Company Registration No. 10826056 (England and Wales)

PFA NEPTUNE HOLDING (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Amended to include the signed and dated independent auditor's report

PFA NEPTUNE HOLDING (UK) LIMITED

COMPANY INFORMATION

Directors	Mr J Burbidge Mr M Cade Mr P Larsen Mr C Krogsgaard
Secretary	Vercity Management Services Limited
Company number	10826056
Registered office	8 White Oak Square London Road Swanley Kent BR8 7AG
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

PFA NEPTUNE HOLDING (UK) LIMITED

CONTENTS

PFA NEPTUNE HOLDING (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and the audited financial statements for the year ended 31 December 2021.

Principal activities
The principal activity of the company continued to be that of a holding company.

Results and dividends
The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £19,998k. The directors do not recommend payment of a final dividend.

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

Mr J Burbidge
Mr M Cade
Mr P Larsen
Mr C Krogsgaard

Small company exemptions
The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to small companies exemption under section 415A and 414B of the Companies Act 2006 and for the same reason a strategic report has not been prepared.

Going concern
The financial statements have been prepared on a going concern. Further details regarding the adoption of the going concern basis can be found in the accounting policies in the notes to the financial statements.

Supplier payment policy
The company's current policy concerning the payment of trade creditors is to:
- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Future developments
PFA Neptune Holding (UK) Limited will continue to act as a holding company. The directors approved an interim dividend in respect of the financial year ended 31 December 2021 of £2,600,000 on 3 February 2022. The directors were satisfied there were sufficient distributable reserves based on the declaration of Anno 2017 Joint Holding (UK) Limited dividends and the latest financial information.

Independent Auditors
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

Directors' confirmations

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

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

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of approval of the financial statements. Liability is covered up to £5 Million per claim.

Financial risk management

PFA Neptune Holding (UK) Limited's only direct risk relates to the ability of Anno 2017 Joint Holding (UK) Limited to make loan repayments in line with the facility agreement. In this regard, PFA Neptune Holding (UK) Limited is indirectly exposed to the financial risks of Anno 2017 Joint Holding (UK) Limited but is fully aware of and satisfied that appropriate mitigations are in place within the financial risk management policy of Anno 2017 Joint Holding (UK) Limited.

Brexit risk

Whilst the Company is not considered to be significantly exposed to the UK's exit from the European Union, subcontractors of the joint ventures with which it engages are considered to have exposure in relation to labour and the cost of supplies. The Board continue to actively monitor developments following the end of the transition arrangement on 31 December 2020.

Climate Change Risk

Due to the nature of PFA Neptune Holding (UK) Limited's operations, any risk to PFA Neptune Holding (UK) Limited derives from any risk to Anno 2017 Joint Holding (UK) Limited. As such, the assessment of climate change risk to to Anno 2017 Joint Holding (UK) Limited is fundamental to the risk to PFA Neptune Holding (UK) Limited. The Directors of PFA Neptune (UK) Limited have therefore considered Anno 2017 Joint Holding (UK) Limited's assessment as to whether it is exposed to additional risks as a result of climate change and has not identified any risks that would significantly impact the company.

On behalf of the board

Mr C Krogsgaard
Director

Date 8/7-2022

PFA NEPTUNE HOLDING (UK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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 UK-adopted international accounting standards.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards 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 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 also 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.

PFA NEPTUNE HOLDING (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PFA NEPTUNE HOLDING (UK) LIMITED

Report on the audit of the financial statements

Opinion
In our opinion, PFA Neptune Holding (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2021; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

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

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

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

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

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

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

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

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

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PFA NEPTUNE HOLDING (UK) LIMITED

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

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

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

Other required reporting

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

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

We have no exceptions to report arising from this responsibility.

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: 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.

Jonathan Matthews

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

8 July 2022

PFA NEPTUNE HOLDING (UK) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Administrative expenses		(32)	(34)
Share of (loss)/profit from joint venture	9	(3,461)	21,698
Operating (loss)/profit	**4**	(3,493)	21,664
Interest income from joint venture	10	7,505	7,526
Finance costs	6	(7,505)	(7,526)
(Loss)/profit before taxation		(3,493)	21,664
Tax on (loss)/profit	7	-	(13)
(Loss)/profit for the year	**19**	(3,493)	21,651

The Income Statement has been prepared on the basis that all operations are continuing operations.

PFA NEPTUNE HOLDING (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £000	2020 £000
(Loss)/profit for the year	(3,493)	21,651
Other comprehensive income/(expense):		
Items that may be reclassified to profit or loss		
Cash flow hedges:		
- Hedging gain/(loss) arising in the year	11,227	(1,631)
- Income tax relating to items that may be reclassified to profit or loss	(2,889)	250
Total items that may be reclassified to profit or loss	8,338	(1,381)
Total other comprehensive income/(expense) for the year	8,338	(1,381)
Total comprehensive income for the year	4,845	20,270

PFA NEPTUNE HOLDING (UK) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Non-current assets			
Investments	9	158,402	173,523
Other receivables	11	120,385	117,738
		278,787	291,261
Current assets			
Cash and cash equivalents		40	-
		40	-
Total assets		278,827	291,261
Current liabilities			
Trade and other payables	12	(30)	(33)
Net current assets/(liabilities)		10	(33)
Non-current liabilities			
Borrowings	13	(120,385)	(117,663)
Total liabilities		(120,415)	(117,696)
Net assets		158,412	173,565
Equity			
Called up share capital	17	177,743	177,743
Hedging reserve	18	9,453	1,115
Accumulated losses	19	(28,784)	(5,293)
Total equity		158,412	173,565

PFA NEPTUNE HOLDING (UK) LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2021

The financial statements on pages 7 to 25 were approved by the board of directors and authorised for issue on ...8/7-2022.. and signed on its behalf by:

....
Christian Krogsgaard
Director

Company Registration No. 10826056

PFA NEPTUNE HOLDING (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Share capital £000	Hedging reserve £000	Accumulated losses £000	Total £000
Balance at 1 January 2020		177,743	2,496	(10,225)	170,014
Profit for the year		-	-	21,651	21,651
Cash flow hedges losses		-	(1,631)	-	(1,631)
Tax relating to other comprehensive expense		-	250	-	250
Total comprehensive income for the year		-	(1,381)	21,651	20,270
Dividends	8	-	-	(16,719)	(16,719)
Balance at 31 December 2020		177,743	1,115	(5,293)	173,565
Loss for the year		-	-	(3,493)	(3,493)
Cash flow hedges gains		-	11,227	-	11,227
Tax relating to other comprehensive income		-	(2,889)	-	(2,889)
Dividends	8	-	-	(19,998)	(19,998)
Balance at 31 December 2021		177,743	9,453	(28,784)	158,412

PFA NEPTUNE HOLDING (UK) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Cash flows from operating activities					
Cash generated from/(used in) operations	**23**		40		(120)
Net cash generated from/(used in) operating activities			40		(120)
Cash flows from investing activities					
Principal and interest received		4,784		7,320	
Dividends received		19,998		16,769	
Net cash generated from investing activities			24,782		24,089
Cash flows from financing activities					
Cash flows from financing activities					
Principal and interest paid		(4,784)		(7,320)	
Dividends paid		(19,998)		(16,719)	
Net cash used in financing activities			(24,782)		(24,039)
Net increase/(decrease) in cash and cash equivalents			40		(70)
Cash and cash equivalents at the beginning of the year			-		70
Cash and cash equivalents at the end of the year			40		-

1 Accounting policies

Company information
PFA Neptune Holding (UK) Limited is a private company limited by shares domiciled in the United Kingdom, registered and incorporated in the United Kingdom (England and Wales). The registered office is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.

1.1 Accounting convention

The financial statements have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The accounting policies have been applied consistently, other than where new policies have been adopted.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In assessing this they have considered the company's net asset position and reviewed all available information about the future performance. They therefore have adopted the going concem basis of accounting in preparing the financial statements.

1.3 Investments in joint ventures

The results of joint ventures are incorporated in these financial statements using the equity method of accounting.

Under the equity method, an investment in a joint venture is initially recognised at cost and adjusted thereafter to recognise the company's share of the post acquisition profit or loss and other comprehensive income of the joint venture. When the company's share of losses of a joint venture exceeds the company's interest in that joint venture (which includes any long-term interests that, in substance, form part of the company's net investment in the joint venture), the company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the company has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.5 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction.

Financial assets at amortised cost

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as financial assets at amortised cost. Financial assets are measured at amortised cost, less any impairment. The Directors have considered the requirements of the IFRS 9 impairment rules, which require a forward looking expected credit loss ('ECL') impairment model, and have determined that any credit risk to the company's relevant financial instruments is very low and as such no impairment has been made.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.6 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1 Accounting policies **(Continued)**

1.8 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

Hedge accounting
Cash flow hedges
The effective portion of changes in the fair value of interest rate swaps and inflation rate swap contracts that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (inventory) the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of that non-financial asset.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

1.9 Taxation
The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

1 Accounting policies **(Continued)**

Taxation (continued)

Current tax

The current income tax charge is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Finance Income and Costs

Interest is recognised on an accruals basis in accordance with all the contractual provisions underpinning the various loan facilities.

2 Adoption of new and revised standards and changes in accounting policies

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods an on foreseeable future transactions.

3 Significant accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Significant estimates

Impairment in investment
In management's assessment of impairment, the estimates and associated assumptions are based on historical experience and other factors that are considered relevant. At each balance sheet date, an impairment test is undertaken in order to determine whether any impairment is required for the investment by comparing the investment's carrying value to its estimated recoverable amount. The value used in this calculation is based on a discounted cash flow (DCF) model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows, which are sensitive to price, availability and inflationary forecasts used for extrapolation purposes. The Board are satisfied that based on this valuation, no impairment is necessary.

4 Operating (loss)/profit

	2021	2020
	£000	£000
Operating profit for the year is stated after charging:		
Fees payable to the company's auditors for the audit of the company's financial statements	28	23

5 Employees

The company had 0 employees during the year (2020: none).

The directors of the company are remunerated by PFA Asset Management A/S and Vercity Management Services Ltd for their services to their respective entities as a whole. It is not practicable to allocate their remuneration between their services to group companies.

6 Finance costs

	2021	2020
	£000	£000
Interest payable to parent company	7,505	7,526

7 Tax on (loss)/profit

	2021	2020
	£000	£000
Deferred tax		
Origination and reversal of temporary differences	-	13

7 Tax on (loss)/profit (Continued)

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2021 £000	2020 £000
(Loss)/profit before taxation	(3,493)	21,664
Expected tax (credit)/charge based on a corporation tax rate of 19% (2020: 19%)	(664)	4,116
Effects of:		
Share of (loss)/profit of joint venture	658	(4,122)
Deferred tax asset derecognised	-	19
Deferred tax asset not recognised	6	-
Taxation charged in the income statement	-	13

In addition to the amount charged/ (credited) to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income/(expense):

	2021 £000	2020 £000
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	2,889	(250)

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This had been substantively enacted by the balance sheet date but had a nil effect on these financial statements.

8 Dividends	2021 per share £	2020 per share £	2021 £000	2020 £000
Amounts recognised as distributions to equity holders:				
Ordinary				
Interim dividend paid	0.11	0.06	19,998	10,039
Interim dividend paid	-	0.04	-	6,680
Total dividends				
Interim dividends paid			19,998	16,719
			19,998	16,719

The directors approved an interim dividend in respect of the financial year ended 31 December 2021 of £2,600,000 on 3 February 2022. The directors were satisfied there were sufficient distributable reserves based on the declaration of Anno 2017 Joint Holding (UK) Limited dividends and the latest financial information.

9 Investments

	Non-current 2021 £000	2020 £000
At the beginning of the year	173,523	169,975
Share of (loss)/profit in joint venture	(3,461)	21,698
Share of OCI	8,338	(1,381)
Dividend from joint venture	(19,998)	(16,769)
	158,402	173,523
Closing balance at year end	158,402	173,523

The above relates wholly to the company's investment in the joint venture detailed in note 10.

10 Joint ventures

Details of the company's joint ventures at 31 December 2021 are as follows:

Name of undertaking	Country of incorporation	Ownership interest (%)	Voting power held (%)	Nature of business
Anno 2017 Joint Holding (UK) Limited 8 White Oak Square London Road, Swanley BR8 7AG	UK	50%	50%	Holding Company

Interest receivable from joint venture in the year is £7,505k (2020: £7,526k).

PFA Neptune Holding (UK) Limited owns 50% of Anno 2017 Joint Holding (UK) Limited and therefore recognises 50% of their profit or loss in the year. The net assets of Anno 2017 Joint Holding (UK) Limited as at 31 December 2021 are £316,804,000 (2020: £347,046,000). The loss for the year ended 31 December 2021 is £6,923,000 (2020: profit of £43,396,000).

11 Other receivables

	Non-current	
	2021	**2020**
	£000	**£000**
Amount due from parent undertaking	-	75
Amounts due from joint ventures	120,385	117,663
	120,385	117,738

PFA Neptune Holding (UK) Limited has provided a loan facility to Anno 2017 Joint Holding (UK) Limited of £180,000,000 of which £177,743,000 was drawn down between December 2017 and June 2018. As per the loan agreement, no further funds can be drawn down. Anno 2017 Joint Holding (UK) Limited has made no repayments in 2021 (2020: nil) and the outstanding balance at year end is £113,880,000 (2020: £113,880,000). The interest rate is 6.5% and accrued interest totals £6,505,000 (2020: £3,783,000) as at 31 December 2021. This facility is repayable in 6 monthly instalments from 2029.

12 Trade and other payables

	Current	
	2021	**2020**
	£000	**£000**
Trade payables	-	5
Accruals	30	28
	30	33

13 Borrowings

	Non-current 2021 £000	2020 £000
Amounts due to parent company	120,385	117,663

Loans from the parent company at 31 December 2021 comprise the following:

PFA Neptune Holding Aps has provided a loan facility to PFA Neptune Holding (UK) Limited of £180,000,000. PFA Neptune Holding (UK) Limited drew down a total of £177,743,000 between December 2017 and June 2018 and, as per the agreement, no further amounts can be drawn down. No repayments (2020: nil) in 2021. The loan facility balance at year end is £113,880,000 (2020: £113,880,000). The interest rate is 6.5% and totals £6,505,000 (2020: £3,783,000) as at 31 December 2021. The repayments are contracted to be made 6 monthly commencing June 2029.

14 Liquidity risk

The following table details the remaining contractual maturity for the company's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the company may be required to pay.

	1 – 3 months £000	3 months to 1 year £000	1 – 5 years £000	5+ years £000	Total £000
At 31 December 2020					
Trade and other payables	5	28	-	-	33
Borrowings	3,783	3,722	30,455	164,755	202,715
	3,788	3,750	30,455	164,755	202,748
At 31 December 2021					
Trade and other payables	2	28	-	-	30
Borrowings	6,505	3,721	30,020	157,368	197,614
	6,507	3,749	30,020	157,368	197,643

Liquidity risk management

The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows and receipt of dividends.

15 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The company is exposed to credit risk from its financing activities.

Trade receivables are owed by a related party with common board members and the associated risk of default is considered low given past interactions for which default has not occurred.

16 Deferred tax assets

The following are the major deferred tax assets recognised by the company and movements thereon during the current reporting year.

	Tax losses £000
Deferred tax asset at 1 January 2020	(13)
Deferred tax movements in prior year	
Charge to profit and loss	13
Deferred tax movements in current year	
Charge to profit and loss	-
Deferred tax asset at 31 December 2021	-

17 Called up share capital

	2021 £000	2020 £000
Ordinary share capital		
Allotted, called up and fully paid		
177,743,149 (2020: 177,743,149) Ordinary Shares of £1 each	177,743	177,743

There was no movement or issue of shares in the year (2020: nil).

18 Hedging reserve

	2021 £000	2020 £000
At beginning of year	1,115	2,496
Gain/ (Loss) on cash flow hedges	11,227	(1,631)
Tax on gain or loss on cash flow hedges	(2,889)	250
At end of year	9,453	1,115

19 Accumulated losses

	2021 £000	2020 £000
At 1 January	(5,293)	(10,225)
(Loss)/profit for the year	(3,493)	21,651
Dividends	(19,998)	(16,719)
At 31 December	(28,784)	(5,293)
Company retained earnings:	9	41
Add: Accumulated share of JV profit	13,423	16,884
Less: Accumulated dividends received from JV and equity accounted	(42,216)	(22,218)
Accumulated losses	(28,784)	(5,293)

The interim dividends which were paid in February 2022 cannot be seen in the reserves at the balance sheet date. The dividends paid by PFA Neptune Holding (UK) Limited are based on the interim accounts of Anno 2017 Joint Holding (UK) Limited for the year ended 31 December 2021 and are dependent on the declaration of dividends from Anno 2017 Joint Holding (UK) Limited to PFA Neptune Holding (UK) Limited. Therefore, there are only sufficient distributable reserves once a dividend has been received from Anno 2017 Joint Holding (UK) Limited. These dividends then form part of the distributable reserves and used to pay dividends from PFA Neptune Holding (UK) Limited.

20 Capital risk management

Capital components
The Company defines its capital as equity. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder or issue new shares.

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

21 Related party transactions

Amounts received from joint ventures

	2021 £000	2020 £000
Loan principal repaid from Anno 2017 Joint Holding (UK) Limited	-	-
Loan interest received from Anno 2017 Joint Holding (UK) Limited	4,783	7,320
Dividends received from Anno 2017 Joint Holding (UK) Limited	19,998	16,769
	24,781	24,089

Amounts paid to entities with joint control or significant influence over the company

	2021 £000	2020 £000
Loan principal repaid to PFA Infra Neptune Holding ApS	-	-
Loan interest paid to PFA Infra Neptune Holding ApS	4,783	7,320
Dividends paid to PFA Infra Neptune Holding ApS	19,998	16,719
	24,781	24,039

Amounts owed by joint ventures

	2021 £000	2020 £000
Anno 2017 Joint Holding (UK) Limited	120,385	117,663

Amounts owed to entities with joint control or significant influence over the company

	2021 £000	2020 £000
PFA Infra Neptune Holdings ApS	120,385	117,663

The company's immediate parent company is PFA Infra Neptune Holding ApS and the ultimate controlling company PFA A/S.

The company's other related party is as follows:

Anno 2017 Joint Holding (UK) Limited

22 Parent company

The company's immediate parent company is PFA Infra Neptune Holding ApS, a company registered in Denmark. The ultimate parent and controlling party is PFA A/S, a company registered in Denmark. The largest and smallest group into which these financial statements are consolidated in to is PFA A/S.

Copies of the PFA A/S consolidated financial statements may be obtained from www.pfa.dk.

23 Cash generated from/(used in)

	2021	2020
	£000	£000
(Loss)/profit for the year after tax	(3,493)	21,651
Adjustments for:		
Taxation charged	-	13
Share of (loss)/profit of joint venture	3,461	(21,698)
Finance costs	7,505	7,526
Investment income	(7,505)	(7,526)
Movements in working capital:		
Decrease/(increase) in trade and other receivables	75	(75)
Decrease in trade and other payables	(3)	(11)
Cash generated from/(used in) operations	40	(120)