

PENDINE WIND FARM LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

PENDINE WIND FARM LIMITED
REGISTERED NUMBER:03292728

BALANCE SHEET
AS AT 31 DECEMBER 2021

		2021	<i>As restated</i>
	Note	£	2020 £
Fixed assets			
Tangible assets	5	2,341,716	2,585,441
		<u>2,341,716</u>	<u>2,585,441</u>
Current assets			
Debtors	6	4,059,197	540,949
Cash at bank and in hand	7	140,492	2,617,758
		<u>4,199,689</u>	<u>3,158,707</u>
Creditors: amounts falling due within one year	8	(432,912)	(378,229)
Net current assets		<u>3,766,777</u>	<u>2,780,478</u>
Total assets less current liabilities		<u>6,108,493</u>	<u>5,365,919</u>
Provisions for liabilities			
Deferred tax	9	(271,173)	(191,057)
Other provisions	10	(151,172)	(257,127)
		<u>(422,345)</u>	<u>(448,184)</u>
Net assets		<u><u>5,686,148</u></u>	<u><u>4,917,735</u></u>
Capital and reserves			
Called up share capital		4,200,002	4,200,002
Profit and loss account		1,486,146	717,733
		<u><u>5,686,148</u></u>	<u><u>4,917,735</u></u>

PENDINE WIND FARM LIMITED
REGISTERED NUMBER:03292728

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
T Spanggaard

Director

Date: 23 November 2022

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

The company is a private company limited by shares and is incorporated in the United Kingdom under the

Companies Act 2006 and registered in England and Wales. The address of its registered office is Millhouse, 32-38 East Street, Rochford, Essex, SS4 1DB.

The principal activity of the company continued to be that of the operation of a wind farm.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company transitioned from FRS101 to FRS102 Section 1A on 1 January 2021. The Operating Lease treatment differs between the two accounting standards and the comparatives have been restated to reflect the correct FRS102 treatment.

The following principal accounting policies have been applied:

2.2 Going concern

Taking into account a period exceeding 12 months from the date of approval of these financial statements, the Directors have a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its financial statements.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Revenue

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 measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Income from the sale of electricity

Income from the sale of electricity is recognised when the performance obligations under the sales contract are met. This occurs when electricity is transferred to the customer at an amount that reflects the consideration the Company expects to be entitled to in exchange for the electricity. Under such arrangements income is recognised according to contract prices per unit of output multiplied by the actual power output delivered in the period, subject to an administrative fee. Income from the sale of electrical energy is recognised net of VAT and other sales taxes.

ROC (Renewable Obligation Certificate) entitlement and Buyout Fund

A Renewable Obligation Certificate ("ROC") is an environmental credit issued to accredited generators for eligible renewable electricity. One ROC is issued for each 1.00 megawatt hour of eligible renewable electricity generated. Income from the sale of ROCs is recognised once the performance obligation is satisfied at the point of sale of the associated electricity.

In addition, the Company recognises income from the redistribution of the ROC Buyout Fund to eligible generators of renewable energy.

An accrued income balance is recognised when the performance obligations are satisfied, yet before consideration is received.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term. Part of the operating lease rental charges for sites used by the Company are based on MWh generation in the period. An accrual is made for this sum as it will not be calculated until after the year end.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.8 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Wind farm - tower, blades, foundations	- 20 years
etc	
Wind farm - gearboxes and generators	- 10 years
Plant & machinery	- 5 years
Wind farm decommissioning asset	- 20 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.9 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Accrued income is measured at transaction price where the performance obligations are satisfied before the year end.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.13 Decommissioning provision

The Company has provided for the present value of estimated decommissioning costs from the time that the Company has an obligation to dismantle and remove a facility and restore the site on which it is located, and when a reasonable estimate of that provision can be made. The amount recognised is the present value of the estimated future expenditure determined in accordance with the local conditions and requirements. A corresponding tangible fixed asset of an amount equivalent to the provision is also created. This is subsequently depreciated as part of tangible assets.

Each year the decommissioning provision is subject to an unwinding of the discounted value in order to bring the provision up to the latest present value. The change is included within interest payable in the Statement of Income and Retained Earnings.

Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the fixed asset.

2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the Balance Sheet date:

Decommissioning

Significant estimates and assumptions are made in determining this provision as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, regulatory changes, cost increases and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently accounted for. The provision at the Balance Sheet date represents management's best estimate of the present value of the future closure costs required.

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4. Employees

The average monthly number of employees, including directors, during the year was 2 (2020 - 2).

The directors received no remuneration from the company in the year. They are remunerated from other group companies.

5. Tangible fixed assets

	Wind farm assets £	Gearboxes & generators £	Wind Farm decommissioning asset £	Total £
Cost or valuation				
At 1 January 2021	5,429,870	2,327,087	213,957	7,970,914
Adjustment to asset	-	-	(62,785)	(62,785)
At 31 December 2021	5,429,870	2,327,087	151,172	7,908,129
Depreciation				
At 1 January 2021	2,971,427	2,327,087	86,959	5,385,473
Charge for the year on owned assets	267,899	-	(86,959)	180,940
At 31 December 2021	3,239,326	2,327,087	-	5,566,413
Net book value				
At 31 December 2021	2,190,544	-	151,172	2,341,716
At 31 December 2020	2,458,443	-	126,998	2,585,441

6. Debtors

	2021 £	2020 £
Trade debtors	432,751	-
Amounts owed by group undertakings	2,570,437	117,437
Other debtors	-	1,578
Prepayments and accrued income	1,056,009	421,934
	<u>4,059,197</u>	<u>540,949</u>

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	140,492	2,617,758
	<u>140,492</u>	<u>2,617,758</u>

8. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	29,349	7,548
Amounts owed to group undertakings	83,881	128,702
Other taxation and social security	241,143	137,532
Accruals and deferred income	78,539	104,447
	<u>432,912</u>	<u>378,229</u>

9. Deferred taxation

	2021 £
At beginning of year	(191,057)
Charged to profit or loss	(80,116)
At end of year	<u>(271,173)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(275,613)	(219,156)
Other temporary differences	4,440	28,099
	<u>(271,173)</u>	<u>(191,057)</u>

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021, and the UK deferred tax liability/asset as at 31 December 2021 has been calculated based on these rates.

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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10. Provisions

	Provisioning provision £
At 1 January 2021	257,127
Other movements	(105,955)
At 31 December 2021	151,172

The provision above relates to expected demolitions costs to dismantle and remove the wind farm. An amount equivalent to the discounted provisions is capitalised within fixed assets and is depreciated over the useful lives of the associated assets.

11. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	66,301	76,392
Later than 1 year and not later than 5 years	230,650	236,649
Later than 5 years	544,775	605,077
	841,726	918,118

The Company has entered into operating leases for sites used by the Company. The operating lease rentals are based in part, on MWh generation. As such, the rental commitment for the future periods cannot be established with certainty. Therefore a reasonable estimation has been used for the above note.

12. Controlling party

Up to 3 September 2021 the immediate parent undertaking was Vattenfall Wind Power Ltd, a company registered in the United Kingdom. The Directors regarded Vattenfall AB, a company registered in S-162 87 Stockholm, Sweden as the Company's controlling party and ultimate parent undertaking.

From this date, the immediate parent undertaking is European Energy Development Limited, a company registered in England and Wales. The parent of the smallest group for which consolidated financial statements are prepared is European Energy A/S, whose registered office is Gyngemose Parkvej 50, 2860 Soborg, Denmark.

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. First time adoption of FRS 102

The Company transitioned to FRS102 from FRS101, the impact of this transition is as follows:

	As previously stated 31 December	Effect of transition 31 December	FRS 102 (as restated) 31 December
	2020 £	2020 £	2020 £
Fixed assets	2,692,415	(106,974)	2,585,441
Current assets	3,158,706	1	3,158,707
Creditors: amounts falling due within one year	387,908	(9,679)	378,229
Net current assets	2,770,798	9,680	2,780,478
Total assets less current liabilities	5,463,213	(97,294)	5,365,919
Creditors: amounts falling due after more than one year	(100,496)	100,496	-
Provisions for liabilities	(448,184)	-	(448,184)
Net assets	4,914,533	3,202	4,917,735
Capital and reserves	4,914,533	3,202	4,917,735

PENDINE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. First time adoption of FRS 102 (continued)

	<i>As previously stated 31 December 2020 £</i>	<i>Effect of transition 31 December 2020 £</i>	FRS 102 (as restated) 31 December 2020 £
Turnover	1,226,174	-	1,226,174
Cost of sales	(577,914)	(1,830)	(579,744)
	<hr/>	<hr/>	<hr/>
	648,260	(1,830)	646,430
Administrative expenses	(87,247)	-	(87,247)
	<hr/>	<hr/>	<hr/>
Operating profit	561,013	(1,830)	559,183
	3,311	-	3,311
Interest receivable and similar income	(3,811)	3,411	(400)
Interest payable and similar charges	(125,902)	-	(125,902)
Taxation	<hr/>	<hr/>	<hr/>
Profit on ordinary activities after taxation and for the financial year	<u>434,611</u>	<u>1,581</u>	<u>436,192</u>

Explanation of changes to previously reported profit and equity:

1 Under FRS102, rental payments paid under operating leases are charged to profit and loss on a straight line basis over the lease term. Under the previous framework, FRS101, the rental payments due under the lease were capitalised as a Right of Use Asset. The above tables illustrate the effect of the change on the comparative figures.

14. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2021 was unqualified.

The audit report was signed on 23 November 2022 by Louise Watts (Senior Statutory Auditor) on behalf of Venthams.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.