Registration number: 04155137

Lynn Wind Farm Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017

Lynn Wind Farm Limited

Contents

Lynn Wind Farm Limited

Strategic Report for the Year Ended 31 December 2017

The Directors present their Strategic Report of Lynn Wind Farm Limited ("the Company") for the year ended 31 December 2017.

Review of the business
The Company's financial statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosures Framework ("FRS 101").

The wind farm has operated satisfactorily during the year. Generation and availability were below plan due to a technical issue. Revenue was above plan due to unforecast ROC recycle revenue streams.

Principal risks and uncertainties
Lynn Wind Farm Limited's principal risk which is a known feature of wind farms is revenue uncertainty. Revenue is dependent on wind speeds and the related power curve which together impact the potential revenue of the wind farm. The availability is driven by the technical performance of the wind turbines and ancillary equipment, and the physical access to the wind farms. The power generated is sold under power purchase agreements and the power price is dependent on market pricing subject to a cap and floor in respect of 75% of the generation. ROCs awarded are based on production and have an annual price published by OFGEM which is indexed from 1 April each year. Revenue uncertainty impacts the Group's cash flow and as such the ability to make loan repayments and to make distributions to shareholders when appropriate.

Key performance indicators (KPIs)
The Directors formally convene regular board meetings. The board meetings' standing agenda items provide a review of key performance metrics covering health, safety and the environment, operations and maintenance activity and financial performance.

The key driver of financial performance is revenue. Turnover has increased by 12% (2017: £32,129,000) from prior year (2016: £28,670,000) which has resulted in an improved financial performance in 2017. This increase is due to a combination of a small increase in volume and unforecast ROC recycle income. To create the maximum renewable energy the Company monitors the effectiveness of the wind farm on a regular basis and endeavours to achieve a high level of performance.

Financial position
The financial position of the Company is presented in the Statement of Financial Position on page 11. Total shareholders' funds at 31 December 2017 were £3,466,000 (2016: shareholder deficit £46,000).

Strategic Report for the Year Ended 31 December 2017 (continued)

Future developments
Commercial generation is expected to continue from the wind farm for the foreseeable future. Decisions will be made towards the end of the wind farm's useful economic life, around 2033, to decide if the assets will be decommissioned or a repowering of the site will be undertaken.

Approved by the Board on 25 April 2018 and signed by order of the board.

....
Alexis Ulens
Director

Company registered in England and Wales, No. 04155137
Registered office:
Grimsby Renewables Operations Base
North Quay
Grimsby
NE Lincolnshire
DN31 3SY

Lynn Wind Farm Limited

Directors' Report for the Year Ended 31 December 2017

The Directors present their report and the audited Financial Statements for the year ended 31 December 2017.

Directors of the Company
The directors who were in office during the year and up to the date of signing the financial statements remain unchanged and were:

P Raftery
K Smith
A Ulens
K Mangan (appointed 12 April 2018)
C Reid (resigned 12 April 2018)

Principal activity
The principal activity of the Company is the operation of the Lynn wind farm.

Results and dividends
The results of the Company are set out on page 10. The profit for the financial year ended 31 December 2017 is £3,512,000 (2016: loss £959,000). Nil dividends were paid during the year and the Directors do not recommend the payment of a final dividend (2016: £nil).

Financial instruments

Objectives and policies

The Directors have established objectives and policies for managing financial risks to enable the Company to achieve its long-term shareholder value growth targets within a prudent risk management framework. These objectives and policies are regularly reviewed. Exposure to counterparty credit risk and liquidity risk arises in the normal course of the Company's business.

Interest Rate & Currency Risk
The group has no significant exposure to currency risk. The groups transactions and balances are denominated in sterling. The group loans are at a fixed interest rate. An increase in the interest rate will result in an increase to the discount rate applied to decommissioning in the future.

Price Risk
Price risk is based on power prices and ROC prices. To mitigate electricity price risk, the Group has entered into power purchase agreements ("PPAs") with British Gas Trading Limited to sell power until September 2024, with the power prices based on market prices subject to a cap and floor in respect of 75% of generation. ROC prices are set annually by OFGEM.

Credit Risk
Counterparty credit exposures are monitored by individual counterparty. Credit risk is limited to exposures with British Gas Trading Limited, and Npower Limited, both of which are on long term agreements. There is a Parent Company Guarantee in place in respect of the Npower Agreement.

Liquidity & Cash Flow Risk
In order to review available liquidity cash forecasts for the Group are produced and reviewed regularly. Low generation due to low wind or low availability affect revenue and cash flow. In order to generate the maximum renewable energy, the Group monitors the performance of the wind farms on a regular basis and endeavors to achieve a high level of availability. From April 2017 GLID entered into a service and maintenance agreement with Siemens Wind Power Limited (SMA). The SMA provides warranties on the availability yield and provides fixed price servicing costs.

Future developments
Future developments are discussed in the Strategic Report on pages 1 to 2.

Going concern
The financial statements have been prepared on a going concern basis as GLID Wind Farms TopCo Limited, the parent company, intends to support the Company to ensure it can meet its obligations as they fall due. The Directors have received confirmation that GLID Wind Farms TopCo Limited intends to support the Company for at least one year after the financial statements were authorized.

Directors liabilities
The Company is a wholly-owned subsidiary of GLID Wind Farms TopCo Limited, which is jointly controlled. The Directors of the Company are nominated by the joint venture partners of its parent company. The Directors are covered by the ultimate parent company's directors' and officers' liability insurance. The insurances do not provide cover in the event that the Director is proved to have acted fraudulently or unlawfully.

Statement of Directors' Responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, 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.
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.
In the case of each director in office at the date the Directors' Report is approved:

- so far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors 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 auditor is aware of that information.

The directors are responsible for preparing the annual report in accordance with applicable law and regulations. The directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy and is fair, balanced and understandable.
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors
Following a tender process, the board resolved on 19 September 2017 to appoint Grant Thornton UK LLP as auditor for 2017, and to ask PricewaterhouseCoopers LLP to resign from their appointment.

This Directors' report was approved by the Board on 25 April 2018.

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Alexis Ulens
Director

Company registered in England and Wales, No. 04155137
Registered office:
Grimsby Renewables Operations Base
North Quay
Grimsby
North East Lincolnshire
DN31 3SY

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

Report on the financial statements

Opinion

We have audited the financial statements of Lynn Wind Farm Limited (the 'company') for the year ended 31 December 2017 which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.
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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Matter on which we are required to report under the Companies Act 2006
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors for the financial statements
As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Grant Thornton UK LLP

Mark Overfield BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
1 Whitehall Riverside
Leeds
LS1 4BN

25 April 2018

Lynn Wind Farm Limited

Income Statement for the Year Ended 31 December 2017

	Note	2017	2016
		£000	£000
Revenue - continuing operations	4	32,129	28,670
Cost of Sales		(14,229)	(10,370)
Gross profit		17,900	18,300
Administrative expenses		(3,335)	(10,793)
Operating profit	5	14,565	7,507
Finance cost	7	(9,780)	(10,241)
Profit / (loss) before income tax		4,785	(2,734)
Income tax (charge)/credit	10	(1,273)	1,775
Profit / (loss) for the financial year		3,512	(959)

Statement of Comprehensive Income for the Year Ended 31 December 2017

	2017	2016
	£ 000	£ 000
Profit / (loss) for the financial year	3,512	(959)
Total comprehensive income/(expense) for the year	3,512	(959)

Lynn Wind Farm Limited

Statement of Financial Position as at 31 December 2017

	Note	**2017**	2016
		£000	£000
Fixed Assets			
Property, plant and equipment	11	**109,706**	116,794
Current assets			
Inventories	12	**-**	265
Trade and other receivables	13	**12,160**	7,550
Cash and cash equivalents		**709**	2,264
		12,869	10,079
Creditors- amounts falling due within one year			
Trade and other payables	14	**(102,933)**	(111,788)
Net current liabilities		**(90,064)**	(101,709)
Total assets less current liabilities		**19,642**	15,085
Non-current liabilities			
Deferred tax liabilities	15	**(7,759)**	(6,967)
Provisions for other liabilities and charges	16	**(8,417)**	(8,164)
Net assets/(liabilities)		**3,466**	(46)
Equity			
Called up share capital	17	**-**	-
Retained earnings/(loss)	18	**3,466**	(46)
Total shareholder funds/(deficit)		**3,466**	(46)

The financial statements on pages 10 to 25 were approved and authorised for issue by the Board of Directors on 25 April 2018 and signed on its behalf by:

....

Alexis Ulens
Director
Company number 04155137

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

	Note	Share capital £ 000	Retained earnings £ 000	Total £ 000
Balance as at 1 January 2016	17	-	913	913
Loss for the year		-	(959)	(959)
Total comprehensive expense for the financial year		-	(959)	(959)
Balance as at 31 December 2016		-	(46)	(46)

	Note	Share capital £ 000	Retained earnings £ 000	Total £ 000
Balance as at 1 January 2017	17	-	(46)	(46)
Profit for the year		-	3,512	3,512
Total comprehensive income for the financial year		-	3,512	3,512
Balance as at 31 December 2017		-	3,466	3,466

The notes on pages 13 to 25 form an integral part of these financial statements

1 General information

Lynn Wind Farm Limited (the 'Company') is a company limited by shares and incorporated and domiciled in England and Wales.
The address of its registered office and the principal place of business is:

Grimsby Renewables Operations Base
North Quay
Grimsby
North East Lincolnshire
DN31 3SY

The principal activity of the Company is the operation of the Lynn wind farm.

2 Accounting policies

Basis of preparation
The Company's financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards and its interpretations adopted by the EU ("adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements the Company has applied the exemptions available under FRS 101, and notified its shareholders in writing accordingly, in respect of the following disclosures:

• A Cash Flow Statement and related notes;

• Comparative period reconciliations for tangible fixed assets;

• Disclosures in respect of the compensation of Key Management Personnel;

• Disclosures in respect of capital management; and

• The effects of new but not yet effective IFRSs.

As the consolidated financial statements of GLID Wind Farms TopCo Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

• Certain disclosures required by IFRS 13 Fair value measurement and the disclosures required by IFRS 7 Financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value.

2 Accounting policies (continued)

Basis of preparation (continued)

These financial statements are presented in pound sterling (with all values rounded to the nearest thousand pounds except when otherwise indicated), which is also the functional currency of the Company.

The financial statements are prepared on the historical cost basis except for financial instruments designated at fair value through profit and loss on initial recognition. The carrying value of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

Going concern

The financial statements have been prepared on a going concern basis as GLID Wind Farms TopCo Limited, the parent company, intends to support the Company to ensure it can meet its obligations as they fall due. The Directors have received confirmation that GLID Wind Farms TopCo Limited intends to support the Company for at least one year after the financial statements were authorised.

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.

Revenue recognition

Revenue relates to the sale of generated power and the associated Renewables Obligation Certificates ("ROCs") Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised on the basis of power supplied during the period, together with associated ROCs, except that the ROC Recycling Benefit and Triad revenue is recognised once the value of the benefit is certain. Revenue which has not been billed at the reporting date is included as accrued income.

Cost of sales

Cost of sales includes depreciation of assets and operations and maintenance costs of the wind farm.

Leases

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

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

2 Accounting policies (continued)

Taxation

Current tax, being UK corporation 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. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Property, plant and equipment ("PP&E")

PP&E is stated in the Statement of Financial Position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of PP&E includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

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

Asset class	Depreciation method and rate
Plant and Machinery	Straight line, between 8 to 25 years
Decommissioning asset:	Straight line, 25 years

In 2016 the company sought technical advice which determined that with appropriate maintenance of the wind farm asset the total useful economic life of the asset (from first commissioning) could be 25 years. Subsequently in the year ended 31 December 2016 the company changed the UEL from 20 years to a maximum of 25 years for plant, machinery and decommissioning assets, reducing depreciation by £2.6m per annum.

Impairment

The carrying values of PP&E are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is immediately reduced to its recoverable amount. The carrying values of PP&E are tested annually for impairment and are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Inventories

Inventories are stated at the lower of cost incurred in bringing each item to its present location and condition and net realisable value. Provision is made where necessary for obsolete, slow-moving and defective inventories. Cost is determined on a FIFO (first in, first out) basis.

2 Accounting policies (continued)

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Decommissioning costs
Provision is made for the net present value of the estimated cost of decommissioning the wind farm at the end of its useful life, based on price levels and technology at the balance sheet date.

When this provision relates to an asset with sufficient future economic benefits, a decommissioning asset is recognised and included as part of the associated PP&E and depreciated accordingly. Changes in these estimates and changes to the discount rates are dealt with prospectively and reflected as an adjustment to the provision and corresponding decommissioning asset included within PP&E. The unwinding of the discount on the provision is included in the Income Statement within interest expense.

Financial assets and liabilities
Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Company no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are de-recognised when the obligation under the liability is discharged, cancelled or expires.

Trade and other receivables
Trade receivables are amounts due from customers for power sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

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

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

2 Accounting policies (continued)

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resource received or receivable. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received. Own equity instruments that are re-acquired are deducted from equity. No gain or loss is recognised in the Company's Income Statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits.

Interest-bearing loans and other borrowings
All interest-bearing loans and other borrowings with banks or similar institutions and intercompany entities are initially recognised at fair value net of directly attributable transaction costs (if any, in respect of intercompany funding). After initial recognition, these financial instruments are measured at amortised cost using the 'Effective Interest Rate' method, except when they are the hedged item in an effective fair value hedge relationship where the carrying value is also adjusted to reflect the fair value movements associated with the hedged risks. Such fair value movements are recognised in the Company's Income Statement. Amortised cost is calculated by taking into account any issue costs, discount or premium, when applicable.

3 Critical accounting judgements and key sources of estimation uncertainty

Useful lives of PP&E
Depreciation is charged so as to write off the costs of the assets over their estimated useful lives. The expected useful lives of the assets are anticipated to be 25 years, should the expected lives change then this will affect the annual depreciation charge. In 2016 the group sought technical advice which determined that with appropriate maintenance of the wind farm asset the total useful economic life of the asset (from first commissioning) could be 25 years. Subsequently the group has changed the UEL to a maximum of 25 years for plant, machinery and decommissioning assets.

Impairment of PP&E
The Company's wind farm assets comprise various property, plant and equipment. The Company makes judgements and estimates in considering whether the carrying amounts of these assets are recoverable. Should the recoverable amounts be less than the current carrying values then an impairment charge is made to reduce the assets down to their net recoverable amounts.

Decommissioning costs
The estimated cost of decommissioning at the end of the wind farm's life is reviewed periodically and is based on price levels and technology at the balance sheet date. The uninflated discounted cost of decommissioning is as per the latest (2014) report and is based on leaving the cables in situ. The report is updated every 5 years with the next review expected by the end of 2018. Provision is made for the estimated cost of decommissioning at the balance sheet date. The payment dates of total expected future decommissioning costs are uncertain but are currently anticipated to be 2033. Due to changes in relation to these items the future actual cash outflows in relation to decommissioning are likely to differ in practice.

4 Revenue

All turnover relates to the principal activity of the business and occurs wholly in the United Kingdom.

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

	2017	2016
	£ 000	£ 000
Sale of generated electricity and associated environmental credits	32,129	28,670

5 Operating profit

	2017	2016
	£ 000	£ 000
Operating profit is stated after charging:		
Depreciation of tangible assets (note 11)	7,042	7,533

6 Employee' costs

The Company had no employees and therefore no staff costs (2016: £nil). Any costs relating to staff or Directors seconded to the Company were borne by other group companies of their respective ultimate parent companies.

7 Finance cost

	2017	2016
	£ 000	£ 000
Interest on amounts owed to group undertakings	(9,526)	(10,084)
Unwinding of discount on decommissioning provision	(254)	(157)
Total finance costs	(9,780)	(10,241)

8 Directors' remuneration

The aggregate emoluments paid to directors in respect of their qualifying services were £nil (2016: £nil). Lynn Wind Farm Limited is a wholly-owned subsidiary of a company that is jointly controlled, and the Directors are nominated by the joint partners of its parent company. Accordingly, no emoluments are paid for their services to the Company.

9 Auditor's remuneration

Auditor's remuneration was £13,100 (2016: £18,396) and relates to fees for the audit of the financial statements provided to the Company.

10 Tax on profit/(loss)

Tax credit for the year is higher (2016: charge higher than) the standard rate of corporation tax in the UK for the year ended 31 December 2017 at 19.25% (2016: 20%). The differences are explained below:

	2017	2016
	£ 000	£ 000
Current taxation		
UK corporation tax at 19.25% (2016: 20%)	**481**	-
Deferred taxation		
Current year - Origination and reversal of timing differences	**792**	(1,517)
Effect of changes in UK tax rates	**-**	(258)
Total deferred taxation	**792**	(1,775)
Tax on profit on ordinary activities/ (Income tax credit)	**1,273**	(1,775)

	2017	2016
	£ 000	£ 000
Profit/(loss) before tax	**4,785**	(2,734)
Profit/(loss) multiplied by the standard rate of tax in the UK of 19.25% (2016: 20%)	**921**	(547)
Effects of:		
Fixed asset differences	**69**	-
Expenses not deductible	**485**	(353)
Movement in decommissioning asset	**(46)**	-
Change in UK tax rates	**(105)**	(258)
Effects of group relief/other reliefs	**(51)**	(991)
Non qualifying assets	**-**	374
Total Income tax charge / (credit)	**1,273**	(1,775)

The main rate of corporation tax for period to 31 March 2017 was 20%. The corporation tax rate reduced to 19% with effect from 1 April 2017 and to 17% with effect from 1 April 2020 following the enactment of Finance (No 2) Act 2015 and Finance Act 2016 respectively. These enacted rates have been reflected in these financial statements when providing for deferred tax.

Lynn Wind Farm Limited

11 Property, plant and equipment

	Plant and machinery £ 000	Decommissioning asset £ 000	Total £ 000
Cost or valuation			
At 1 January 2017	184,118	6,734	190,852
Revisions	(38)	-	(39)
Disposals	(8)	-	(8)
At 31 December 2017	**184,072**	**6,734**	**190,806**
Accumulated Depreciation			
At 1 January 2017	71,359	2,699	74,058
Charge for the year	6,804	238	7,042
At 31 December 2017	**78,163**	**2,937**	**81,100**
Carrying amount			
At 31 December 2017	**105,909**	**3,797**	**109,706**
At 31 December 2016	112,759	4,035	116,794

12 Inventories

	2017 £ 000	2016 £ 000
Raw materials and consumables	-	265

Inventory expensed to the income statement in the year amounted to £6,000 (2016: £90,000). Write up of stocks and consumables in the year amounted to £220,000 (2016: Write down £863,000). Stock of £479,000 was sold during the year.

13 Trade and other receivables

	2017 £ 000	2016 £ 000
Trade receivables	**3,481**	-
Accrued income	**8,428**	7,466
Prepayment	**251**	84
	12,160	7,550

14 Trade and other payables

	2017 £ 000	2016 £ 000
Trade payables	-	1,179
Corporation Tax	**481**	-
Amounts owed to group undertakings	**99,567**	108,556
Accrued expenses	**679**	1,773
VAT	**2,206**	280
	102,933	111,788

On 4 November 2009, the Company received a secured loan of £149,600,000 from GLID Wind Farms TopCo Limited, its immediate parent undertaking. The outstanding balance at 31 December 2017 was £99,567,000 (2016: £108,556,000). The loan is repayable on demand and may be repaid by the Company at any time without penalty. The rate of interest is 9% per annum. GLID Wind Farms TopCo Limited, the parent company, intends to support the Company to ensure it can meet its obligations as they fall due. The Directors have received confirmation that GLID Wind Farms TopCo Limited intends to support the Company for at least one year after the financial statements were authorised.

15 Deferred tax liabilities

The movements in respect of the deferred income tax assets and liabilities that occurred during the financial year are as follows:

Deferred tax liabilities:

	2017	2016
	£ 000	£ 000
At 1 January	**6,967**	8,742
Charged to the income statement	**792**	(1,775)
At 31 December	**7,759**	6,967

	Provided 2017	Provided 2016
Deferred corporation tax		
Fixed Assets	**8,544**	7,669
Temporary differences	**(785)**	(702)
	7,759	6,967

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

	Provided 2017	Provided 2016
Deferred corporation tax		
Net deferred tax (assets)	**(785)**	(702)
Net deferred tax liabilities	**8,544**	7,669
	7,759	6,967

Deferred tax movement during the year:

	At January 2017	**Recognised in income**	**At 31 December 2017**
	£ 000	**£ 000**	**£ 000**
Accelerated tax depreciation	7,669	875	8,544
Other items	(702)	(83)	(785)
Net tax liabilities	**6,967**	**792**	**7,759**

15 Deferred tax liabilities (continued)

Deferred tax movement during the prior year:

	At January 2016	Recognised in income	At 31 December 2016
	£ 000	**£ 000**	**£ 000**
Accelerated tax depreciation	9,443	(1,774)	7,669
Other items	(701)	(1)	(702)
Net tax liabilities	8,742	(1,775)	6,967

A deferred tax asset was recognised based on the expected recovery in future years following the usual business model for a project-financed wind farm, with cash generated from operations used to repay interest and loans and hence successively reduce future financing costs.

Deferred tax assets and liabilities are within the same tax jurisdiction and have been offset for financial reporting purposes:

	2017 Assets £ 000	**2017 Liabilities £ 000**	2016 Assets £ 000	2016 Liabilities £ 000
Gross deferred tax crystallising within one year	**(519)**	-	-	5,000
Gross deferred tax crystallising after one year	**(785)**	9,063	(702)	2,669
Offsetting deferred tax balances	**1,304**	(1,304)	702	(702)
Net deferred tax balances	-	7,759	-	**6,967**

16 Other provisions

	2017	2016
	£ 000	£ 000
Decommissioning provision		
At 1 January	**8,164**	6,062
Additions/revisions	-	1,945
Unwind of discounting	**253**	157
At 31 December	**8,417**	8,164

16 Other provisions (continued)

Decommissioning provision

The decommissioning provision represents the future expected costs of decommissioning the Group's wind farms at the end of their useful economic lives, discounted to the present value. The payment date of the total expected future decommissioning costs is uncertain but is currently anticipated to be 2033. The uninflated discounted cost of decommissioning per the latest (2014) report is £8,776,000 and is based on leaving the cables in situ. Cable removal would increase this cost by £2,537,000. Due to changes in relation to these items the future actual cash outflows in relation to decommissioning are likely to differ in practice. The large vessel cost market has softened somewhat since the 2014 review; scrap costs appear to have outstripped inflation indices by some margin and some evidence has been gathered that further supports the assumptions made in the review. The above provision relates solely to assets held as at the date of these financial statements. In determining the provision, the cash flows have been discounted on a pre-tax basis using an annual risk-free interest rate of 3.14% (2016: 3.15%). The assumed rate of inflation is 2.5% (2016: 2.5%).

17 Called up share capital

Allotted, called up and fully paid shares

	2017 No.	2017 £	2016 No.	2016 £
Ordinary shares of £1 each	**1**	**1**	1	1

The share capital of Lynn Wind Farm Limited consists only of fully paid ordinary shares with a nominal value of £1 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings of Lynn Wind Farm Limited.

18 Reserves

Called-up share capital – represents the nominal value of the shares that have been issued

Retained earnings – includes all current and prior period retained profits and losses

19 Operating lease

At 31 December 2017, the Company had annual commitments under non-cancellable operating leases with the following maturity:

	2017 £ 000	2016 £ 000
Within one year	**321**	300
In two to five years	**1,282**	1,200
In over five years	**3,527**	3,600
	5,130	5,100

The amount of non-cancellable operating lease payments recognised as an expense during the year was £306,000 (2016: £300,000) and the amount of contingent rents was £87,000 (2016: £78,000).
Contingent rents relate to payments to The Crown Estate in respect of volumes in excess of the minimum output.

20 Financial risk management and impairment of financial assets

GLID Wind Farms TopCo Limited has provided a letter of support to Lynn Wind Farm Limited such that amounts owed to the parent company will only be requested subject to Lynn Wind Farm Limited being able to meet its liabilities as they fall due.

21 Parent and ultimate parent undertaking

The Company's immediate parent undertaking is GLID Wind Farms TopCo Limited, a company registered in England and Wales and was the parent company of the smallest and largest group to consolidate these financial statements. Copies of the GLID Wind Farms TopCo Limited financial statements can be obtained from GLID Wind Farms TopCo Limited, Grimsby Operations Base, North Quay, Grimsby, North East Lincolnshire, DN31 3SY.

GLID Wind Farms TopCo Limited's immediate parent undertakings are UK Green Investment LID Limited (60.8% holding), RI Income UK Holdings Limited (34.3% holding) and RI EU Holdings (UK) Limited (4.9% holding). There is joint control at board level and no ultimate controlling party.

22 Related Party Transactions

During the course of the year the group entered into transactions, in the ordinary course of the business, with related party Xceco Limited. Xceco Limited provide asset management services to the company and have significant influence. Total transactions were £491,000 (2016 £49,000). There was no balance receivable or payable as at 31 December 2017 (2016 £nil).

During the period from 1 January 2016 to 7 March 2016 sales of generated electricity and associated environmental credits to British Gas Trading Limited, a wholly-owned subsidiary of Centrica plc, the company's previous parent undertaking, amounted to £4,664,000 and are included in revenue for that year.

At 31 December 2017, the balance receivable from British Gas Trading Limited for these sales amounted to £nil (2016: £nil).

No provision for bad or doubtful debts owed by related parties was required (2016: £nil).