Registration number: SC245113

Griffin Wind Farm Limited

Directors report and Financial Statements

for the Year Ended 31 March 2020

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Griffin Wind Farm Limited

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Griffin Wind Farm Limited

Company Information

Directors

P Cooley (appointed 13 February 2020)

J Downes (appointed 13 February 2020)

E Harley (appointed 13 February 2020)

A Honeyman (appointed 13 February 2020)

B O'Regan (appointed 13 February 2020)

J Smith

J Williamson

Company secretary

S Fairbairn (resigned 7 August 2019)

B O'Connor (appointed 7 August 2019)

Registered office

Inveralmond House
200 Dunkeld Road
Perth
PH1 3AQ

Auditors

Ernst & Young LLP
G1 Building
5 George Square
Glasgow
G2 1DY

Bankers

National Westminster Bank
13 Market Place
Reading
RG1 2EG

Registered number

SC245113

Griffin Wind Farm Limited

Strategic Report for the Year Ended 31 March 2020

The directors present their report for the year ended 31 March 2020.

This Strategic Report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006. Its purpose is to inform shareholders and help them assess how the directors have performed their duty to promote the success of Griffin Wind Farm Limited.

The Strategic and Financial Review sets out the main trends and factors underlying the development and performance of Griffin Wind Farm Limited ("the company") during the year ended 31 March 2020, as well as those matters which are likely to affect its future development and performance.

Principal activity
The principal activity of the company is the generation of renewable electricity from its 188MW wind farm in Scotland. All sales of electricity are made to a fellow group company, SSE Energy Supply Limited.

Fair review of the business
The profit and loss account for the year ended 31 March 2020 is set out on page 9. The profit for the year after tax amounted to £1.4m (2019: £9.0m). The balance sheet at 31 March 2020 is set out on page 10 and indicated net assets of £2.5m (2019: £12.8m).

During the year the company paid a dividend of £9.0m (2019: £Nil) to its parent undertaking, SSE Renewables Onshore Windfarm Holdings Limited.

Financial performance
The company's key financial and other performance indicators during the year were as follows:

	Unit	2020	2019
Turnover	£m	26.4	35.7
Operating profit	£m	13.0	19.9
Net assets	£m	2.5	12.8

Principal risks and uncertainties
The principal risks facing the company are lower wind speeds than anticipated, resulting in less electricity generation; no off-take for electricity produced, resulting in lower sales; and technical issues with plant and machinery, resulting in down-time of turbines. To mitigate against electricity off-take risk, Power Purchase Agreements (PPAs) are in place which guarantee sales of electricity. To mitigate against technical risk, the company has access to a team of experienced operators who are responsible for monitoring wind farm performance and maintaining adequate stocks of essential parts across the SSE group.

Approved by the Board on 30 March 2021 and signed on its behalf by:

Barry O'Regan (Mar 30, 2021 10:39 GMT+1)

B O'Regan
Director

Griffin Wind Farm Limited

Directors' Report for the Year Ended 31 March 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Directors' of the company
The directors, who held office during the year, were as follows:

P Cooley (appointed 13 February 2020)

J Downes (appointed 13 February 2020)

E Harley (appointed 13 February 2020)

A Honeyman (appointed 13 February 2020)

F McCutcheon (appointed 13 February 2020 and resigned 31 December 2020)

B O'Regan (appointed 13 February 2020)

J Smith

J Williamson

Principal activity
The principal activity of the company is the generation of renewable electricity from its 188MW wind farm in Scotland. All sales of electricity are made to a fellow group company, SSE Energy Supply Limited.

Dividends
During the year a dividend of £9.0m was declared, approved and paid by the company (2019: £Nil).

Political and charitable donations
During the year the company made no political or charitable donations.

Going concern
The financial statements are prepared on a Going Concern basis which has been supported by the provision of a parental letter of support from SSE plc. The Group letter of support confirms it will provide support for a period of 12 months from the date of signing of these accounts where required. The Directors are satisfied that the Group has the ability to provide this support, should it be required.

In assessing the financial strength of the letter of support provided, the directors considered the committed bank facilities of £1.5bn maintained by the Group, the current commercial paper market conditions, the recent success of the Group in refinancing maturing debt, as well as sensitivities on future cashflow projections that reflect the impact of the coronavirus pandemic and the Group's credit rating. The directors also considered the progress of the Group's disposal programme since 31 March 2020 and mitigating actions available to the Group under downside scenarios including non-essential capex postponement and refinancing of mature debt. In considering these factors, the directors satisfied themselves that the SSE plc group has sufficient headroom to continue as a going concern and could provide support to the business as required.

Having reviewed the financial strength of the Group, the directors are satisfied that the Group, and the company itself, will remain funded for the foreseeable future. The Directors have concluded it is appropriate for the financial statements to be prepared on a going concern basis.

Assessing the impact of coronavirus
The Directors have considered the impact of coronavirus on the future prospects of the Company. Due to the timing of the outbreak relative to the Company's year end date, the impact on the results for the year ended 31 March 2020 is limited. Due to the operations of the Company, the impact of the virus on future periods is also expected to be limited. The Directors have considered the expected impact of coronavirus in reaching their assessment of the Company's ability to continue as a going concern above.

Brexit
The directors are aware of the political uncertainty as the UK transitions out of the European Union. Due to the nature of operations of the Company, the impact of Brexit is expected to be minimal.

Disclosure of information to the auditors
Each director has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors
The auditors Ernst & Young LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 30 March 2021 and signed on its behalf by:

Barry O'Regan (Mar 30, 2021 19:39 GMT+1)

B O'Regan,
Director

Griffin Wind Farm Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on 30 March 2021 and signed on its behalf by:

Barry O'Regan (Mar 30, 2021 10:39 GMT+1)

B O'Regan, Director

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

Opinion

We have audited the financial statements of Griffin Wind Farm Limited (the 'Company') for the year ended 31 March 2020, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - effects of Covid-19

We draw attention to the Directors' report in the financial statements, which describes the economic and social disruption the Company is facing as a result of the coronavirus pandemic. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

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

Ernst & Young LLP.

Annie Graham (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

G1 Building
5 George Square
Glasgow
G2 1DY

30 March 2021

Griffin Wind Farm Limited

Profit and Loss Account for the Year Ended 31 March 2020

	Note	2020 £ m	2019 £ m
Turnover	4	26.4	35.7
Cost of sales		(20.6)	(23.7)
Gross profit		5.8	12.0
Other operating income	5	7.2	7.9
Operating profit	6	13.0	19.9
Interest payable and similar expenses	8	(8.4)	(8.6)
		(8.4)	(8.6)
Profit before tax		4.6	11.3
Tax on profit	10	(3.2)	(2.3)
Profit for the year		1.4	9.0

The above results were derived from continuing operations.

The company had no other comprehensive income in the current or prior financial years

The notes on pages 12 to 25 form an integral part of these financial statements.

Griffin Wind Farm Limited

(Registration number: SC245113)
Balance Sheet as at 31 March 2020

	Note	31 March 2020 £ m	31 March 2019 £ m
Fixed assets			
Tangible assets	11	197.8	191.9
Current assets			
Debtors	13	5.2	8.4
Current liabilities			
Creditors: amounts falling due within one year	14	(15.4)	(5.9)
Net current (liabilities)/assets		(10.2)	2.5
Total assets less current liabilities		187.6	194.4
Creditors: Amounts falling due after more than one year			
Amounts due to related parties	14	(132.1)	(147.4)
Long term lease liabilities	15	(14.9)	-
Deferred tax liabilities	10	(21.3)	(19.4)
		(168.3)	(166.8)
Provisions for liabilities	16	(16.8)	(14.8)
Net assets		2.5	12.8
Capital and reserves			
Called up share capital	17	-	-
Profit and loss account		2.5	12.8
Shareholders' funds		2.5	12.8

Approved by the Board on 30 March 2021 and signed on its behalf by:

B O'Regan

Barry O'Regan (Mar 30, 2021 10:39 GMT+1)

B O'Regan, Director

Griffin Wind Farm Limited

Statement of Changes in Equity for the Year Ended 31 March 2020

	Retained earnings £ m	Total £ m
At 1 April 2019	12.8	12.8
Change in accounting policy*	(2.7)	(2.7)
At 1 April 2019 (As restated)	10.1	10.1
Profit for the year	1.4	1.4
Dividends	(9.0)	(9.0)
At 31 March 2020	2.5	2.5

	Retained earnings £ m	Total £ m
At 1 April 2018	3.8	3.8
Profit for the year	9.0	9.0
At 31 March 2019	12.8	12.8

*Retained earnings at 1 April 2019 have been restated following adoption of IFRS 16. See note 2 for information.

1 General information

The company is a private company limited by share capital, incorporated and domiciled in Scotland.

These financial statements were authorised for issue by the Board on 26 March 2021.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU, but has made amendments, where necessary, in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Summary of disclosure exemptions
In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes required by IAS 7;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets required by IAS 1, IAS 16 and IAS 36 respectively;
- The effect of new, but not yet effective, IFRSs required by IAS 1;
- Disclosures in respect of the compensation of key management personnel required by IAS 24;
- Disclosures in respect of capital management required by IAS 1; and
- Related party disclosures required by IAS 24.

As the consolidated financial statements of SSE plc include the equivalent disclosure, the company has also taken advantage the exemptions , under FRS 101, available in respect of the following disclosures:

- Certain disclosures required by IAS 36, Impairment of assets, in respect of the impairment of goodwill and life intangible assets; and
- Certain disclosures required by IFRS 13, Fair value measurement, and the disclosures required by IFRS 7, Financial instrument disclosures.

Employee share based payments have not been disclosed on the basis of materiality.

2 Accounting policies (continued)

Going concern

The financial statements are prepared on a Going Concern basis which has been supported by the provision of a parental letter of support from SSE plc. The Group letter of support confirms it will provide support for a period of 12 months from the date of signing of these accounts where required. The Directors are satisfied that the Group has the ability to provide this support, should it be required.

In assessing the financial strength of the letter of support provided, the directors considered the committed bank facilities of £1.5bn maintained by the Group, the current commercial paper market conditions, the recent success of the Group in refinancing maturing debt, as well as sensitivities on future cashflow projections that reflect the impact of the coronavirus pandemic and the Group's credit rating. The directors also considered the progress of the Group's disposal programme since 31 March 2020 and mitigating actions available to the Group under downside scenarios including non-essential capex postponement and refinancing of mature debt. In considering these factors, the directors satisfied themselves that the SSE plc group has sufficient headroom to continue as a going concern and could provide support to the business as required.

Having reviewed the financial strength of the Group, the directors are satisfied that the Group, and the company itself, will remain funded for the foreseeable future. The Directors have concluded it is appropriate for the financial statements to be prepared on a going concern basis.

2 Accounting policies (continued)

Changes resulting from adoption of IFRS 16

The company transitioned to IFRS 16 using the modified retrospective approach and as a result the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. The prior period figures were not adjusted.

On adoption of IFRS 16, the company elected to apply the relief provisions available and has not reviewed contracts under the definition of a lease per IFRS 16, which had previously not been classified as leases under the principles of IAS 17. Therefore, only contracts entered into or modified on or after 1 April 2019 have the definition of a lease per IFRS 16 applied.

In addition, the company decided to apply recognition exemptions to leases with a term not exceeding 12 months and leases where the underlying assets are of low value.

For leases classified as operating leases under IAS 17, these lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The company has used the following practical expedients permitted by IFRS 16 when applying this for the first time to leases previously classified as operating leases:

• Applied a single discount rate to a portfolio of leases with similar characteristics
• Applied the exemption not to recognise liabilities for leases with less than 12 months of lease term remaining
• Excluded initial direct costs for the measurement of right-to-use assets at the date of initial application
• Used hindsight in determining the lease term where the contract contains options to extent or terminate the lease

Right-of-use assets are measured at either:

• Their carrying amount as if IFRS 16 has been applied since commencement, discounted using the lessee's incremental borrowing rate at the date of initial application
• An amount equal to the lease liability, adjusted for any prepaid or accrued lease payments

No adjustments are required on transition to IFRS 16 for leases where the company acts as a lessor, except for a sub-lease. A reassessment of the classification of a sub-lease is required under IFRS 16.

Where the interest rate implicit in the lease is not readily determinable, the Company has applied the intercompany borrowing rate which is based on SSE plc's external medium-term borrowing rates with premia adjustments for any subsidiary specific risk factors.

On transition to IFRS 16, the Company recognised £13.7m of additional right of use assets (presented within property, plant and equipment), £16.9m of additional lease liabilties and a deferred tax asset of £0.5m. This resulted in a net adjustment to opening reserves of £2.7m.

	£ m
Operating lease commitments at 31 March 2019	19.5
Discount effect	(2.6)
Additional lease liability recognised on 1 April 2019	16.9

None of the other standards, interpretations and amendments effective for the first time from 1 April 2019 have had a material effect on the financial statements.

2 Accounting policies (continued)

Revenue recognition

Electricity generation

Revenue from the physical generation of electricity is recognised "point in time" as generated and supplied to the national settlements body. Revenue is measured at either the spot price at the time of delivery, or trade price where that trade is eligible for "own use" designation.

Renewables contracted services

Revenue from national support schemes, such as Renewable Obligation Certificates, is recognised at the point the performance obligation has been met. This is typically considered to be either at the point electricity has been physically generated or over the contractual period, depending on the underlying performance obligation. Revenue is measured either at the market rate at the point of generation, or at the fixed contractual consideration, depending on the individual scheme mechanic.

Revenue from other ancillary generation services is recognised "over time" consistent with the customer receiving and consuming the benefits of those services across the expected contractual service period, and at the contracted consideration.

Finance income and costs policy

Interest income and costs are recognised in the income statement as they accrue, on an effective interest method.

Interest on the funding attributable to major capital projects is capitalised during the period of construction and depreciated as part of the total cost over the useful life of the asset.

Tax

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

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

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

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

2 Accounting policies (continued)

Tangible assets

Owned assets

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Right of use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where a modification to a lease agreement decreases the scope of the lease, the carrying amount of the right of use asset is adjusted and a gain or loss is recognised in proportion to the decrease in scope of the lease. All other modifications to lease agreements are accounted for as a reassessment of the lease liability with a corresponding adjustment to the right of use asset.

Depreciation

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

Asset class	Years
Onshore wind farm	25
Decommissioning asset	25
Land (right of use asset)	Period of lease

Trade debtors

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

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

2 Accounting policies (continued)

Trade creditors

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

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

Provisions

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

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

Decommissioning

The estimated cost of decommissioning at the end of the useful lives of certain assets is reviewed periodically. Provision is made for the net present value of the estimated cost of decommissioning gas production facilities at the end of the producing lives of fields, and gas storage facilities, offshore wind farms and power stations at the end of the useful life of the facilities. The estimates are based on technology and prices at the balance sheet date and excludes any salvage value related to those assets. A corresponding decommissioning asset, including any residual scrap proceeds expected, is recognised and is included within property, plant and equipment when the provision gives access to future economic benefits. Changes in these provisions are recognised prospectively. The unwinding of the discount on the provision is included in finance costs and the depreciation for the asset is straight-line over the expected useful life of the asset or, for gas production facilities, is amortised on the unit of production method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised as non-current assets of the company at the lower of their fair value at the date of commencement of the lease and at the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

2 Accounting policies (continued)

Lease payments are apportioned between finance costs in the income statement and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends
Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

It should be noted that the impact of variation in some assumptions, judgements and estimates can have a particularly material impact on the reported results. These include, but are not limited to:

Decommissioning provisions

The provisioning for the decommissioning of the Company's operating windfarm (see note 16).

4 Revenue

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

	2020 £ m	2019 £ m
Sale of goods	26.4	35.7

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2020 £ m	2019 £ m
Generation bid income	7.2	7.9

6 Operating profit

Arrived at after charging/(crediting)

	2020 £ m	2019 £ m
Depreciation expense	9.7	11.9
Operating lease expense	-	1.3

7 Directors' remuneration

The total remuneration received by the directors for qualifying and non-qualifying services during the year was £1.6m (2019: £1.1m). The above value is for 8 directors (2019: 2), who were remunerated via another Group company in the year. A value of services to the Company for these directors cannot be determined, therefore the above value reflects the remunerations received for services to the SSE Group as a whole.

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £1.0m (2019: £0.8m) including company pension contributions of £0.1m (2019: £0.1m) which were made to a money purchase scheme on their behalf.

8 Interest payable and similar expenses

	2020 £ m	2019 £ m
Lease obligations - unwind of discount rate	0.8	-
Interest paid to group undertakings	7.3	8.4
Decommissioning provision - unwind of discount	0.3	0.2
	8.4	8.6

9 Auditors' remuneration

The company incurred an audit fee of £23,985 in the year (2019: £8,200). The fee in both the current and previous year was borne by another group company.

10 Income tax

Tax charged/(credited) in the profit and loss account

	2020 £ m	2019 £ m
Current taxation		
UK corporation tax	0.8	2.3
Total current income tax	0.8	2.3

10 Income tax (continued)

Deferred taxation

Arising from origination and reversal of temporary differences	0.2	-
Arising from changes in tax rates and laws	2.3	-
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(0.1)	-
Total deferred taxation	2.4	-
Tax expense in the profit and loss account	3.2	2.3

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £ m	2019 £ m
Profit before tax	4.6	11.3
Corporation tax at standard rate of 19% (2019: 19%)	0.9	2.2
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	0.1	0.1
Deferred tax credit from unrecognised temporary difference from a prior period	(0.1)	-
Deferred tax expense relating to changes in tax rates or laws	2.3	-
Total tax charge	3.2	2.3

Deferred tax

Deferred tax assets and liabilities

2020	Asset £ m	Liability £ m	Net deferred tax £ m
Provisions	0.6	-	0.6
Tangible fixed assets	-	(21.9)	(21.9)
	0.6	(21.9)	(21.3)

2019	Asset £ m	Liability £ m	Net deferred tax £ m
Provisions	0.4	-	0.4
Tangible fixed assets	-	(19.8)	(19.8)
	0.4	(19.8)	(19.4)

10 Income tax (continued)

Deferred tax movement during the year:

	At 1 April 2019 £ m	Recognised in income £ m	Recognised in equity £ m	At 31 March 2020 £ m
Provisions	0.4	0.2	-	0.6
Tangible fixed assets	(19.8)	(2.6)	0.5	(21.9)
Net tax assets/(liabilities)	(19.4)	(2.4)	0.5	(21.3)

Deferred tax movement during the prior year:

	At 1 April 2018 £ m	Recognised in income £ m	At 31 March 2019 £ m
Provisions	0.3	0.1	0.4
Tangible fixed assets	(19.7)	(0.1)	(19.8)
Net tax assets/(liabilities)	(19.4)	-	(19.4)

The UK Budget 2021 announcement on 3 March 2021, subsequent to the balance sheet date, included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. If the company's deferred tax balances at the period end were remeasured at 25% this would result in a deferred tax charge of £6.7m.

11 Tangible assets

	Land and buildings £ m	Decommissioning assets £ m	Renewable Generation £ m	Total £ m
Cost or valuation				
At 1 April 2019	13.7	14.2	267.9	295.8
Additions	0.2	1.7	-	1.9
At 31 March 2020	13.9	15.9	267.9	297.7
Depreciation				
At 1 April 2019	-	1.7	88.5	90.2
Charge for the year	0.7	0.6	8.4	9.7
At 31 March 2020	0.7	2.3	96.9	99.9
Carrying amount				
At 31 March 2020	13.2	13.6	171.0	197.8
At 31 March 2019	-	12.5	179.4	191.9

The cost at 01 April 2019 has been revised following adoption of IFRS 16, with additional Right of Use assets of £13.7m being recognised.

12 Right of use assets

Included within property, plant and equipment (note 10) are the following right of use assets:

	Land and buildings £ m	Total £ m
Cost or valuation		
At 1 April 2019	13.7	13.7
Additions	0.2	0.2
At 31 March 2020	13.9	13.9
Depreciation		
Charge for the year	0.7	0.7
At 31 March 2020	0.7	0.7
Carrying amount		
At 31 March 2020	13.2	13.2

13 Trade and other debtors

	31 March 2020 £ m	31 March 2019 £ m
Trade debtors	0.6	1.7
Debtors from related parties	4.5	6.1
Prepayments	-	0.4
Other debtors	0.1	0.2
	5.2	8.4

14 Creditors

Amounts falling due within one year

	31 March 2020 £ m	31 March 2019 £ m
Trade creditors	-	0.1
Accrued expenses	1.4	1.5
Amounts due to related parties	11.9	2.1
Income tax liability	0.8	2.2
Current portion of long term lease liabilities	1.3	-
	15.4	5.9

14 Creditors (continued)

Amounts falling due after more than one year

	31 March 2020 £ m	31 March 2019 £ m
Amounts due to related parties	132.1	147.4

The amounts disclosed in the balance sheet as owed to related parties and falling due after more than one year are in respect of amounts advanced to the company by its ultimate parent SSE plc. Interest is charged at 5.06% (2019: 5.23%). There is no fixed repayment term for the amounts disclosed as owed to related parties and it has been confirmed by SSE plc that the amounts will not be called upon within the next twelve months.

15 Leases

Leases included in creditors

	31 March 2020 £ m	31 March 2019 £ m
Current portion of long term lease liabilities	1.3	-
Long term lease liabilities	14.9	-

Lease liability maturity analysis

	31 March 2020 £ m	31 March 2019 £ m
Within one year	1.3	-
Between one and five years	5.5	-
After five years	18.4	-
Less: future finance charge	(9.0)	-
Present value of lease obligations	16.2	-

16 Other provisions

	Decommissioning £ m	Total £ m
At 1 April 2019	14.8	14.8
Increase in existing provisions	1.7	1.7
Increase due to unwinding of discount	0.3	0.3
At 31 March 2020	16.8	16.8

16 Other provisions (continued)

Decommissioning provision

In accordance with the company's accounting policy a provision has been made for the decommissioning of the company's wind farm assets. A discount rate of 0.8% (2019: 1.7%) has been applied to discount the decommissioning cost provision to present values. The unwinding of discount rate in relation to decommissioning costs is charged to interest payable in the profit and loss account.

An increase of £1.7m was recognised in the year following a review of the estimated timing and quantum of costs associated with the company's assets.

Sensitivity analysis

The key assumptions made when calculating the decommissioning provision centre around cost estimate and discount rate applied:

An increase of 1% in the discount rate would result in a decrease to the provision of £2.5m

A decrease of 0.8% in the discount rate would result in an increase to the provision of £2.3m

An increase of 10% in the cost estimate for decommissioning would result in an increase to the provision of £2.8m and a corresponding adjustment to the decommissioning assets.

A decrease of 10% in the cost estimate for decommissioning would result in a decrease to the provision of £0.7m and a corresponding adjustment to the decommissioning assets.

17 Share capital

Allotted, called up and fully paid shares

	31 March 2020		31 March 2019	
	No.	**£**	**No.**	**£**
Ordinary shares of £1 each	1,200	1,200	1,200	1,200

18 Dividends

Interim dividends paid

	31 March 2020 £ m	31 March 2019 £ m
Interim dividend of £7,458.33 (2019 - £Nil) per each ordinary shares	9.0	-

19 Parent and ultimate parent undertaking

The company's immediate parent is SSE Renewables Onshore Windfarm Holdings Limited.

The ultimate parent is SSE plc.

The most senior parent entity producing publicly available financial statements is SSE plc. These financial statements are available upon request from the Company Secretary, SSE plc, Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ, or by accessing the company's website at www.sse.com.

The ultimate controlling party is SSE plc.