bank plc, as this is the issuing bank. Lloyds Bank plc in turn allocates the payments to the consortium lenders. Of the total bank interest and commitment fees charged during the year, on an underlying basis the amounts ultimately due to Orsted Wind A/S (Formerly DONG Energy Wind A/S) was £- (2016 : £2,787,000), to Siemens Bank GmbH was £- (2016 : £1,254,000).

Under the covenants in the loan Facilities Agreement, the Company is required to swap a minimum of 75% (2015: 75%) of the floating LIBOR interest exposure on the wind farm term loan for a fixed rate interest charge. DONG Energy A/S has participated in 18.764% as a counterparty in the interest rate swaps.

25 Parent and ultimate parent undertaking

The company's immediate parent undertaking is Lincs Wind Farm Holdings Limited (100%). Lincs Wind Farm Holdings Limited is owned by UK Green Investment Lyle Limited (50%), Lyle JV Holdings Limited (25%) and Orsted Lincs (Uk) Limited (formerly DONG Energy Lincs (Uk) Limited) (25%).

The companies' ultimate parent companies are Macquarie Group Limited, incorporated in Australia, Macquarie European Infrastructure Fund 5 LP, incorporated in England and Wales, Macquarie European Infrastructure 5 SCSp, incorporated in Grand Duchy of Luxembourg and Orsted A/S (formerly DONG Energy A/S), incorporated in Denmark.

Copies of the Macquarie Group Limited consolidated financial statements may be obtained from www.macquarie.com

Copies of the Orsted A/S (formerly DONG Energy A/S) consolidated financial statements may be obtained from the Company Secretary at Orsted A/S (formerly DONG Energy A/S), Kraftværksvej 53, Skærbæk DK - 7000 Fredericia, Denmark.