

Registered number: 07775855

DAINTREE WIND FARM LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**



DAINTREE WIND FARM LIMITED

COMPANY INFORMATION

Directors	Simon Richard Eaves Kirsty Louise Usher Paul Kevin Hughes Helen Ruth Down
Registered number	07775855
Registered office	Ibis House, Ground Floor Ibis Court, Centre Park Warrington Cheshire WA1 1RL
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors No. 1 Spinningfields Hardman Square Manchester M3 3EB
Bankers	Lloyds Bank 25 Gresham Street London EC2V 7HN

DAINTREE WIND FARM LIMITED

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DAINTREE WIND FARM LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report and the audited financial statements of Daintree Wind Farm Limited (the 'Company') for the year ended 31 December 2020.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Directors

The directors who served during the year were:

Simon Richard Eaves
Kirsty Louise Usher
Paul Kevin Hughes (appointed 28 July 2020)
Helen Ruth Down (appointed 28 July 2020)
John William Breckenridge (resigned 28 July 2020)
Adrian Waine Robinson (resigned 28 July 2020)

Directors' indemnities

During the year, the Company paid a premium to insure the directors and officers of the Company. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as officers of entities, and any other payments arising from liabilities incurred by officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Company. This was in place for the full financial year and up to the date of approval of the financial statements.

DAINTREE WIND FARM LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Future outlook

As a direct consequence of COVID-19 and in light of these inherent uncertainties, Management has considered the potential impact of COVID-19 on the business (and its ability to continue as a going concern) under various scenarios, including:

- Price - Market power price movements do not materially impact the Company as a large proportion of the revenue price mix is fixed through the Feed-in Tariff (FiT) scheme.
- Volume/Generation - The volume all comes from wind turbines; COVID-19 does not impact the fuel source (wind). 100% of the electricity generated is sold directly to the offtaker as part of the Power Purchase Agreement 'PPA' between the generator and the offtaker. The Company has a PPA with a tier 1 offtaker which has continued to pay to terms during the current lockdown period.
- Operating Costs - The Company's cost base is relatively low and fixed with a high EBITDA/Sales margin. The main costs include lease, rates & maintenance. To date, we have seen no issues with maintenance parts availability through the OEM.
- Capex - No capital expenditure is forecast for the next 12 months in-line with the 2021 budget.
- Working Capital - All revenues are through a tier 1 PPA provider, to date we have received all monies in accordance with terms. Management expects no changes to working capital profile.

Notwithstanding the Company made a profit in the year of £0.018 million and has net liabilities of £0.743 million, the Directors have prepared the financial statements on a going concern basis. The Directors have received a letter of support from Clean Energy and Infrastructure UK Limited confirming ongoing financial support for at least 12 months from the date of approval of these financial statements. Clean Energy and Infrastructure UK Limited are the largest parent undertaking to consolidate these financial statements, and as a group holds investments in 10 wind farms.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved;

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

DAINTREE WIND FARM LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**


Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 29 June 2021 and signed on its behalf.

DocuSigned by:

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Kirsty Louise Usher
Director

DAINTREE WIND FARM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAINTREE WIND FARM LIMITED

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, 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 Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the statement of income and retained earnings, and the statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

DAINTREE WIND FARM LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAINTREE WIND FARM LIMITED
(CONTINUED)**

With respect to the 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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the 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 in respect of the financial statements, 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 legislation, 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 inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Challenging assumptions and judgments made by management in their significant accounting estimates.

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.

DAINTREE WIND FARM LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAINTREE WIND FARM LIMITED
(CONTINUED)**

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Daniel Wilbourn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29 June 2021

DAINTREE WIND FARM LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	5	1,152,708	963,405
Cost of sales		(598,715)	(532,322)
Gross profit		553,993	431,083
Administrative expenses		(34,466)	(27,386)
Operating profit	6	519,527	403,697
Interest payable and similar expenses	8	(496,625)	(527,388)
Profit/(loss) before tax		22,902	(123,691)
Tax on profit/(loss)	9	(4,751)	23,331
Profit/(loss) after tax		18,151	(100,360)
Accumulated losses at the beginning of the year		(994,323)	(893,963)
Profit/(loss) for the year		18,151	(100,360)
Accumulated losses at the end of the year		(976,172)	(994,323)

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of income and retained earnings.

The notes on pages 10 to 24 form part of these financial statements.

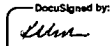
DAINTREE WIND FARM LIMITED
REGISTERED NUMBER: 07775855

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	10	3,740,621	3,974,264
		<u>3,740,621</u>	<u>3,974,264</u>
Current assets			
Debtors: amounts falling due within one year	11	604,602	487,394
Cash at bank and in hand	12	114,808	21,670
		<u>719,410</u>	<u>509,064</u>
Creditors: amounts falling due within one year	13	(110,126)	(69,948)
Net current assets		<u>609,284</u>	<u>439,116</u>
Total assets less current liabilities		<u>4,349,905</u>	<u>4,413,380</u>
Creditors: amounts falling due after more than one year	14	(4,988,019)	(5,102,710)
Provisions for liabilities			
Other provisions	16	(104,391)	(71,326)
		<u>(104,391)</u>	<u>(71,326)</u>
Net liabilities		<u>(742,505)</u>	<u>(760,656)</u>
Capital and reserves			
Called up share capital	17	3	3
Share premium account		233,664	233,664
Accumulated losses		(976,172)	(994,323)
Total equity		<u>(742,505)</u>	<u>(760,656)</u>

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 were approved and authorised for issue by the board and were signed on its behalf on 29 June 2021.

DocuSigned by:

Kirsty Louise Usher
 Director

The notes on pages 10 to 24 form part of these financial statements.

DAINTREE WIND FARM LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit/(loss) for the financial year		18,151	(100,360)
Adjustments for:			
Depreciation of tangible assets	10	270,454	262,067
Interest charge	8	500,309	523,901
Taxation charge/(credit)	9	36,041	(20,020)
(Increase)/decrease in debtors	11	(121,959)	105,253
Increase in amounts owed by groups	11	(31,290)	(3,311)
Increase/(decrease) in creditors	13	39,408	(6,459)
Increase in amounts owed to groups	13	770	-
(Decrease)/increase in provisions	16	(3,746)	3,397
Net cash generated from operating activities		708,138	764,468
Cash flows from financing activities			
Loans from group companies repaid		(153,938)	(229,126)
Interest paid		(461,062)	(530,874)
Net cash used in financing activities		(615,000)	(760,000)
Net increase in cash and cash equivalents		93,138	4,468
Cash and cash equivalents at beginning of year		21,670	17,202
Cash and cash equivalents at the end of year	12	114,808	21,670
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand	12	114,808	21,670
		114,808	21,670

The notes on pages 10 to 24 form part of these financial statements.

DAINTREE WIND FARM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

Daintree Wind Farm Limited (the 'Company') is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Ibis House, Ground Floor, Ibis Court, Centre Park, Warrington, Cheshire, WA1 1RL.

The principal activity of the Company during the year was the management 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 preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

Future amendments to Section 1A of FRS 102:

There is no effect on the current period, prior period or future period.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Clean Energy and Infrastructure UK Wind Limited as at 31 December 2020 and these financial statements may be obtained from Companies House.

DAINTREE WIND FARM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.3 Going concern

As a direct consequence of COVID-19 and in light of these inherent uncertainties, Management has considered the potential impact of COVID-19 on the business (and its ability to continue as a going concern) under various scenarios, including:

- **Price - Market power:** price movements do not materially impact the Company as a large proportion of the revenue price mix is fixed through the Feed-in Tariff (FiT) scheme.
- **Volume/Generation -** The volume all comes from wind turbines; COVID-19 does not impact the fuel source (wind). 100% of the electricity generated is sold directly to the offtaker as part of the Power Purchase Agreement 'PPA' between the generator and the offtaker. The Company has a PPA with a tier 1 offtaker which has continued to pay to terms during the current lockdown period.
- **Operating Costs -** The Company's cost base is relatively low and fixed with a high EBITDA/Sales margin. The main costs include lease, rates & maintenance. To date, we have seen no issues with maintenance parts availability through the OEM.
- **Capex -** No capital expenditure is forecast for the next 12 months in-line with the 2021 budget.
- **Working Capital -** All revenues are through a tier 1 PPA provider, to date we have received all monies in accordance with terms. Management expects no changes to working capital profile.

Notwithstanding the fact that the Company has net liabilities of £0.743 million (2019 - net liabilities of £0.761 million), and profits for the year of £0.018 million (2019 - losses of £0.100 million) the Directors have prepared the financial statements on a going concern basis. The Directors have received a letter of support from Clean Energy and Infrastructure UK Limited confirming ongoing financial support for at least 12 months from the date of approval of these financial statements. Clean Energy and Infrastructure UK Limited are the largest parent undertaking to consolidate these financial statements, and as a group holds investments in 10 wind farms.

2.4 Turnover

Turnover represents the value of sales of electricity generated and associated benefits, exclusive of Value Added Tax and trade discounts. This includes the sale of electricity and associated renewable energy benefits: (i) electricity delivered to customers is based on actual meter readings and (ii) renewable energy benefits sold to customers are based on actual benefits awarded to the Company by the Office of Gas and Electricity Markets (OFGEM) during the reporting period, under a Feed in tariff scheme (FIT).

DAINTREE WIND FARM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.5 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.

At each reporting date, the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its 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 views of the time value of money and the risks specific to the assets. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately.

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.

The estimated useful lives range as follows:

Land and buildings	- life of operating lease
Plant and machinery	- 20 years
Plant and machinery	- Decommissioning costs - the shorter of the length of the lease or the expected life of the wind farm

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.

2.6 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.

2.7 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.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

DAINTREE WIND FARM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.8 Borrowings**

All loans and borrowings are initially recognised at fair value being the consideration received net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses are recognised in the Statement of Income and Retained Earnings when liabilities are derecognised as well as through the amortisation process.

2.9 Financial instruments

The Company does not utilise derivative financial instruments. Non-derivative financial instruments comprise investments, trade and other receivables, cash and cash equivalents, loans and borrowings, trade and other payables, and provisions. Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, they are measured as described below:

Trade and other receivables are carried at original invoice amount less any allowance for uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when identified.

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Income and Retained Earnings over the period of the borrowings on an effective interest basis.

Trade and other payables are carried at cost.

Accounting policies for borrowings and provisions are given separately in these accounting policies.

2.10 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.

2.11 Foreign currencies

Foreign currency transactions are initially translated at the rate of exchange at the date of the transaction. At balance sheet date, amounts payable and receivable in foreign currencies are translated at rates of exchange current at that date. Resulting exchange differences are recognised in the profit or loss account.

2.12 Finance costs

Finance costs of financial liabilities are recognised in the Statement of Income and Retained Earnings over the term of such instruments at a constant rate on the carrying amount.

Interest expense represents interest payable on borrowings and is recognised as it accrues, using the effective interest method.

DAINTREE WIND FARM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.13 Operating lease agreements

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.14 Provisions for liabilities

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

Decommissioning provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the balance sheet date, with a corresponding balance held in fixed assets. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost (please see note 4 for more details).

2.15 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.

2.16 Share capital

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

Share premium account represents the excess of the issue price over the par value of shares issued, less transaction costs arising on issue.

DAINTREE WIND FARM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, turnover and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The most critical of these accounting judgments and estimates are explained below.

Impairment:

The Company test annually whether tangible fixed assets have suffered any impairment. The recoverable amounts of cash-generating unit have been determined based on value in use calculations. These calculations require the use of estimates, which include the following: generation outputs, pricing and operating costs and discount rate.

Decommissioning provisions:

Decommissioning provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date, with a corresponding balance held in fixed assets. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

During the year, the discount rate and inflation rate used to calculate net present value of decommissioning costs were changed in line with current market conditions. This has been treated as a change in accounting estimate with adjustments to the carrying value of the decommissioning asset and provision being recognised in the current year.

Discount rate has been changed from 5% to 2% being the risk free rate of return and inflation rate has been changed from 3% to 2% based on long term CPI.

4. Change in accounting estimate

During the year, the discount rate and inflation rate used to calculate net present value of decommissioning costs were changed in line with current market conditions. This has been treated as a change in accounting estimate with adjustments to the carrying value of the decommissioning asset and provision being recognised in the current year.

Discount rate has been changed from 5% to 2% being the risk free rate of return and inflation rate has been changed from 3% to 2% based on long term CPI.

The effect of the change of discount and inflation rates in the current year are as follows:

Decommissioning asset cost has been increased by £0.037 million and accumulated depreciation increased by £0.008 million with a corresponding debit to the Statement of Income and Retained Earnings.

Carrying value of the decommissioning provision has been increased by £0.033 million of which £0.006 million is a reduction of the unwinding and a credit to the Statement of Income and Retained Earnings.

DAINTREE WIND FARM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Sale of electricity	1,152,708	963,405
	<u>1,152,708</u>	<u>963,405</u>

All turnover arose within the United Kingdom.

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Exchange differences	9	-
Other operating lease rentals	38,518	37,628
Depreciation of tangible fixed assets	270,454	262,067
Fees payable to the Company's auditors and their associates for the audit of the Company's annual financial statements	8,600	6,438
	<u>8,600</u>	<u>6,438</u>

Fees payable to the Company's auditors and their associates for non-audit services are £NIL (2019 - £NIL).

7. Employees

All asset management services were carried out on behalf of the Company through a long term service agreement with CD Arevon UK Limited, with asset management service costs for the year of £0.027 million (2019 - £0.024 million).

The Company has no employees other than the directors, who did not receive any remuneration (2019 - £NIL).

The average monthly number of employees, including directors, during the year was 0 (2019 - 0).

DAINTREE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**8. Interest payable and similar expenses**

	2020 £	2019 £
Loans from group undertakings	500,309	523,901
Other interest payable	(3,684)	3,487
	<u>496,625</u>	<u>527,388</u>

Other interest payable in the current year includes a reduction in the decommissioning provision unwind and a corresponding credit of £0.006 million to the Statement of Income and Retained Earnings.

9. Tax on profit/(loss)

	2020 £	2019 £
Corporation tax		
Current tax on profit for the year	(31,290)	-
Adjustments in respect of previous periods	-	(3,311)
Total current tax	<u>(31,290)</u>	<u>(3,311)</u>
Deferred tax		
Origination and reversal of timing differences	40,673	(17,778)
Changes to tax rates	(4,632)	1,871
Adjustment in respect of previous periods	-	(4,113)
Total deferred tax	<u>36,041</u>	<u>(20,020)</u>
Taxation on profit/(loss) on ordinary activities	<u>4,751</u>	<u>(23,331)</u>

DAINTREE WIND FARM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Tax on profit/(loss) (continued)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%). The differences are explained below:

	2020 £	2019 £
Profit/(loss) before tax	22,902	(123,691)
Profit/(loss) before tax multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	4,351	(23,501)
Effects of:		
Expenses not deductible for tax purposes	5,743	5,078
Revaluation of decommissioning provision	(6,994)	-
Adjustment in respect of previous periods	-	(7,424)
Changes to tax rates	1,651	1,871
Benefit of deferred tax previously not recognised	-	645
Total tax charge/(credit) for the year	4,751	(23,331)

DAINTREE WIND FARM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Tax on profit/(loss) (continued)**Factors that may affect future tax charges**

The standard rate of corporation tax applied to reported profit is 19% (2019 - 19%). The rate of UK corporation tax has remained at 19%. A further reduction in the rate of UK corporation tax to 17% from 1 April 2020 was substantively enacted as part of the Finance Act 2016. However, in the March 2020 Budget, it was announced that the reduction in the UK rate to 17% would now not occur and the UK corporation tax rate would be held at 19%. This was substantively enacted on 17 March 2020 and as this took place before the balance sheet date, deferred tax balances as at 31 December 2020 have been calculated at 19% instead of 17%.

In the March 2021 Budget, the UK Government announced that legislation will be introduced in the Finance Bill 2021 to increase the main rate of UK corporate tax from 19% to 25% effective from 1 April 2023. As the change has not been substantively enacted at the balance sheet date the deferred balances as at 31 December 2020 continue to be measured at a rate of 19%. If the 25% tax rate has been used at the balance sheet date, the deferred tax liabilities would have been higher by £635.

10. Tangible assets

	Land and buildings £	Plant and machinery £	Total £
Cost			
At 1 January 2020	201,602	5,105,442	5,307,044
Revaluations	-	36,811	36,811
At 31 December 2020	<u>201,602</u>	<u>5,142,253</u>	<u>5,343,855</u>
Accumulated depreciation			
At 1 January 2020	42,934	1,289,846	1,332,780
Charge for the year on owned assets	7,467	262,987	270,454
At 31 December 2020	<u>50,401</u>	<u>1,552,833</u>	<u>1,603,234</u>
Net book value			
At 31 December 2020	<u>151,201</u>	<u>3,589,420</u>	<u>3,740,621</u>
At 31 December 2019	<u>158,668</u>	<u>3,815,596</u>	<u>3,974,264</u>

DAINTREE WIND FARM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Tangible assets (continued)

The Company held a 27 year land option classified as land and buildings. On 17 August 2014, the Company exercised its option to lease, by entering into a lease agreement for 27 years. The lease option is released to the Statement of Income and Retained Earnings equally over the 27 years of the lease.

During the year, the discount rate and inflation rate used to calculate net present value of decommissioning costs were changed in line with current market conditions. This has been treated as a change in accounting estimate, with adjustments to the carrying value of the decommissioning asset and provision being recognised in the current year.

Discount rate has been changed from 5% to 2% being the risk free rate of return and inflation rate has been changed from 3% to 2% based on long term CPI.

The effect of the change of discount and inflation rates in the current year are as follows:

Decommissioning asset cost has been increased by £0.037 million and accumulated depreciation increased by £0.008 million with a corresponding debit to the Statement of Income and Retained Earnings.

Carrying value of the decommissioning provision has been increased by £0.033 million, of which £0.006 million is a reduction of the unwinding and a credit to the Statement of Income and Retained Earnings.

DAINTREE WIND FARM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Debtors: Amounts falling due within one year

	2020 £	2019 £
Trade debtors	299,132	156,268
Amounts owed by group undertakings	153,049	121,759
Prepayments and accrued income	149,089	169,994
Deferred taxation	3,332	39,373
	<u>604,602</u>	<u>487,394</u>

Trade debtors are stated after provision for impairment of £NIL (2019 - £NIL).

The amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12. Cash at bank and in hand

	2020 £	2019 £
Cash at bank and in hand	114,808	21,670
	<u>114,808</u>	<u>21,670</u>

13. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	14,643	1,489
Amounts owed to group undertakings	770	-
Other taxation and social security	32,117	19,866
Accruals and deferred income	62,596	48,593
	<u>110,126</u>	<u>69,948</u>

The amounts owed to group undertakings are non-interest bearing and payable on demand.

DAINTREE WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**14. Creditors: Amounts falling due after more than one year**

	2020 £	2019 £
Amounts owed to group undertakings	4,988,019	5,102,710
	<u>4,988,019</u>	<u>5,102,710</u>

Amounts owed to group undertakings represent unsecured loan notes held by Clean Energy and Infrastructure UK Wind Limited. The loan notes have an interest rate of 10% and a final repayment date of 2036. There are no fixed repayment instalments. The amount owed to Clean Energy and Infrastructure UK Wind Limited at 31 December 2020 includes unpaid interest of £0.053 million (2019 - £0.014 million).

15. Deferred taxation

	2020 £	2019 £
At beginning of year	39,373	19,353
Charged to profit or loss	(36,041)	15,907
Adjustment in respect of previous periods	-	4,113
At end of year	<u>3,332</u>	<u>39,373</u>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Fixed asset timing differences	(208,080)	(149,785)
Tax losses carried forward	209,535	187,479
Short term timing differences - trading	1,877	1,679
	<u>3,332</u>	<u>39,373</u>

DAINTREE WIND FARM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Other provisions

	Decommissioning provision £
At 1 January 2020	71,326
Charged to the profit or loss	2,047
Reduction in provision unwind	(5,793)
Increase in asset cost	36,811
At 31 December 2020	104,391

Upon closure of the wind farm, the Company has a requirement to dismantle and clean up the facility sites. This provision represents an estimated cost to perform this function. The provision is expected to crystallise in more than 20 years based on the length of the lease.

During the year, the discount rate and inflation rate used to calculate net present value of decommissioning costs were changed in line with current market conditions. This has been treated as a change in accounting estimate, with adjustments to the carrying value of the decommissioning asset and provision being recognised in the current year.

Discount rate has been changed from 5% to 2% being the risk free rate of return and inflation rate has been changed from 3% to 2% based on long term CPI.

The effect of the change of discount and inflation rates in the current year are as follows:

Decommissioning asset cost has been increased by £0.037 million and accumulated depreciation increased by £0.008 million with a corresponding debit to the Statement of Income and Retained Earnings.

Carrying value of the decommissioning provision has been increased by £0.033 million of which £0.006 million is a reduction of the unwinding and a credit to the Statement of Income and Retained Earnings.

17. Called up share capital

	2020 £	2019 £
Allotted, called up and fully paid		
3 (2019 - 3) Ordinary shares of £1 each	3	3

DAINTREE WIND FARM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. Commitments under operating leases

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

	2020 £	2019 £
Not later than 1 year	38,935	38,498
Later than 1 year and not later than 5 years	155,739	153,992
Later than 5 years	713,897	744,390
	908,571	936,880

19. Related party transactions

The Company has taken advantage of the exemption in paragraph 33.1A of Financial Reporting Standard 102 and has not disclosed details of transactions with fellow wholly owned undertakings.

CD Arevon UK Limited is related to the Company due to being under common control of the directors. CD Arevon UK Limited charged the Company £0.027 million (2019 - £0.024 million) in respect of asset management services. The amount outstanding as at 31 December 2020 is £NIL (2019 - £NIL).

20. Controlling party

The immediate parent undertaking is Clean Energy and Infrastructure UK Wind Limited, a fellow subsidiary of Clean Energy and Infrastructure UK Limited. The ultimate parent undertaking is Capital Dynamics Clean Energy and Infrastructure LP.

Clean Energy and Infrastructure UK Limited is an investment entity of Capital Dynamics Clean Energy and Infrastructure LP (the "Partnership"). The Partnership is a limited partnership in England under the Limited Partnership Acts 1907 with LP number 14392. The Partnership was constituted by an agreement entered into between Capital Dynamics UK 2 Limited ("Initial GP") and the Limited Partners in the Partnership. On 20 December 2011 the Initial GP transferred its interest in the Partnership to Capital Dynamics CEI GP LP ("CD GP"), a Scottish limited partnership with registered number SL8840 acting by its general partners, Capital Dynamics CEI GP Sarl, a company incorporated under the laws of Luxembourg whose registered office is at 49 Avenue J.F. Kennedy, L 1855 Luxembourg and Capital Dynamics UK GP I LLP, a Scottish limited liability partnership with registered number SO305128. Capital Dynamics Limited has been appointed as the Manager of the Partnership to manage and operate the Partnership and act as investment manager of the Partnership on behalf of the Partners.

Clean Energy and Infrastructure UK Limited is the largest parent undertaking and Clean Energy and Infrastructure UK Wind Limited is the smallest parent undertaking to consolidate these financial statements at 31 December 2020. The consolidated financial statements of Clean Energy and Infrastructure UK Limited and Clean Energy and Infrastructure UK Wind Limited are available from Ibis House, Ground Floor, Ibis Court, Centre Park, Warrington, Cheshire, WA1 1RL.