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Vestas-Celtic Wind Technology Ltd

Annual Report

for the year ended 31 December 2021

Registered Number SC216807

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Vestas-Celtic Wind Technology Ltd

Annual report
for the year ended 31 December 2021

Contents

Directors and advisers

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are stated below:

Cornelis De Baar
Hans Martin Smith - resigned 1st February 2022
Guido Hinrichs - resigned 1st February 2022
Emma Elaine Bergman - appointed 1st February 2022
Kieran Patrick Walsh - appointed 1st February 2022

Solicitors
HBJ Gateley Wareing LLP
146 West Regent Street
Glasgow
G2 4TB

Independent auditors
PricewaterhouseCoopers LLP
One Kingsway
Birmingham
CFIO 3PW

Bankers
Nordea Bank AB
6th Floor, 5 Aldermanbury Square
London
EC2V 7AZ

Registered office
Exchange Tower
19 Canning Street
Edinburgh
Midlothian
EH3 8EH
Scotland

Vestas-Celtic Wind Technology Ltd

Strategic report for the year ended 31 December 2021

The Directors present their Strategic report for the Company for the year ended 31 December 2021.

Principal activities

The principal activities of the Company during the year were the marketing, sales, construction and maintenance of wind turbine installations in the United Kingdom.

Review of the business and future developments

The UK is currently holding its fifth CFD auction with results expected in Q3 2023. Onshore wind and PV are competing in one subsidy pot, high auction volumes expected for offshore wind in a separate, individual pot. AR5 follows the annual auctions timeline, ensuring a steady development of offshore in the UK, bringing the country closer to its 50GW offshore target by 2030.

The Celtic Sea lease, dedicated to floating, which will run from Q2 to Q4 2023 will help reaching UK floating targets of 5GW by 2030. As part of its decarbonization goals, the UK will also run the Innovation and Targeted Oil & Gas (INTOG) leasing round to answer the North Sea Transition Deal signed between the government and the offshore oil and gas industry. Results are expected in Q3 2023. The UK announced a 100% renewable electricity by 2035 (95% by 2030).

The government is expected to publish a new energy strategy driven by the need for energy security following the Russian invasion in the Ukraine. This strategy is expected to include raised ambitions for all renewable sources.

In 2021, Vestas Celtic Wind Technology Ltd completed construction of six wind farm projects with a further site partially constructed before the end of the year. During the year, new projects were sucessfully firmed totalling 167MW over four sites.

Vestas Celtic Wind Technology Ltd also has an increasingly profitable portfolio of 101 service contracts totalling 2,874 MW. Due to the length of some of these service contracts, they will provide revenues until 2054. The revenues and associated profit from the recently signed contracts will be recognised upon completion and the subsequent maintenance contracts will further increase turnover and profitability for the Company.

Financial risk management

The Company's operations expose it to a variety of financial risks that include foreign exchange risk, interest rate risk and credit risk.

Foreign exchange rate risk arises from transactions when goods and services are bought or sold in currencies other than Sterling. Significant transactions in foreign currencies are managed by placing foreign exchange contracts with a fellow group Company, Vestas Wind Systems A/S.

All of the Company's funding is provided via a cashpool facility or intergroup loans from Vestas Wind Systems A/S. Interest rate risk includes exposure to changes in the UK Base Rate and LIBOR as interest rates are variable.

The effects of credit risk are controlled as the Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed by the Board. The Board receives regular reports on amounts due and amounts significantly overdue and the relevant action taken.

As a subsidiary of Vestas Wind Systems A/S further details of Group policies in relation to external financial risks, can be found in the Annual report and Financial Statements of this parent Company.

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Key Performance Indicators

The key financial and other performance indicators during the period were as follows:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000	Change %
Turnover	199,215	111,243	79
Operating profit	2,379	547	336
Profit after tax	3,299	1,407	135
Equity shareholders' funds	27,720	24,422	14
Current assets as a % of current liabilities (liquidity ratio)	1.3	1.1	18
Average number of employees	236	220	7

The above KPI developments are resultant from completing significantly more wind farm projects in 2021 verses the prior year.

Subsequent event

A subseqent event is noted and discussed in more detail in note 24, this regards the war in Ukraine.

On behalf of the board

DocuSigned by:
Emma Bergman
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Emma Elaine Bergman
Director
19 January 2023
Vestas-Celtic Wind Technology Ltd
Registered number: SC216807

Vestas-Celtic Wind Technology Ltd

Directors' report for the year ended 31 December 2021

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

Section 172(1) Statement

Section 172 of The Companies Act 2006 states that a Director of a Company must act in the way it considers in good faith and would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

a) The likely consequences of any decision in the long term;
b) The interests of the Company's employees;
c) The need to foster the Company's business relationships with suppliers, customers and others;
d) The impact of the Company's operations on the community and environment;
e) The desirability of the Company maintaining a reputation for high standards of business conduct; and
f) The need to act fairly between members of the Company.

The following summarizes how the Company's Board fulfils its duties under Section 172:

The likely consequences of any decision in the long term

The company is part of the Vestas Group and as such has a wealth of advisors to inform and advise on business matters. Furthermore, decisions need to be probed for commercial viability and both legal and statutory compliance. All procedures are channeled through the company's legal and corporate advisors with care taken for the longer-term ramifications.

The interests of the Company's employees

The company values its employees, it values their contribution and actively promotes their education. The company as part of the Vestas Wind Systems Group utilizes a life cycle approach to employment, focused on the various phases an employee will go through whilst working at the company. From attraction to onboarding to development to exit, the company offers opportunities to ensure engagement, professional development, recognition and a smooth and respectful exit. Furthermore, the company conducts an annual employee survey to measure employee engagement and satisfaction, exploring how employees feel about their daily lives in and around the workplace.

The need to foster the Company's business relationships with suppliers, customers and others

The company requires strong mutually beneficial relationships with suppliers, customers and other Stakeholders. This is a dynamic environment where good communications and relationships are key. The company seeks to conduct its business ethically with the application of its business principles.

The impact of the Company's operations on the community and environment

The Company understands the importance of ensuring that its operations impact the community in a positive manner. Its core strategy aims to make sustainability a part of everything the company does. The Company and Group must lead on sustainability as it does in the field of sustainable energy solutions.

The desirability of the Company maintaining a reputation for high standards of business conduct

The Company conducts business with integrity and enthusiasm, strongly influenced by the long-standing Vestas philosophies.

Vestas-Celtic Wind Technology Ltd
Directors' report for the year ended 31 December 2021 (continued)

Section 172(1) Statement (continued)

The need to act fairly between members of the Company

The company is signatory to international initiatives in the UN Global Compact (UNGC) and the World Economic Forum's Partnering Against Corruption Initiative. These global commitments are reflected in the way that the company works. The Vestas Employee Code of Conduct and Business Partner Code of Conduct outline the rules and principles by which Vestas expects its employees and business partners to behave: Core to this expectation is to conduct business with high integrity.

For a full review of the Company's policy on environmental and health and safety issues the reader is referred to the Group website www.vestas.com and in particular but not exclusively, the "Company announcements from Vestas" links contained therein and the Vestas Wind Systems A/S Annual report 2021 Management report pages 1 to 64 inclusive.

Future developments

An indication of the likely future developments of the business is included in the strategic report on page 4.

Research and development

The Company undertakes no research and development activities in its own right.

Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements. reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks such as warranty liabilities, site availability, and adverse weather risks which are managed as part of the Vestas Wind Systems Group.

For a full review of business activities and future developments together with a commentary on the principal risks and uncertainties, the reader IS referred to the Group webstte www.vestas.com and, in particular but not exclusively, the "Company announcements from Vestas" links contained there in and the Vestas Wind Systems A/S Annual report 2021, Management report pages 1 to 64 inclusive.

Financial risk management

Financial risk management is described in the strategic report on page 4.

Results and dividends

The Company's profit for the financial year is £3,299k (2020: profit £1,407k). The Directors do not recommend payment of a dividend (2020: £nil).

Vestas-Celtic Wind Technology Ltd

Directors' report for the year ended 31 December 2021 (continued)

Branches outside UK
The Company has a branch in the Republic of Ireland.

Directors

The Directors who served the Company during the year and up to the date of this report are listed on page 2.

Directors' Indemnities

The Company maintained throughout the year, and at the date of approval of the financial statements, liability insurance for its directors and officers. This is a qualifying provision for the purposes of the Companies Act 2006.

Disabled employee note

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee involvement

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group plays a major role. The company encourages the involvement of employee's by means of in-house newspapers and newsletters, intranet, briefing groups and the availability of the Vestas Wind Systems A/S annual and quarterly reports.

Environmental, health and safety issues

For a full review of the Company's policy on environmental, health and safety issues, the reader is referred to the Group website www.vestas.com and, in particular but not exclusively, the "Company announcements from Vestas" links contained therein and, the Vestas Wind Systems A/S Annual report 2021, Management report pages 1 to 64 inclusive.

Brexit

On 31 January 2020 the UK left the European Union with the transitional period ending on 31 December 2021, therefore the UK has now left the EU market. At the signing date, the directors of the company had reviewed the opportunities and risks this brings, whilst reviewing the going concern assumption. Although uncertainty exists in the UK economy, this is systemic by nature and Vestas-Celtic Technology Ltd going concern status remains unaffected as a result of the UK leaving the European Union.

Carbon reporting

In 2021 management remains committed to carbon neutrality in Vestas own operations by 2030. To achieve reduction, the company is continuing to source 100 percent of its electricity from renewable sources. For full review of the company's carbon reporting and sustainability see Vestas Sustainability Report 2021 published on www.Vestas.com.

Vestas-Celtic Wind Technology Ltd
Directors' report for the year ended 31 December 2021 (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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Disclosure of information to auditors

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 directors 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 of directors and signed on their behalf by:

DocuSigned by:
Emma Bergman
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Emma Elaine Bergman
Director
19 January 2023
Vestas-Celtic Wind Technology Ltd
Registered number: SC216807

Independent auditors' report to the members of Vestas Celtic Wind Technology Ltd.

Report on the audit of the financial statements

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph below, Vestas-Celtic Wind Technology Ltd.'s financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance sheet as at 31 December 2021; the Income statement and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for qualified opinion

Due to the change in section 479A of the Companies Act 2006, the company was unable to take an audit exemption for the 31 December 2021 year end. Due to the timing of the audit we have not physically counted the inventory held by the company as at 31 December 2021 or 31 December 2020. We were also unable to obtain sufficient appropriate audit evidence through alternative procedures to confirm the existence, completeness and condition of reported inventory of £25,884,000 as at 31 December 2021 and £70,845,000 as at 31 December 2020. As the opening inventory balance at 1 January 2021 impacts the determination of the cost of sales transactions of £191,427,000 for the year ended 31 December 2021, we were unable to satisfy ourselves regarding the existence of opening inventories and consequently the cost of sales transactions which are included in the income statement for the year ended 31 December 2021. In addition, since closing inventories also affect the determination of reported profits, we were unable to determine whether adjustments to the reported profits might be necessary for the year ended 31 December 2021.

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 qualified opinion.

Independence

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

Conclusions relating to going concern

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

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

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

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

Independent auditors' report (Continued)

Reporting on other information

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

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

With respect to the 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 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the 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 UK tax laws and regulations and Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journals.. Audit procedures performed by the engagement team included:

Vestas-Celtic Wind Technology Ltd

Independent auditors' report (Continued)

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

- enquiries of management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reviewing relevant meeting minutes, including those of the Board; and
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and entries posted by unexpected users, where any such journal entries were identified.

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

In respect solely of the limitation on our work relating to existence, completeness and condition of inventory at 31 December 2021 and 31 December 2020, described in the Basis for qualified opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the company.

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

- 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.

Other matter

The financial statements for the year ended 31 December 2020, forming the corresponding figures of the financial statements for the year ended 31 December 2021, are unaudited.

Mark Kingsbury

Mark Kingsbury (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
19 January 2023

Vestas-Celtic Wind Technology Ltd

Income Statement for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	5	199,215	111,243
Cost of sales		(191,427)	(103,805)
Gross profit		7,788	7,438
Administrative expenses		(5,409)	(6,891)
Operating profit	6	2,379	547
Net interest receivable and similar income	10	342	618
Profit before tax		2,721	1,165
Tax on profit	11	577	242
Profit for the financial year		3,299	1,407

There is no other comprehensive income for the financial years other than those included above. Accordingly, no separate statement of comprehensive income is presented.

Vestas-Celtic Wind Technology Ltd

Balance sheet as at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	12	719	744
Investments	13	1,059	1,059
		1,778	1,803
Current assets			
Inventories	14	25,884	70,845
Debtors	15	89,079	120,137
Total current assets		114,963	190,982
Creditors - amounts falling due within one year	16	(88,962)	(168,306)
Net current assets		25,999	22,676
Creditors - amounts falling due after one year	18	(57)	(57)
Net assets		27,720	24,422
Capital and reserves			
Called up share capital	19	8,200	8,200
Share premium account	19	60,300	60,300
Accumulated losses		(40,780)	(44,078)
Total equity		27,720	24,422

The notes on pages 16 to 25 are an integral part of these financial statements.

The financial statements on pages 13 to 25 were approved by the Board of Directors on 19 January 2023 and signed on its behalf by:

DocuSigned by:
Emma Bergman
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Emma Elaine Bergman
Director
Registered number : SC216807

Vestas-Celtic Wind Technology Ltd

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

	Called up shared capital	Share premium account	Profit and loss account	Total equity
	£'000	**£'000**	**£'000**	**£'000**
At 01 January 2020	8,200	60,300	(45,485)	23,015
Profit for the financial period	-	-	1,407	1,407
At 31 December 2020 and 01 January 2021	8,200	60,300	(44,078)	24,422
Profit for the financial period	-	-	3,299	3,299
At 31 December 2021	8,200	60,300	(40,780)	27,720

The accounting policies and notes on pages 16 to 25 form an integral part of these financial statements.

Vestas-Celtic Wind Technology Ltd

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

1 General Information

Vestas-Celtic Wind Technology Ltd ("the Company") is a private Company limited by shares and is incorporated in England. The address of its registered office is Exchange Tower, 19 Canning Street, Edinburgh, Midlothian, EH3 8EH, Scotland.

2 Statement of Compliance

The financial statements of Vestas-Celtic Wind Technology Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

3 Summary of Significant Accounting Policies

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

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Exemptions for qualifying entities under FRS102

FRS102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions.

The Company has taken advantage of the following exemptions on the basis that the information is included in the consolidated financial statements of the Company's ultimate parent undertaking, Vestas Wind Systems A/S, a Company registered in Denmark:

- from preparing a statement of cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- from disclosing the Company key management personnel compensation, as required by FRS102 paragraph 33.7; and
- from disclosing share based payment information, required under FRS102 paragraphs 26.18B, 26.19 - 26.21 and 26.23.
- The Company has also taken advantage of the exemption in accordance with s401 of the Companies Act 2006 and has not prepared consolidated financial statements on the basis that the results of the Company and its subsidiaries are consolidated into the results of Vestas Wind Systems A/S.

The consolidated financial statements of Vestas Wind Systems A/S can be obtained from the address given in note 23.

Foreign currency

Functional and presentation currency

The Company's functional currency is pound sterling which is presented in the financial statements rounded to thousands.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement. All other foreign exchange gains and losses are presented in the income statement within 'Administrative expenses'.

Turnover

Turnover, excluding value added tax, comprises long-term contract sales to customers and amounts attributable to service and maintenance activities.

Sale of small wind power systems based on standard solutions (supply-and-installation projects) are recognised in the income statement, provided that the risk has been transferred to the buyer prior to year end, and provided the income can be measured reliably and is expected to be achieved. Contracts to deliver large wind power systems with a high degree of customisation are recognised in revenue as the systems are constructed based on the stage of completion of the individual contract (turnkey projects) and for where erection of turbines has commenced attributable profit, provided that the income can be measured reliably and is expected to be received.

Revenue attributable to service and maintenance contracts is recognised under the percentage-of completion method. Revenue is recognised based on the cost of services performed to date as a percentage of the total estimated cost of services to be performed.

Long term contracts

In relation to turnkey projects turnover and related profits are determined according to the stage of completion of individual contracts, after allowing for anticipated costs to completion. Smaller supply and installation projects recognise revenue and profit when risk has been transferred to the buyer.

Amounts recoverable on contracts, which are included in debtors, relate to invoices which have been raised in respect of the contracts plus any work still to be invoiced on completed projects which have been transferred to the customer. Payments received on account, which are included in creditors, relate to payments received from customers in advance of the risk being transferred to the buyer. Provisions for estimated losses on contracts are made in the period in which such losses are foreseen and are included in provisions for liabilities and charges.

Vestas-Celtic Wind Technology Ltd

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation. Costs that are directly attributable to bringing the asset into working condition for its intended use are capitalised.

Depreciation is provided using the straight-line method at rates calculated to write off the cost of each asset to its residual value over its expected useful life. The useful lives are as follows:

Asset Category	Useful life
Plant and equipment	10 years
Leasehold improvements	5 years
Vehicles and office equipment	3 - 5 years

The carrying value of tangible fixed assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Impairment losses are recognised in the year in which they are identified.

Investments

Investments have been recorded at cost and are subsequently reviewed for impairment on an annual basis.

Inventories

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a weighted average costing method. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Operating leases

The costs of operating leases are charged to the income statement when they are incurred.

Income tax

Current income tax

Current income tax is provided on income tax profit for the period at current rates.

Taxation

The charge for taxation is based on profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Defined contribution scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge disclosed represents contributions payable by the Company to the fund.

Vestas-Celtic Wind Technology Ltd

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

Financial instruments

The Company has adopted Sections 11 and 12 of FRS102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade debtors and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing arrangement, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Financial liabilities

Basic financial liabilities, including trade creditors and other payables, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the income statement.

Share Capital policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Related Party Transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its parent or with members of the same group that are wholly owned.

4 Critical accounting judgements and estimation uncertainty

Company management and the board of directors make estimates and assumptions about the future. These estimates and assumptions impact recognised assets and liabilities, as well as revenue and expenses and other disclosures. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within financial year include:

- The cost of inventory and associated provisioning are considered regularly. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.
- All turnover generated by the construction of wind farms has been performed under either the completed contract method or the percentage of completion method. Under the completed contract method, revenue is recognised in the income statement in the accounting period in which transfer of risk (TOR) takes place, which is considered once commissioning has taken place. Commissioning occurs when the turbine is connected to the grid and has produced 1 kWh. Under the percentage of completion method, revenue is recognised based on the stage of completion of the individual contracts (turnkey projects) and for where erection of turbines has commenced attributable profit, provided that the income can be measured reliably and is expected to be received.

Vestas-Celtic Wind Technology Ltd

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

5 Turnover

Turnover for the year represents the amounts (excluding valued added tax) derived from the Company's principal activities and is attributable to market segments as follows:

	2021 £'000	2020 £'000
Provision of maintenance services - UK	67,197	57,472
Provision of maintenance services - Ireland	922	854
Construction of wind farms - UK	131,096	52,917
Total	199,215	111,243

6 Operating profit

	2021 £'000	2020 £'000
Operating profit is stated after charging/ (crediting):		
Impairment of inventory included in cost of sales	688	292
Impairment of trade debtors	225	136
Operating lease charges	1,448	1,120
Foreign exchange (gains)/losses	(217)	41
Services provided by the Company's auditors:		
Fees payable for the audit	37	-
Fees payable for other services - tax compliance services	-	-

7 Directors'

No Director (2020: nil) received remuneration in respect of their services to the Company. 3 Directors have exercised options over shares of Vestas Wind Systems A/S during the year (2020: 3). No Directors (2020: nil) were members of defined benefit or defined contribution pension schemes during the year.

8 Employee costs

	2021 £'000	2020 £'000
Wages and salaries	13,258	12,740
Social security costs	1,598	1,548
Other pension costs	802	744
	15,658	15,032

9 Employee information

The average monthly number of persons (including executive Directors) employed by the Company during the year was:

By activity	2021 Number	2020 Number
Selling and administration	32	28
Production and service	204	192
	236	220

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

10 Net interest receivable and similar income

	2021 £'000	2020 £'000
Interest payable and similar expenses	(4)	(12)
Interest receivable on bank deposits	346	630
Net interest receivable and similar income	342	618

11 Tax on profit

(a) The taxable credit included in income statement:

	2021 £'000	2020 £'000
Current tax:		
UK Corporation tax charge	66	119
Adjustments in respect of previous year	1	2
Total current tax charge	67	121
Deferred tax:		
Origination and reversal of timing differences	593	133
Effect of changes in tax rates	(1,237)	(496)
Total deferred tax credit	(644)	(363)
Total tax credit on profit	(577)	(242)

(b) Reconciliation of tax credit

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19.00% (2020: 19.00%).

The differences are explained below:

	2021 £'000	2020 £'000
Profit before tax	2,721	1,165
Profit before tax multiplied by the standard rate of tax in UK : 19.00% (2020 : 19.00%)	517	221
Effects of:		
Fixed asset differences	8	-
Tax rate changes	(1,113)	(496)
Expenses not deductible for tax purposes and other permanent differences	10	31
Adjustments in respect of previous periods	1	2
Total tax credit for the year	(577)	(242)

Vestas-Celtic Wind Technology Ltd

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

11 Tax on profit (continued)

(c) Tax rate changes

In the 2021 Budget, it was announced that the UK Corporation Tax main rate will increase from 19% to 25% from 1 April 2023 on profits over £250,000. The rate for small profits under £50,000 will remain at 19% and there will be relief for businesses with profits under £250,000. Finance Act 2021 was substantively enacted on 24 May 2021 including the rate change to 25% from 1 April 2023. As this rate change had been substantively enacted at the balance sheet date, a rate of tax of 25% has been reflected in the deferred tax workings where applicable.

Deferred tax asset

	2021
	£'000
Balance at 1 January 2021	(4,578)
Income Statement	(363)
Balance at 31 December 2021	(5,222)

The deferred tax asset is made up as follows:	**Recognised 2021 £'000**	**Recognised 2020 £'000**
Deaccelerated capital allowances	(1,000)	(747)
STTD's - trading	4	(16)
Tax losses available	(4,226)	(3,815)
	(5,222)	(4,578)

The amount of the net reversal of deferred tax assets and deferred tax liabilities expected to occur during the year beginning after the reporting period relating to trading losses and based on current year profits is £463k. The amount of unused tax losses and tax credits; £17,638,145. There is no expected expiry date of timing differences, unused tax losses and unused tax credits.

12 Tangible assets

	Leasehold improvements	**Plant and equipment**	**Vehicles and office equipment**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Cost				
At 1 January 2021	71	818	825	1,714
Additions	1	142	3	146
At 31 December 2021	72	960	828	1,860
Accumulated depreciation				
At 1 January 2021	35	643	292	970
Charge for the year	7	79	85	171
At 31 December 2021	42	722	377	1,141
Net book value				
At 31 December 2021	30	238	451	719
At 31 December 2020	36	175	533	744

Vestas-Celtic Wind Technology Ltd

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

13 Investments

	£'000
Cost	
At 1 January 2021 and 31 December 2021	1,995
Impairments	
At 1 January 2021 and 31 December 2021	(936)
Net book value	
At 31 December 2020 and 31 December 2021	1,059

Investments comprise 100% of the ordinary share capital in NEG Micon UK Ltd, a Company registered in England at 302 Bridgewater Place, Birchwood Park, Warrington, Cheshire, WA3 6XG, United Kingdom. The Directors believe that the carrying value of the investments is supported by their underlying net assets.

14 Inventories

	2021 £'000	2020 £'000
Raw materials	-	-
Finished goods	13,462	50,656
Service stock	7,561	7,046
Work in progress	4,861	13,143
	25,884	70,845

There is no significant difference between the replacement cost of the inventory and its carrying amount. Inventories are stated after provisions for impairment of £289k (2020: £90k).

15 Debtors

	2021 £'000	2020 £'000
Trade debtors	43,448	37,083
Amounts owed by group undertakings	38,623	78,075
Prepayments and accrued income	514	274
Other deposits	17	15
Derivative financial instrument (see note 17)	1,254	112
Deferred tax asset	5,222	4,578
	89,079	120,137

Deferred tax asset includes £4,759k (2020: 4,438k) falling due after one year. Amounts owed by fellow subsidiaries are unsecured, interest free and repayable on demand. £37,834k (2020: £75,869k) of the inter company debtor represents part of the group's borrowings under pooled group borrowing arrangement. Under this agreement the group has access to net borrowings and at any point in time part of the facility including both credit and debit balances is notionally allocated to the Company. These amounts are held at a third party bank but as the Company can only access these amounts subject to the overall group borrowing arrangements they are accounted for as group balances.

Trade debtors are stated after provisions for impairment of £466k (2020: £241k).

Vestas-Celtic Wind Technology Ltd

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

16 Creditors - amounts falling due within one year

	2021 £'000	2020 £'000
Payments received on account	68,419	102,257
Trade creditors	10,303	11,424
Amounts owed to group undertakings	1,006	38,684
Other taxation and social security	3,392	9,330
Corporation tax	5	11
Accruals and deferred income	5,838	6,600
	88,962	168,306

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

17 Financial Instruments

The Company had forward foreign exchange contracts included at fair value in the financial statements as follows:

	2021 £'000	2020 £'000
Financial assets/(liabilities) at 1 January	112	(344)
Changes in value dealt with in the statement of income and retained earnings	1,142	456
Financial assets at 31 December	1,254	112

18 Creditors - amounts falling due after more then one year

	2021 £'000	2020 £'000
Legal accruals	57	57
	57	57

19 Share capital and Reserves

(a) Called up share capital

	2021 £'000	2020 £'000
Allotted and fully paid		
8,200,000 (2020: 8,200,000) ordinary shares of £1	8,200	8,200

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.
There were no changes to share capital during the year.

(b) Reserves

Share premium account – This reserve records the amount above the nominal value received for shares sold. The share premium account cannot be distributed under the Companies Act 2006.
Other reserves relates to the capital redemption reserve

Vestas-Celtic Wind Technology Ltd

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

20 Obligations under operating leases

At 31 December the Company had the following future minimum lease payments under non cancellable operating leases for each of the following periods:

	2021 £'000	2020 £'000
Payments due:		
Not later than one year	1,205	1,324
Later than one year and not later than five years	1,751	2,547
Later than five years	-	156
	2,956	4,027

21 Contingent Liabilities

The Company has contingent liabilities in respect of contracts entered into in the normal course of business. The Directors do not expect that these will have a material effect on the financial position of the Company.

22 Related Parties

The Company has taken advantage of the exemption contained within FRS 102 and not disclosed transactions or balances with companies that are wholly owned within the Vestas Wind Systems A/S group.

23 Ultimate parent undertaking

The immediate parent undertaking is Vestas Northern Europe A/S. The ultimate parent undertaking and controlling party is Vestas Wind Systems A/S, a Company incorporated in Denmark and which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the financial statements can be obtained from Vestas Wind Systems A/S, Hedeager 42, 8200 Aarhus N, Denmark.

24 Subsequent event

In February 2022 Ukraine and Russia entered into an armed conflict. The company does not have activity in Ukraine nor Russia, nor have relationships with Russian or Ukrainian groups. However, over time, the conflict could have direct and indirect economic and financial consequences, notably in the supply chain from rising prices and/or shortage of certain materials, goods and services and delays and increased costs in logistics. Furthermore, the conflict may disrupt the overall global economy and growth. The company is closely monitoring its exposure, including the uncertainties and risks associated with the crisis, but at this point it is too early to assess any impacts. Therefore, at the date of these financial statements, there is no identified financial impact related to this conflict on the company's Statement of Financial Position.