Registration number: SC213646

Lincs Wind Farm Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020

Lincs Wind Farm Limited

Contents

Lincs Wind Farm Limited

Company Information

Directors	Philip De Villiers Karl Ben Smith Jonathan Brazier Duffy Benjamin Westwood Samuel James Claxton Tony Lyon
Registered office	13 Queens Road Aberdeen Scotland United Kingdom AB15 4YL
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London United Kingdom WC2N 6RH

Lincs Wind Farm Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Review of the business
During the year the company continued electricity generation from its offshore site located 8 kilometres off Skegness on the east coast of England. The site comprises of 75 wind turbines, giving total installed capacity of 270MW.

During the year company continued electricity generation from its offshore site. Commercial generation is expected to continue for the foreseeable future.

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 a long-term offtake agreement 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; and
• Optimising costs.

Key Performance Indicators and review of the year
The company measures its performance in line with its strategic objectives. Key performance indicators (KPIs) are used to measure progress against agreed targets for safe, responsible and sustainable operations.

The company's key financial and other performance indicators during the year were as follows:

	2020 £	2019 £
Revenue	112,899,330	111,047,233
Profit before tax	13,195,430	10,052,146
Company's net asset position	569,454,757	624,876,181

Revenue in 2020 increased due to indexation of the electricity fee. Profit before tax in 2020 was higher due to increase in revenue from electricity generation. The company's net asset position as at 31.12.2020 was lower than as at 31.12.2019 primarily due to depreciation charge for the year decreasing the current value of Property Plant and equipment.

The company's key non-financial performance indicator is wind farm availability and level of safety and environmental cases. The level of availability is achieved by the company monitoring the effectiveness and efficiency of the wind farm on a regular basis. The level of safety and environmental cases are reviewed by the management on regular basis. For the current and prior year the non-financial KPIs were broadly in-line with management's expectation.

Principal risks and uncertainties
The principal risk of the business relates to the ability of the company to run its operations in a financially efficient manner, which is mitigated through meeting its business objectives. 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.

Lincs Wind Farm Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Section 172(1) statement
The company long-term plan is to operate generate fixed price revenue for the life of the wind farm and to decommission the wind farm after the economic life. The directors review this long-term plan, to date no decision have been made to change the long-term plan.

The company does not have any employees. The directors use service provider for all operational activities. The directors ensure that any service provider act in due care towards its employees while working for the company including complying to the company's safety requirements.

The company fosters relationships through the selection of a reliable operations service provider which ensures its customers are supplied with uninterrupted supply of clean electricity during windy days.

The company produces green energy thus having a low carbon impact on the environment, the company has employed a service provider that is committed to operate with a low carbon footprint and employs local community members to perform these tasks.

The company has committed to restore the seabed to its original form once the wind farm has reached its economic life.

The company has partnered up with reputable service provider to operate wind farm on their behalf.

The directors ensure they are complying with the above by reviewing service providers operations reports, wind farm production numbers and safety site reports.

When making decisions the board of directors consider how this will impact all shareholders and ensure no preference is given to any one shareholder.

Engagement with employees
The company has no employees, therefore the directors' have appointed service providers that do engage with its employees on an going and ethical way.

Statement of Business Relationships
Details of our engagement with our key stakeholders including suppliers and customers, is set out in the Section 172
statement in the Strategic report.

Approved by the Board on 9 June 2021 and signed on its behalf by:

....
Philip De Villiers
Director

Karl Smith
Karl Smith (Jun 9, 2021 11:49 GMT+1)
....
Karl Ben Smith
Director

Lincs Wind Farm Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Incorporation
The company was incorporated in Scotland on 11 December 2000 as a private company limited by shares under the Companies Act 2006. The address of its registered office is 13 Queens Road, Aberdeen, Scotland, United Kingdom, AB15 4YL.

As at 31 December 2020, the company was owned by Lincs Wind Farm (Holding) Limited (100 %).

Directors' of the company
The directors, who held office during the year and up to the date of signing the financial statements, were as follows:

Philip De Villiers

Karl Ben Smith

Mairi Dudley (resigned 30 October 2020)

Kasper Skyttegaard-Nielsen (resigned 26 June 2020)

Jonathan Brazier Duffy

Matthew Porter (resigned 16 August 2020)

Benjamin Westwood (appointed 26 June 2020)

Samuel James Claxton (appointed 16 November 2020)

Tony Lyon (appointed 16 August 2020)

Principal activity
The principal activity of the company is to operate an offshore wind farm.

Result for the year
The Company's net result for the current financial year was a profit of £ 9,211,054 (2019: profi £ 7,863,959) moved to retained earnings.

Dividend
During the year a dividend of £64,632,478 (2019: £58,929,000) was paid. The directors do not recommend a payment of a final dividend (2019: £-).

Political donations
There were no political donations made or political expenditures incurred by the company during the year (2019: £-).

Future developments
Commercial generation is expected to continue until the end of the expected economic life of the wind farm, when the assets will be decommissioned.

COVID-19
On 30 January 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the outbreak of COVID-19 a "Public Health Emergency of International Concern". The consequence of COVID-19, where many governments have decided to "close down countries" will have an impact on certain sectors of the world economy. Company operates in the essential sector.

In general, COVID-19 impacted the UK power market due to a lower demand for electricity which led to hours with negative prices from April to July, lower ROC recycle prices and higher balancing tariffs (BSUoS) from National Grid in 2020. This situation had a limited impact on company's financial performance during the year.

Since the outbreak of COVID-19 management continues to meet regularly, focusing on the health and safety of service providers' employees and on ensuring business continuity. Company's asset base has been fully operational and maintained normal availability rates. Management expects this to continue going forward.

Financial risk management
The Company's activities are exposed to a variety of financial risks. Further information on financial risk management is in note 22.

Brexit
Brexit is not in itself part of the company's risks, as the withdrawal from EU, effective from 1 January 2021, will not, in the management's opinion, result in fundamental changes in the UK's energy policy. Announcements by the UK Government show that the UK is committed to a clean, green energy future, and offshore wind can be the backbone of this green vision. UK current target is to bring all greenhouse gas emissions to net zero by 2050.

The directors have considered this at the date of signing these financial statements and do not deem this impacts the fair value of assets and liabilities reported at the balance sheet date of 31 December 2020.

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

Streamlined Energy and Carbon Reporting
The energy consumed in the daily operations of the company is mainly produced by the wind farm itself resulting in no significant emissions. Any additional electricity or gas consumption purchased from other sources are not significant and below 40,000 kWh annually.

Directors' liabilities
The company has in effect directors' indemnity insurance. This is a qualifying third party indemnity provision 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 all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant audit information that they know of and of which they know the auditors are unaware.

Reappointment of auditors
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

Lincs Wind Farm Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Statement of directors' responsibilities

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 prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

Approved by the Board on 9 June 2021 .... and signed on its behalf by:

....	Karl Smith Karl Smith (Jun 9, 2021 11:49 GMT+1) ....
Philip De Villiers Director	Karl Ben Smith Director

Independent auditors' 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 financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit and cash flows 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
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2020; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

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 2020 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, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the regulation of the renewable energy industry in the UK, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals entries to overstate revenue or understate expenditure, and management bias in accounting estimates.. Audit procedures performed by the engagement team included:

- gaining an understanding of the legal and regulatory framework applicable to the company and the renewable energy industry in the UK, and considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud;
- enquiry of management and those charged with governance around actual and potential litigation and claims and any instances of non-compliance with laws and regulations;
- reviewing minutes of meetings of those charged with governance;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Jonathan Matthews (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 June 2021

Lincs Wind Farm Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Revenue	4	112,899,330	111,047,233
Cost of sales		(74,194,744)	(72,315,391)
Gross profit		38,704,586	38,731,842
Administrative expenses		(22,224,377)	(23,455,866)
Other operating (expense) / income	5	(1,540,429)	(3,277,981)
Operating profit	6	14,939,780	11,997,995
Finance costs	7	(1,744,350)	(1,945,849)
Profit before tax		13,195,430	10,052,146
Income tax expense	10	(3,984,376)	(2,188,187)
Profit for the year		9,211,054	7,863,959
Total comprehensive income for the year		9,211,054	7,863,959

The above results were derived from continuing operations.

Lincs Wind Farm Limited

(Registration number: SC213646)
Statement of Financial Position as at 31 December 2020

	Note	31 December 2020 £	31 December 2019 £
Assets			
Non-current assets			
Property, plant and equipment	11	629,755,128	681,233,725
Current assets			
Inventories	12	168,828	168,828
Trade and other receivables	13	15,077,113	20,074,180
Income tax asset		-	5,523
Cash and cash equivalents	14	7,707,634	4,222,909
		22,953,575	24,471,440
Total assets		652,708,703	705,705,165
Equity and liabilities			
Equity			
Share capital	15	(348,817,276)	(348,817,276)
Retained earnings		(220,637,481)	(276,058,905)
Total equity		(569,454,757)	(624,876,181)
Non-current liabilities			
Long term lease liabilities	16	(8,818,525)	(10,953,357)
Provisions	18	(41,812,134)	(40,485,785)
Deferred tax liabilities	10	(24,084,942)	(20,227,209)
		(74,715,601)	(71,666,351)
Current liabilities			
Current portion of long term lease liabilities	16	(1,011,912)	(1,011,912)
Trade and other payables	17	(7,399,603)	(8,150,721)
Income tax liability		(126,830)	-
		(8,538,345)	(9,162,633)
Total liabilities		(83,253,946)	(80,828,984)
Total equity and liabilities		(652,708,703)	(705,705,165)

The notes on pages 16 to 42 form an integral part of these financial statements.

Lincs Wind Farm Limited

(Registration number: SC213646)
Statement of Financial Position as at 31 December 2020 (continued)

The financial statements on pages 11 to 42 were approved by the Board of directors on 9 June 2021 and signed on its behalf by:

	Karl Smith Karl Smith (Jun 9, 2021 11:49 GMT+1)
....	....
Philip De Villiers Director	Karl Ben Smith Director

Lincs Wind Farm Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Retained earnings £	Total £
At 1 January 2020	348,817,276	276,058,905	624,876,181
Total comprehensive income	-	9,211,054	9,211,054
Dividends	-	(64,632,478)	(64,632,478)
At 31 December 2020	348,817,276	220,637,481	569,454,757

	Share capital £	Retained earnings £	Total £
At 1 January 2019	348,817,276	327,123,946	675,941,222
Total comprehensive income	-	7,863,959	7,863,959
Dividends	-	(58,929,000)	(58,929,000)
At 31 December 2019	348,817,276	276,058,905	624,876,181

The notes on pages 16 to 42 form an integral part of these financial statements.

Lincs Wind Farm Limited

Statement of Cash Flows for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the year		9,211,054	7,863,959
Adjustments to cash flows from non-cash items			
Depreciation	6	49,956,995	50,592,402
Loss on disposal of property plant and equipment		-	678,702
Finance costs	7	1,744,350	1,945,849
Income tax expense	10	3,984,376	2,188,187
		64,896,775	63,269,099
Working capital adjustments			
Decrease in trade and other receivables	13	4,997,071	765,492
(Decrease)/increase in trade and other payables	17	(751,118)	4,004,618
Cash generated from operations		69,142,728	68,039,209
Income taxes received	10	5,710	-
Net cash flow generated from operating activities		69,148,438	68,039,209
Cash flows from investing activities			
Acquisitions of property plant and equipment		-	(5,746,220)
Proceeds from sale of property plant and equipment		-	257,438
Net cash flows (used in) investing activities		-	(5,488,782)
Cash flows from financing activities			
Interest paid	7	(135)	(253)
Principle elements of lease payments		(1,011,910)	(1,011,910)
Dividends paid	19	(64,632,478)	(58,929,000)
Foreign exchange losses	7	(19,190)	-
Net cash flows used in financing activities		(65,663,713)	(59,941,163)
Net increase in cash and cash equivalents		3,484,725	2,609,264
Cash and cash equivalents at 1 January		4,222,909	1,613,645
Cash and cash equivalents at 31 December		7,707,634	4,222,909

The notes on pages 16 to 42 form an integral part of these financial statements.

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
United Kingdom
AB15 4YL

2 Accounting policies

Statement of compliance
The company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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 in accordance with in conformity with the requirements of the Companies Act 2006 and under historical cost accounting rules.

The preparation of financial statements in conformity with international accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

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

The company is included in the consolidated financial statements of Macquarie Group Limited and Ørsted A/S which are publicly available.
Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under terms of Section 400 of the Companies Act 2006. For information on parent company, please refer to note 24 "Parent and ultimate parent undertaking". For information on accounting policy on investments, please refer to note 2 "Accounting policies".

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.

2 Accounting policies (continued)

Implementation of new or changed accounting standards and interpretations

New standards, interpretations and amendments effective
The management regularly assess the impact of new and amended IFRS standards and interpretations. New and amended IFRS standards and interpretations are implemented from their mandatory effective dates at the latest. Effective from 1 January 2020, we have implemented the following new or amended standards (IAS and IFRS) and interpretations:
- Definition of Material - amendments to IAS 1 and IAS 8;
- Definition of a Business - amendments to IFRS 3;
- Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7;
- Revised Conceptual Framework for Financial Reporting.

The adoption of the new and amended standards have not had a material impact on the entity in the current and prior reporting periods and are not expected to have a material impact in future reporting periods.

New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Revenue recognition

Recognition

The company earns revenue from the sale of electricity. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Fee arrangements

Below are details of fee arrangements and how these are measured and recognised, for revenue from the sale of products:

Performance obligations

Sale of electricity is based on produced mega watt (MW), which is recognised at the production date. These are invoiced on a monthly basis and payment terms are 30 days. No warranties are offered on sale of these MW.

Transaction price

The transaction price of fixed electricity tariffs is determined by the fee specified in the contract for electricity at production date. The transaction price for green certificates is recognised at guaranteed minimum price at production date.

2 Accounting policies (continued)

Contract assets and receivables

Where goods or services are transferred to the customer before the customer pays consideration, or before payment is due, Contract assets are recognised. Contract assets are included in the statement of financial position and represent the right to consideration for products delivered.

Contract receivables (loans and advances) are recognised in the statement of financial position when the company's right to consideration becomes unconditional. Offtaker (customer) of power takes all of the power produced by the company on a monthly basis and pays a fixed tariff for power received.

Contract assets & receivables (loans and advances) are classified as current or non- current based on the company's normal operating cycle and are assessed for impairment at each reporting date.

Contract liabilities

Contract liabilities and customer deposits are recognised in the statement of financial position when the company has received consideration but still has an obligation to deliver products and meet performance obligations for that consideration.

Net basis of measurement of contract balances

Contract asset and contract liability positions are determined for each contract on a net basis. This is because the rights and obligations within each contract are considered inter-dependent. Where two contracts are with the same or related entities, an assessment is made of whether contract assets and liabilities are inter-dependent and if so, contract balances are reported net.

Impairment of contract related balances

At each reporting date, the company determines whether or not such assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant contracts or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific KPIs that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

2 Accounting policies (continued)

Foreign currency transactions and balances
Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference.

Tax
Tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that 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 and foreign tax, is provided at amounts expected to be paid (or recovered)
using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date in the countries where the company operates and generates taxable income.

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.

Income tax asset/(liability) includes receivables/(payables) from group companies where group relief/consortium relief has been applied.

2 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is included on the balance sheet at historical cost, less accumulated depreciation and provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition. Capitalisation begins when expenditure for the asset is being incurred and activities that are necessary to prepare the asset for use are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the asset for use are complete.

Right of use asset is recognised in the balance sheet at the commencement date of the lease contract at cost less accumulated depreciation and impairment.

Depreciation commences at the point of commercial deployment.

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.

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
Right of use asset	Straight line method over 20 years
Decommissioning asset	Straight line method over 20 years
Wind farm	Straight line method over 20 years
Right of use asset	Straight line method over 14 years

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 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.

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.

2 Accounting policies (continued)

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

· Obtain substantially all the economic benefits from the use of the underlying asset, and;
· Direct the use of the underlying asset (eg direct how and for what purpose the asset is used)

On recognition of lease obligations in the balance sheet at 1 January 2020, the company has applied incremental borrowing rates in the determination of the present value of the lease obligations. At 31 December 2020, the present value of our lease obligations was determined at an interest rate of 3.41%.

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.
The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.
The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the company measures the lease liability by:
(a) Increasing the carrying amount to reflect interest on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.
Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.
The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

2 Accounting policies (continued)

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.
The modification is accounted for as a separate lease if both:
(a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
(b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.
If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The company then accounts for these in line with the accounting policy for new leases.
If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.
For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.
For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Short term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).
The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.
Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statements.

Sub leases

If an underlying asset is re-leased by the company to a third party and the company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).
After classification lessor accounting is applied to the sublease.

2 Accounting policies (continued)

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. An associated decommissioning asset for the value of the provision is recognised in property, plant and equipment and depreciated together with the associated asset. The increase in time of the present value of the provision is recognised in profit (loss) for the year as finance expenses.

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.

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.

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.

Interim dividends are recognised when paid.

2 Accounting policies (continued)

Financial assets and liabilities
Financial instruments are used for various purposes. The purpose determines the category, and whether the value adjustment of the instrument should be recognised in the profit/(loss) for the year or as part of the hedging reserve in equity.

Financial assets
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through statement of comprehensive income, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through statement of comprehensive income are expensed in profit or loss.

The fair value of financial instruments measured at amortised cost is identical to the carrying amount with the exception of loans.

Impairment
The company has three types of financial assets that are subject to the expected credit loss model:
• trade receivables;
• contract assets; and
• debt investments carried at amortised cost;
While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets
The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.
To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rate is based on an assessment of the historical rates for default. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery.
Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

2 Accounting policies (continued)

Financial liabilities

The company classifies its financial liabilities in the following categories:
- financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value), and
- other financial liabilities at amortized cost.

The company only has financial liabilities classified as other financial liabilities at amortized cost.

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 at amortized cost include trade and other payables, loans and borrowings including bank overdrafts.

The fair value of financial instruments measured at amortised cost is identical to the carrying amount with the exception of long-term loans. 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.

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 the statement of comprehensive income.

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.

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:

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

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.

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.

Decommissioning provisions
Estimates of decommissioning obligations are based on management's expectations concerning timing and scope, future cost level, and adopted laws and regulations on decommissioning. The timing of decommissioning obligations depends on the useful lives of the assets. In determining the discounting of decommissioning obligations at 31 December 2020 a discount rate of 3.5% is applied (31 December 2019: 3.5%). The applied discount rate of 3.5% is expected to be applied over a prolonged period. The rate has been estimated on the basis of expectations concerning the future, long-term interest rate level, based on the historical interest rate level. The extent to which decommissioning and restoration will be required is estimated based on current legislation and standards in this area. Expectations concerning the future cost level are based on variables such as expectations concerning the general price trend, demand conditions and the development in existing technologies.

4 Revenue

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

	2020 £	2019 £
Sale of electricity	112,899,330	111,047,233

The total revenue of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

The company has a fixed price power purchase agreement with it's shareholders and it sells all its power generation and associated benefits under this agreement.

Timing of revenue recognition from customers :

	2020 £	2019 £
Over time	112,899,330	111,047,233

The timing of transfer of goods or services to customers is categorised as follows:

- 'Over time' mainly comprises of long-term contracts with customers to deliver of electricity power.

5 Other operating expense

The analysis of the company's other operating expenses for the year is as follows:

	2020 £	2019 £
Miscellaneous other operating expense	(1,540,429)	(3,277,981)

Other operating expense in both years are related to Operations and Maintenance agreement in relation to the Lincs Wind Farm.

6 Operating profit

Arrived at after charging/(crediting)

	2020 £	2019 £
Depreciation expense	49,956,995	50,592,402
Auditors remuneration	12,000	11,715

7 Net finance cost

	2020 £	2019 £
Finance costs		
Interest on bank overdrafts and borrowings	(137)	(253)
Interest and fees payable on shareholder loans	2	-
Foreign exchange losses	(19,184)	(144,994)
Unwinding of discount on decomissioning provision	(1,416,324)	(1,372,670)
Interest expense on leases	(308,707)	(427,932)
Total finance costs	(1,744,350)	(1,945,849)

8 Employees and directors

There were no (2019: nil) employees during the year. The directors received no (2019: £nil) emoluments during the year, in respect of their services to the company.

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

The directors appointed by the Orsted group are remunerated by other companies within the Orsted A/S group for their services to the group as a whole. It is not possible to allocate these directors remuneration for their services to the company.

9 Auditors' remuneration

	2020 £	2019 £
Audit of the financial statements	12,000	11,715

There has been no non-audit remuneration paid to the auditors' or their associates in the current and prior years.

10 Income tax expense

Tax charged in the statement of comprehensive income

	2020 £	2019 £
Current taxation		
UK corporation tax	126,830	-
UK corporation tax adjustment to prior periods	(187)	-
	126,643	-
Deferred taxation		
Arising from origination and reversal of temporary differences	2,883,553	2,160,201
Arising from changes in tax rates and laws	2,231,725	-
Adjustments in repsect of prior periods	(1,257,545)	27,986
Total deferred taxation	3,857,733	2,188,187
Tax expense in the statement of comprehensive income	3,984,376	2,188,187

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	13,195,430	10,052,146
Corporation tax at standard rate	2,507,132	1,909,908
Adjustments relating to prior years	(1,257,732)	27,986
Non deductable expenses	503,251	504,434
Effect of changes in tax rates	2,231,725	(254,141)
Total tax charge	3,984,376	2,188,187

10 Income tax expense (continued)

Factors that might affect future tax charges:

The main rate of UK corporation tax in the year was 19%. During the year, legislation was enacted to maintain the corporation tax rate at 19% instead of reducing to 17%. On 10 March 2021, the UK government announced that the corporation tax rate would increase from 19% to 25% from 1 April 2023. As the legislation was not substantively enacted at the balance sheet date, deferred tax balances continue to be recognised at 19%.

Deferred tax

Deferred tax movement during the year:

	At 1 January 2020 £	Recognised in income £	At 31 December 2020 £
Accelerated tax depreciation	(44,903,247)	(6,760,912)	(51,664,159)
Other items	(2,878,969)	738,242	(2,140,727)
Tax losses carry-forwards	27,555,007	2,164,937	29,719,944
Net tax assets/(liabilities)	(20,227,209)	(3,857,733)	(24,084,942)

Deferred tax movement during the prior year:

	At 1 January 2019 £	Recognised in income £	At 31 December 2019 £
Accelerated tax depreciation	(41,735,353)	(3,167,894)	(44,903,247)
Other items	(3,858,675)	979,706	(2,878,969)
Tax losses carry-forwards	27,555,007	-	27,555,007
Net tax assets/(liabilities)	(18,039,021)	(2,188,188)	(20,227,209)

The deferred tax asset is recognised in the financial statements as the company finds it probable that the tax losses will be utilised in the foreseeable future.

10 Income tax expense (continued)

	2020	2019
	£	£
The provision for deferred tax consists of the following :		
Deferred tax assets due within 12 months	1,753,172	-
Deferred tax liabilities due within 12 months	(6,802,033)	(738,242)
Carrying amount at end of year	(5,048,861)	(738,242)
Deferred tax assets due in more than 12 months	27,966,770	27,555,007
Deferred tax liabilities due in more than 12 months	(47,002,851)	(47,043,974)
Carrying amount at end of year	(19,036,081)	(19,488,967)
Total carrying amount at end of year	(24,084,942)	(20,227,209)

Deferred tax assets are supported by temporary differences from provisions, from the tax losses carried forward and future taxable profits against which tax losses carried forward can be utilised and the application of group relief/consortium relief.

11 Property, plant and equipment

	Right of use asset £	Decommissioning asset £	Wind farm £	Total £
Cost				
At 1 January 2019	12,549,249	36,109,022	957,258,058	1,005,916,329
Decrease in decommissioning estimate	-	(131,668)	-	(131,668)
Additions	-	-	(2,769,914)	(2,769,914)
Disposals	-	-	(936,140)	(936,140)
At 31 December 2019	12,549,249	35,977,354	953,552,004	1,002,078,607
At 1 January 2020	12,549,249	35,977,354	953,552,004	1,002,078,607
Decrease in decommissioning estimate	-	(89,975)	-	(89,975)
Other	(1,431,627)	-	-	(1,431,627)
At 31 December 2020	11,117,622	35,887,379	953,552,004	1,000,557,005
Accumulated depreciation				
At 1 January 2019	-	7,040,887	263,211,593	270,252,480
Charge for year	896,375	2,139,318	47,814,148	50,849,841
Eliminated on disposal	-	-	(257,439)	(257,439)
At 31 December 2019	896,375	9,180,205	310,768,302	320,844,882
At 1 January 2020	896,375	9,180,205	310,768,302	320,844,882
Charge for the year	870,810	1,995,316	47,269,822	50,135,948
Other	(178,953)	-	-	(178,953)
At 31 December 2020	1,588,232	11,175,521	358,038,124	370,801,877
Carrying amount				
At 31 December 2020	9,529,390	24,711,858	595,513,880	629,755,128
At 31 December 2019	11,652,874	26,797,149	642,783,702	681,233,725

The depreciation charge for the year of £ 50,135,948 (2019 - £50,592,402) and other movement on the depreciation £(178,953) (2019 - £ nil) are included in cost of sales.

Right of use assets comprise seabed lease.

12 Inventories

	31 December 2020 £	31 December 2019 £
Raw materials and consumables	168,828	168,828

13 Trade and other receivables

	31 December 2020 £	31 December 2019 £
Trade receivables	-	9,174
Receivables from related parties	6,537,014	11,629,736
Other receivables	20,000	20,000
Prepayments and accrued income	7,840,801	7,666,637
VAT debtor	679,298	748,633
	15,077,113	20,074,180

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 22 "Financial risk management and impairment of financial assets".

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

The carrying value of trade and other receivables classified as financial assets at amortised costs are disclosed in the table below.

	31 December 2020 £	31 December 2019 £
At amortised cost		
Customers	6,537,014	11,638,910

Receivables from customers are recognised during the normal course of business and include amounts due from group companies.

The Company's financial instruments are measured at amortised cost. The fair value of financial instruments measured at amortised cost is identical to the carrying amount due to their short-term nature.

14 Cash and cash equivalents

	31 December 2020 £	31 December 2019 £
Cash at bank	7,707,634	4,222,909

The company's cash at bank is classified as financial asset at amortised costs.

15 Share capital

Allotted, called up and fully paid shares

	31 December 2020 No.	£	31 December 2019 No.	£
Ordinary shares of £1 each	348,817,276	348,817,276	348,817,276	348,817,276

16 Leases

	31 December 2020 £	31 December 2019 £
Long term lease liabilities	(8,818,525)	(10,953,357)

	31 December 2020 £	31 December 2019 £
Current portion of long term lease liabilities	(1,011,912)	(1,011,912)

Seabed leases include variable lease payments which depend on the number of megawatt hours generated. However, we have typically agreed on minimum lease payments for the seabeds and these minimum payments are included in the lease liabilities.

Seabed lease period is 46 years with a break clause which can be actioned before the end of the lease period. Break clause requires a notice period of 5 years before termination of the lease.

16 Leases (continued)

Right of use assets

	Seabed lease	Right of use asset
	£	£
Carrying amount at 1 January 2020	11,652,874	11,652,874
Other	(1,431,627)	(1,431,627)
Depreciation	(691,857)	(691,857)
Carrying amount at 31 December 2020	9,529,390	9,529,390

	Seabed lease	Right of use asset
	£	£
Carrying amount at 1 January 2019	12,549,249	12,549,249
Depreciation	(896,375)	(896,375)
Carrying amount at 31 December 2019	11,652,874	11,652,874

16 Leases (continued)

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	31 December 2020 £	31 December 2019 £
Within 1 year	1,011,912	1,011,912
In one to five years	4,047,648	4,254,119
Over five years	7,083,384	10,898,189
Total lease liabilities (undiscounted)	12,142,944	16,164,220

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	31 December 2020	31 December 2019
Payment	£	£
Lease payments	1,864,421	1,623,893

Finance charge on leases going through Statement of Comprehensive Income is disclosed in note 6 'Net finance cost'.

Depreciation charge on right of use asset is disclosed in note 11 'Property, plant and equipment'.

Variable amount of the lease payments exceeding the minimum lease payments amounts to £852,509 (2019: £611,981)

17 Trade and other payables

	31 December 2020 £	31 December 2019 £
Trade payables	182,768	29,014
Accrued expenses	502,609	555,697
Amounts due to related parties	5,767,738	6,758,919
Other payables	946,488	807,091
	7,399,603	8,150,721

Accrued expenses in prior year is mainly made of capital payments that was paid in the current year as tail end work.

Amounts due to related parties are unsecured, interest free 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 below.

17 Trade and other payables (continued)

The carrying value of trade and other payables classified as other financial liabilities at amortized cost are disclosed in the table below.

The company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk review note 22.

	31 December 2020 £	31 December 2019 £
Trade and other payables at amortised cost - Suppliers	6,453,115	7,343,630

Payables to suppliers are recognised during the normal course of business and include amounts due to group companies.

The company's financial instruments are not measured at fair value. Due to their short-term nature, trade and other payables approximates their fair value.

18 Provisions

	Decommissioning £	Total £
At 1 January 2020	40,485,785	40,485,785
Change in estimates	(89,975)	(89,975)
Charged to the statement of comprehensive income	1,416,324	1,416,324
At 31 December 2020	41,812,134	41,812,134
Non-current liabilities	41,812,134	41,812,134

	Decommissioning £	Total £
At 1 January 2019	39,244,783	39,244,783
Change in estimates	(131,668)	(131,668)
Charged to the statement of comprehensive income	1,372,670	1,372,670
At 31 December 2019	40,485,785	40,485,785
Non-current liabilities	40,485,785	40,485,785

The Decommissioning provision is calculated as the present value of estimated decommissioning costs using a discount rate of 3.50% (2019: 3.50%). Included within fixed assets is an amount of £35,887,379 (2019: £35,977,354) which reflects the company's expectation to recover future decommissioning costs from sales of electricity during 2020 and future years. The decommissioning asset is being depreciated over the expected life of the wind farm.

19 Dividends

	31 December 2020 £	31 December 2019 £
Interim dividend of £0.1853 (2019: £0.1689) per each ordinary share	64,632,478	58,929,000

The aggregate amount of the dividends paid out after the reporting date but not recognised as liability at 31 December 2020 is £23,237,000.

20 Classification of financial and non-financial assets and financial and non-financial liabilities

The classification of financial assets and financial liabilities by accounting categorisation for the period ending 31 December 2020 was as follows:

	Carying amount		Fair value	
	2020	2019	2020	2019
	£	£	£	£
Financial assets at amortized cost				
Trade receivables	-	9,174	-	9,174
Receivables from related parties	6,537,014	11,629,736	6,537,014	11,629,736
Cash and short-term deposits	7,707,634	4,222,909	7,707,634	4,222,909
Financial liabilities at amortized cost				
Trade payables	(182,768)	(29,014)	(182,768)	(29,014)
Amounts due to related parties	(5,767,738)	(6,758,919)	(5,767,738)	(6,758,919)

Trade receivables
Due to the short-term nature of current receivables, their carrying amount is considered to be the same as fair value.

Receivables from related parties
Due to the short-term nature of current receivables, their carrying amount is considered to be the same as fair value.

Cash and cash equivalents
Cash and cash equivalents are unsecured with a short credit period and are therefore considered to have a fair value equal to the carrying amount. They are classified at level 2 in the fair value hierarchy.

20 Classification of financial and non-financial assets and financial and non-financial liabilities (continued)

Trade payables
Trade payables are unsecured and are usually paid within 30 days of recognition. Due to the short-term nature of trade payables, their carrying amount is considered to be the same as fair value.

Amounts due to related parties
The fair value of amounts due to related parties is considered to be the same as the carrying amount since the interest payable is either close to current market rates or the borrowings are of a short-term nature.

21 Reconciliation of liabilities arising from financing activities

			Non-cash changes		
	1 January 2020	Cashflows	Foreign currency effect	Other	31 December 2020
	£	£	£	£	£
Lease liability	(11,965,269)	1,011,910	-	1,122,922	(9,830,437)

22 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.

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

There have been no 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.

During the year the company did not use derivative financial instruments to hedge risk exposures.

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

1. Market Risk
Market risk includes foreign exchange risk.

Foreign currency risk
The company has only limited assets or liabilities in foreign currency. Also, the company has limited sales or purchase transactions in foreign currencies. As a result of this, the company's exposure to foreign exchange rate risks is very limited.

2. Credit risk
Credit risk arises primarily from credit exposures to customers, from cash and cash equivalents with banks and financial institutions and receivables from parent and other group companies. Most of the business is based on subscriptions and prepayments which makes the risk of losses on receivables low. Customers' credit ratings are used to determine credit limits and management monitors the utilization of credit risks on an ongoing basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

3. Liquidity Risk
The company generates sufficient positive cash flows to service its liabilities and planned development. Surplus cash is declared as dividend. Capital management is carried out to ensure low risk. Management monitors funding and liquidity and ensures the availability of required liquidity through cash management and committed facilities. The company's liquidity risk is primarily related to intercompany debt. It is the company's policy to ensure adequate liquidity to satisfy their obligations to the group companies.

Maturity analysis

2020	Accrued expenses	Amounts due to related parties	Total
	£	£	£
Between 1 and three months	502,609	5,767,738	6,270,347
	502,609	5,767,738	6,270,347

2019	Accrued expenses	Amounts due to related parties	Total
	£	£	£
Between 1 and three months	555,697	6,758,919	7,314,616
	555,697	6,758,919	7,314,616

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

Capital components
The Company defines its capital as equity, as presented in the statement of changes in equity. In order to maintain or adjust the capital structure, the Company may return capital to the shareholder or issue new shares.

Capital management
The company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

During 2020, the group's strategy was to maintain a gearing ratio in line with prior years.

The management monitor and review the broad structure of the company's capital on an on-going basis.

Company's equity at 31 December 2020 amounted to £ 569,454,757 (2019 £ 624,876,181).

23 Related party transactions

General related parties
Lyle JV Holdings Limited, UK Green Investments Lyle Limited, Orsted A/S, Orsted Wind Power A/S and Orsted Lincs (UK) Limited, are considered to be related parties as they are members of groups that are considered to be the ultimate controlling parties of the Company.

23 Related party transactions (continued)

Income and receivables from related parties
The company has entered into trasaction with Lyle JV Holdings Limited, UK Green Investments Lyle Limited and Orsted Lincs (UK) Limited.

Income and receivables	Lyle JV Holdings Limited	UK Green Investment Lyle Limited	Orsted Lincs (UK) Limited
	2020	2020	2020
	£	£	£
Transactions			
Sales of generated electricity and associated environmental credits	49,675,531	34,998,670	28,206,450
Balance outstanding at balance sheet date			
Trade and other receivables	4,126,481	-	2,410,519
	2019	2019	2019
	£	£	£
Transactions			
Sales of generated electricity and associated environmental credits	48,820,398	34,396,190	27,738,862
Balance outstanding at balance sheet date			
Trade and other receivables	8,490,405	5,981,876	4,824,093

23 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 Orsted Wind A/S. The purchase of wind turbine generator maintenance services from Orsted Wind A/S.

Expenses and payables	Orsted Wind A/S
	2020
	£
Transactions	
Purchases of goods and services	23,112,680
Balance outstanding at balance sheet date	
Trade and other payables	5,767,738
	2019
	£
Transactions	
Purchases of goods and services	25,694,480
Balance outstanding at balance sheet date	
Trade and other payables	6,758,919

24 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 (31%), Lyle JV Holdings Limited (44%) and Orsted Lincs (Uk) Limited (25%).

The controlling parties of company are Macquarie GIG Renewables Energy Fund 1, Macquarie GIG Renewable Energy Co-Investment Fund L.P, Macquarie European Infrastructure Fund 5 LP, both incorporated in England and Wales, Macquarie European Infrastructure 5 SCSp, incorporated in Grand Duchy of Luxembourg and Orsted A/S, incorporated in Denmark.

Copies of the Orsted A/S (the smallest and largest group in which the results of the company are consolidated are those headed by Orsted A/S) consolidated financial statements may be obtained from the Company Secretary at Orsted A/S, Kraftværksvej 53, Skærbæk DK - 7000 Fredericia, Denmark.