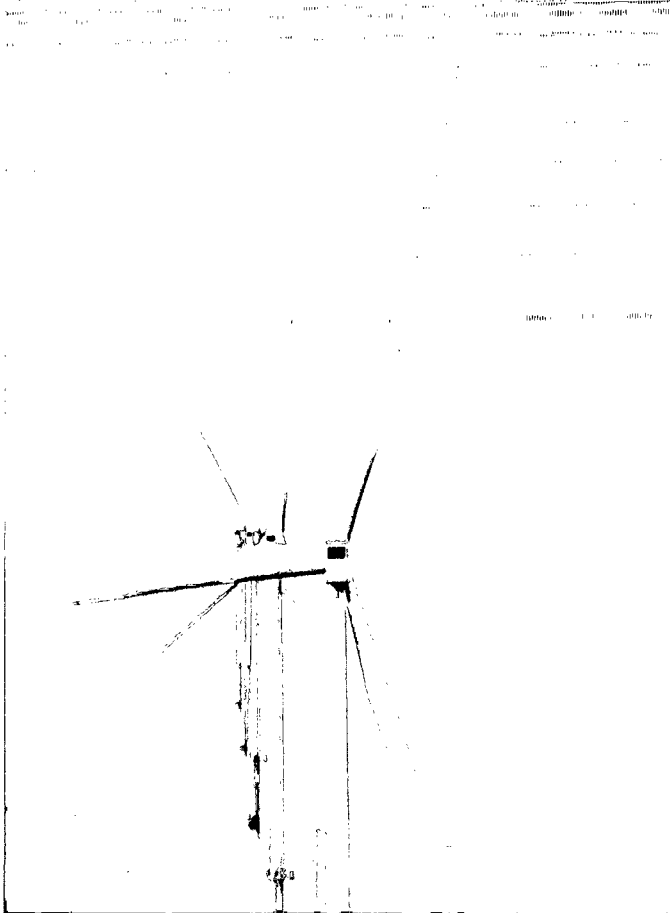


Registration number: 04155137



Lynn Wind Farm Ltd

Annual Report and Financial Statements
for the year ended 31 December 2020

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Lynn Wind Farm Ltd
Annual Report and Financial Statements

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Lynn Wind Farm Ltd
Annual Report and Financial Statements

Strategic Report for the Year Ended 31 December 2020

The Directors present their Strategic Report of Lynn Wind Farm Limited ("the Company") for the year ended 31 December 2020.

Review of the business

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

The wind farm has operated satisfactorily during the year. Revenue was above plan due to an above plan generation, and partially reduced by low power prices.

Principal risks and uncertainties

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

Going concern has been reviewed in light of the corona virus epidemic. The situation is not expected to impact on our contractual positions under the PPA contracts.

Key performance indicators (KPIs)

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

The key driver of financial performance is revenue. Turnover has increased by 11% (2020: £39,845,000) from prior year (2019: £36,009,000) which has resulted in an improved financial performance in 2020. This increase is primarily due to a combination of low power prices, mitigated by improved generation. Availability has continued to increase. To create the maximum renewable energy the Company monitors the effectiveness of the wind farm on a regular basis and endeavours to achieve a high level of performance. The level of safety and environmental cases are reviewed by management on a regular basis. For the current and prior year the non-financial KPIs were broadly in line with management's expectation.

Financial position

The financial position of the Company is presented in the Statement of Financial Position on page 14. Total shareholders' funds at 31 December 2020 were £21,370,000 (2019: £24,282,000).

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Strategic Report for the Year Ended 31 December 2020 (continued)

Statement by the directors on performance of their statutory duties in accordance with S172(1) Companies Act 2006

The directors have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and having regard (amongst other matters) to factors (a) to (f) S172 Companies Act 2006 in the decisions taken during the year ended 31 December 2020 including:-

- a) the likely consequences of any decision in the long term;
- b) the interests of the company's employees;
- c) the need to foster the company's business relationships with suppliers, customers and others;
- d) the impact of the company's operations on the community and the environment;
- e) the desirability of the company maintaining a reputation for high standards of business conduct
- e) the need to act fairly between members of the company;

The Board confirms that, during the year, it has had regard to the matters set out above. Further details as to how the Directors have fulfilled their duties, together with references to relevant areas within these financial statements are set out below.

The company's long-term plan is to generate fixed price revenue for the life of the wind farms and to decommission or repower the wind farms at the end of the economic lives. No decision has been made to change the long-term plan.

The company does not have any employees. The directors use service providers for all operational activities. The directors ensure that any service providers act in due care towards its employees while working for the company including complying to the company's safety requirements.

The company fosters relationships through the selection of a reliable operations service provider which ensures its customers are supplied with an uninterrupted supply of clean electricity during windy days.

The company produces green energy thus having a low carbon impact on the environment.

The company has partnered with a reputable service provider to operate the windfarms.

When making decisions the board considers how this will impact all shareholders and ensures no preference is given to any one shareholder.

The directors ensure they are complying with the above by reviewing operations reports, wind farm production numbers and site safety reports.

Future developments

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

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Strategic Report for the Year Ended 31 December 2020 (continued)

Approved by the Board on 17 March 2021 and signed by order of the board.



.....
Alexis Ulens
Director

Company registered in England and Wales, No. 04155137

Registered office:

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

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Directors' Report for the Year Ended 31 December 2020

The Directors present their report and the audited Financial Statements for the year ended 31 December 2020.

Directors of the Company

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

P Raftery

K Smith

A Ulens

K Mangan

Principal activity

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

Results and dividends

The results of the Company are set out on page 13. The profit for the financial year ended 31 December 2020 is £12,090,000 (2019: £9,781,000). Dividends of £15,000,000 were paid during the year. The Directors recommend the payment of a final dividend of £nil (2019: £15,000,000).

Financial instruments

Objectives and policies

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

Interest Rate & Currency Risk

The Company has no significant exposure to currency risk. The company's transactions and balances are denominated in sterling. The company loans are at a fixed interest rate. An increase in the interest rate will result in an increase to the discount rate applied to decommissioning provisions thereby reducing them.

Price Risk

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

Credit Risk

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

Liquidity & Cash Flow Risk

In order to review available liquidity, cash forecasts for the company are produced and reviewed regularly. Low generation due to low wind or low availability affect revenue and cash flow. In order to generate the maximum renewable energy, the Company monitors the performance of the wind farm on a regular basis and endeavors to achieve a high level of availability. From April 2017 the company entered into a company service and maintenance agreement (SMA) with Siemens Gamesa Renewable Energy. The SMA provides warranties on the availability yield and provides price certainty.

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Directors' Report for the Year Ended 31 December 2020 (continued)

Future developments

Future developments are discussed in the Strategic Report on pages 2 and 3.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2. The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiary. The directors, having assessed the responses of the directors of the company's parent GLID Wind Farms Topco Limited to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the GLID Wind Farms Topco Limited group to continue as a going concern or its ability to continue with the current banking arrangements. On the basis of their assessment of the company's financial position and of the enquiries made of the directors of GLID Wind Farms Topco Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Energy and Emissions Report

The SECR disclosure covers our United Kingdom greenhouse gas emissions (scope 1 and 2), an appropriate intensity ratio, the total energy usage of gas, electricity, fuel for transport and production, and a summary of energy efficiency improvements carried out during the financial year.

All calculations are based on 2020 UK Government GHG Conversion.

	2020	2020	2020	2020
Scope 2	Energy kWh	Litres	Energy GJ	Emissions tCO2e
Lynn Import Energy	566,118		2,038	89
Grimsby Base Energy	114,917		414	18
Total Electricity Used	681,035		2,452	107
Total LPG		11,861	310	18
Lynn Electricity Sold	(346,239,950)		(1,246,464)	
Total Net Energy Consumption	(345,558,914)		(1,243,702)	125

Intensity ratio

TOTAL tCO2e per GWh production (tCO2e) Scope 2	0.3621
--	--------

UK energy use covers all Lynn Wind Farm Ltd operations and 50% of Grimsby base activities across GLID Wind Farms Topco Ltd.

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Directors' Report for the Year Ended 31 December 2020 (continued)

GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. Emissions factor source: <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020>.

The company carried out the following actions during the financial year ending 31 December 2020:

- Started a campaign to replace the lighting at the Grimsby Operational Base with LED lighting.
- Installed electric vehicle charging points.
- Completed an assessment for the installation of solar panels at the Grimsby Base.

Directors' liabilities

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

Statement of Directors' Responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework'. 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors confirm that:

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

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Directors' Report for the Year Ended 31 December 2020 (continued)

Independent auditors

Grant Thornton UK LLP, having expressed its willingness to continue in office, will be proposed for reappointment for the next financial year in accordance with section 489 of the Companies Act 2006.

This Directors' report was approved by the Board on 17 March 2021.



.....
Alexis Ulens
Director

Company registered in England and Wales, No. 04155137

Registered office:

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

Lynn Wind Farm Ltd
Annual Report and Financial Statements

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

Report on the financial statements

Opinion

We have audited the financial statements of Lynn Wind Farm Limited (the 'company') for the year ended 31 December 2020, which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 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. 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Lynn Wind Farm Ltd
Annual Report and Financial Statements

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, 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.

Lynn Wind Farm Ltd
Annual Report and Financial Statements

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

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- we obtained an understanding of the legal and regulatory frameworks applicable to the company, and the industry in which it operates. We determined the Companies Act 2006 to be the most significant of the laws and regulations applicable to the entity.
- we enquired of management whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected fraud. We corroborated the results of our enquiries to supporting documentation such as board minute reviews. From the procedures performed we did not identify any material matters relating to non-compliance with laws and regulation or matters in relation to fraud.
- to assess the potential risks of material misstatement, we obtained an understanding of:
 - the company's operations, including the nature of its revenue sources, expected financial statement disclosures and business risks that may result in risk of material misstatement and
 - the company's control environment including the adequacy of procedures for authorisation of transactions.
- we assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - evaluating the processes and controls established to address the risks related to irregularities and fraud;
 - testing manual journal entries, in particular journal entries relating to management estimates and journal entries determined to be large or relating to unusual transactions;
 - identifying and testing related party transactions.
- we assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the industry in which the client operates in, and their practical experience through training and participation with audit engagements of a similar nature.

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Independent Auditor's Report to the Members of Lynn 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.

Grant Thornton UK LLP

Mark Overfield BSc FCA

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

1 Whitehall Riverside

Leeds

LS1 4BN

17 March 2021

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Income Statement for the Year Ended 31 December 2020

		2020	2019
	Note	£000	£000
Revenue - continuing operations	4	39,845	36,009
Cost of Sales		<u>(15,762)</u>	<u>(15,425)</u>
Gross profit		24,083	20,584
Administrative expenses		<u>(2,272)</u>	<u>(2,132)</u>
Operating profit	5	21,811	18,452
Finance cost	7	<u>(6,396)</u>	<u>(6,928)</u>
Profit before income tax		15,415	11,524
Income tax charge	10	<u>(3,325)</u>	<u>(1,743)</u>
Profit for the financial year		<u>12,090</u>	<u>9,781</u>

Statement of Comprehensive Income for the Year Ended 31 December 2020

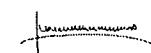
	2020	2019
	£ 000	£ 000
Profit for the financial year	<u>12,090</u>	<u>9,781</u>
Total comprehensive income for the year	<u>12,090</u>	<u>9,781</u>

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Statement of Financial Position as at 31 December 2020

	Note	2020 £000	2019 £000
Fixed Assets			
Property, plant and equipment	11	90,494	97,566
Current assets			
Trade and other receivables	12	10,581	10,168
Cash and cash equivalents		1,543	-
		<u>12,124</u>	<u>10,168</u>
Creditors- amounts falling due within one year			
Short term finance liabilities	15	(128)	(113)
Trade and other payables	13	(60,910)	(64,558)
Total current liabilities		<u>(61,038)</u>	<u>(64,671)</u>
Net current liabilities		<u>(48,914)</u>	<u>(54,503)</u>
Total assets less current liabilities		<u>41,580</u>	<u>43,063</u>
Non-current liabilities			
Deferred tax liabilities	14	(9,234)	(8,006)
Long term finance liabilities	15	(3,128)	(3,259)
Provisions for other liabilities and charges	16	(7,848)	(7,516)
Net assets		<u>21,370</u>	<u>24,282</u>
Equity			
Called up share capital	17	-	-
Retained earnings	18	21,370	24,282
Total shareholder funds		<u>21,370</u>	<u>24,282</u>

The financial statements on pages 13 to 27 were approved and authorised for issue by the Board of Directors on 17 March 2021 and signed on its behalf by:



.....
Alexis Ulens
Director
Company number 04155137

Lynn Wind Farm Ltd
Annual Report and Financial Statements

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

		Share capital	Retained earnings	Total
	Note	£ 000	£ 000	£ 000
Balance as at 1 January 2019	18	-	14,501	14,501
Profit for the year		-	9,781	9,781
Total comprehensive income for the financial year		-	9,781	9,781
Balance as at 31 December 2019		-	24,282	24,282

		Share capital	Retained earnings	Total
	Note	£ 000	£ 000	£ 000
Balance as at 1 January 2020	18	-	24,282	24,282
Profit for the year		-	12,090	12,090
Total comprehensive income for the financial year		-	12,090	12,090
Dividends			(15,000)	(15,000)
Total transactions with owners			(15,000)	(15,000)
Balance as at 31 December 2020		-	21,370	21,370

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

Lynn Wind Farm Limited (the 'Company') is a company limited by shares and incorporated and domiciled in England and Wales.

The address of its registered office and the principal place of business is:

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

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

2 Accounting policies

Basis of preparation

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

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

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for tangible fixed assets;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs.

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

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers have not been provided apart from those which are relevant for the financial instruments which are held at fair value.

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Notes to the Financial Statements for the Year Ended 31 December 2020

2 Accounting policies (continued)

Basis of preparation (continued)

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

The financial statements are prepared on the historical cost basis.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2. In light of COVID-19 the company has performed sensitivity analysis on cash flows which show that the company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiary. The directors, having assessed the responses of the directors of the company's parent GLID Wind Farms Topco Limited to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the GLID Wind Farms Topco Limited group to continue as a going concern or its ability to continue with the current banking arrangements. On the basis of their assessment of the company's financial position and of the enquiries made of the directors of GLID Wind Farms Topco Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Summary of significant accounting policies and key accounting estimates

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

Revenue recognition

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

Cost of sales

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

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Notes to the Financial Statements for the Year Ended 31 December 2020

2 Accounting policies (continued)

Leased Assets

The Company makes the use of leasing arrangements principally for the occupation of the Seabed for the Wind Farm. The lease is for a fixed term of 36 years with no extension. The Company does not enter into sale and leaseback arrangements.

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability in its statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Company.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Notes to the Financial Statements for the Year Ended 31 December 2020

2 Accounting policies (continued)

Taxation

Current tax, being UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

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

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

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

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

Depreciation

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

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

Impairment

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

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.

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Notes to the Financial Statements for the Year Ended 31 December 2020

2 Accounting policies (continued)

Decommissioning costs

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

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

Financial assets and liabilities

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

Trade and other receivables

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

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

Trade and other payables

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

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

Equity, reserves and dividend payments

Financial instruments issued by the group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity. Transaction costs on the issue of shares are deducted from the share premium account arising on that issue. Dividends on the group's ordinary shares are recognised directly in equity. Interim dividends are recognised when they are paid. A liability for unpaid dividends is recognised when the dividends have been approved in a general meeting prior to the reporting date.

Cash and cash equivalents

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

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Notes to the Financial Statements for the Year Ended 31 December 2020

2 Accounting policies (continued)

Interest-bearing loans and other borrowings

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

3 Critical accounting judgements and key sources of estimation uncertainty

Useful lives of PP&E (accounting judgement)

Depreciation is charged so as to write off the costs of the assets over their estimated useful lives. The expected useful lives of the assets are anticipated to be 25 years, should the expected lives change then this will affect the annual depreciation charge

Impairment of PP&E (accounting judgement)

The Company's wind farm assets comprise various property, plant and equipment. The Company makes judgements and estimates in considering whether the carrying amounts of these assets are recoverable. Should the recoverable amounts be less than the current carrying values then an impairment charge is made to reduce the assets down to their net recoverable amounts. There are no indicators that PPE is impaired based on performance during the year and post year end.

Decommissioning costs (estimate)

The estimated cost of decommissioning at the end of the wind farm's life is reviewed periodically and is based on price levels and technology at the balance sheet date. The uninflated discounted cost of decommissioning is as per the latest (2019) independent decommissioning report which was commissioned by the Group for use by the Crown Estate. The main assumptions used are based on leaving the cables in situ. The report is updated every 5 years with the next review expected by the end of 2023. Management have used the report as a basis for the provision and reassessed the assumptions and judgements and consider them still to be appropriate for the estimated cost of decommissioning at the balance sheet date. The fundamental cost drivers are largely unchanged, and a review of the report's proposed decommissioning process delivered a view that this was also the most efficient process as of the balance sheet date. The payment dates of total expected future decommissioning costs are uncertain but are currently anticipated to be 2033. Due to changes in relation to these items the future actual cash outflows in relation to decommissioning are likely to differ in practice. In determining the provision, the cash flows have been discounted on a pre-tax basis using an annual risk-free interest rate of 2.9% (2019: 3.2%). The assumed rate of inflation is 2.5% (2019: 2.5%).

'Right to cancel' option for leases (accounting judgement)

When the entity has the right to cancel a lease, management uses its judgement to determine whether or not the right would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if the right to cancel is not taken, to help them determine the lease term. Management believe it is reasonably certain that the right to cancel the lease will be exercised at the end of the useful life of the wind farm.

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Notes to the Financial Statements for the Year Ended 31 December 2020

4 Revenue

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

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

	2020	2019
	£ 000	£ 000
Sale of generated electricity and associated environmental credits	<u>39,845</u>	<u>36,009</u>

5 Operating Profit

	2020	2019
	£ 000	£ 000
Operating profit is stated after charging:		
Depreciation of tangible assets (note 11)	6,953	6,941
Depreciation of right-of-use assets (note 11)	<u>231</u>	<u>231</u>

6 Employee Costs

The Company had no employees and therefore no staff costs (2019: £nil). Any costs relating to staff or Directors seconded to the Company were borne by other group companies of their respective ultimate parent companies.

7 Finance costs

	2020	2019
	£ 000	£ 000
Interest on amounts owed to group undertakings	5,929	6,474
Interest expense for leasing arrangements	219	225
Interest on bank overdrafts and borrowings	28	12
Unwinding of discount on decommissioning provision	<u>220</u>	<u>217</u>
Total finance cost	<u>6,396</u>	<u>6,928</u>

8 Directors' remuneration

The aggregate emoluments paid to directors in respect of their qualifying services were £nil (2019: £nil). Lynn Wind Farm Limited is a wholly-owned subsidiary of a company that is jointly controlled, and the Directors are nominated by the joint venture partners of its parent company. Accordingly, no emoluments are paid for their services to the Company.

9 Auditor's remuneration

Auditor's remuneration was £12,000 (2019: £12,000) and relates to fees for the audit of the financial statements provided to the Company.

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Notes to the Financial Statements for the Year Ended 31 December 2020

10 Tax on profit

Tax charged in the income statement

	2020	2019
	£ 000	£ 000
Current taxation		
UK corporation tax at 19% (2019: 19%)	2,149	1,582
Adjustments in respect of prior periods	(52)	-
	<u>2,097</u>	<u>1,582</u>
Deferred taxation		
Current year - Origination and reversal of timing differences	1,228	161
Tax on profit on ordinary activities	<u>3,325</u>	<u>1,743</u>
Provision for deferred tax		
<i>Movement in provision:</i>		
Provision at start of period	8,006	7,843
Deferred tax charged in the income statement in the period	1,228	163
Provision at end of period	<u>9,234</u>	<u>8,006</u>

Tax charge for the year is lower (2019: charge lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2020 at 19% (2019: 19%). The differences are explained below:

	2020	2019
	£ 000	£ 000
Reconciliation of tax charge		
Profit before tax	15,415	11,524
Profit multiplied by the standard rate of tax in the UK of 19% (2019: 19%)	2,928	2,189
Effects of:		
Fixed asset differences	46	44
Movement in decommissioning asset	(28)	(26)
Change in UK tax rates*	941	(18)
Group relief claimed	(508)	(446)
Adjustment in respect of prior years	(54)	-
Total Income tax charge	<u>3,325</u>	<u>1,743</u>

* Change in forecast rate of deferred tax from 17% to 19%

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Notes to the Financial Statements for the Year Ended 31 December 2020

11 Property, plant and equipment

	Land and buildings £ 000	Plant and machinery £ 000	Decommissioning asset £ 000	Total £ 000
Cost or valuation				
At 1 January 2020	3,469	184,072	5,345	192,886
Revisions	-	-	112	112
At 31 December 2020	3,469	184,072	5,457	192,998
Accumulated Depreciation				
At 1 January 2020	231	91,769	3,320	95,320
Charge for the year	231	6,803	150	7,184
At 31 December 2020	462	98,572	3,470	102,504
Carrying amount				
At 31 December 2020	3,007	85,500	1,987	90,494
At 31 December 2019	3,238	92,303	2,025	97,566

Included in the above line items are right-of-use assets over the following:-

Land and Buildings - Seabed	3,007
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12 Trade and other receivables

	2020 £ 000	2019 £ 000
Trade receivables	1,920	2,377
Accrued income	8,626	7,333
Prepayment	35	458
	10,581	10,168

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Notes to the Financial Statements for the Year Ended 31 December 2020

13 Trade and other payables

	2020	2019
	£ 000	£ 000
Corporation Tax	97	747
Amounts owed to group undertakings	59,131	62,032
Accrued expenses	338	450
VAT	1,344	1,329
	<u>60,910</u>	<u>64,558</u>

On 4 November 2009, the Company received a secured loan of £149,600,000 from GLID Wind Farms TopCo Limited, its immediate parent undertaking. The outstanding balance at 31 December 2020 was £59,131,000 (2019: £62,032,000). The loan is repayable on demand and may be repaid by the Company at any time without penalty. The rate of interest is 9% per annum. GLID Wind Farms TopCo Limited, the parent company, intends to support the Company to ensure it can meet its obligations as they fall due. The Directors have received confirmation that GLID Wind Farms TopCo Limited intends to support the Company for at least one year after the financial statements were authorised.

14 Deferred tax

	Balance sheet		Movement in period
	2020	2019	Income
	£ 000	£ 000	£ 000
Deferred tax liability			
PPE and intangible assets	10,348	9,285	1,063
Other taxable temporary differences	378	344	34
Total liabilities	<u>10,726</u>	<u>9,629</u>	<u>1,097</u>
Deferred tax asset			
Tax credit and loss carried forward	-	346	(346)
Provisions	1,492	1,277	215
Total assets	<u>1,492</u>	<u>1,623</u>	<u>(131)</u>
Net deferred tax liability	<u>9,234</u>	<u>8,006</u>	<u>1,228</u>

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

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

Lynn Wind Farm Ltd
Annual Report and Financial Statements

Notes to the Financial Statements for the Year Ended 31 December 2020

15 Lease liabilities

	2020	2019
	£ 000	£ 000
Long-term lease liabilities		
Seabed	3,128	3,259
Short-term lease liabilities		
Seabed	128	113
	3,256	3,372

The company has entered into a lease agreement with the Crown Estate to rent the seabed on which the windfarm is located. The lease is expected to be terminated in 2033 at the end of the useful life of the windfarm. Refer to Note 3 for further details.

16 Other provisions

	2020	2019
	£ 000	£ 000
Decommissioning provision		
At 1 January	7,516	7,132
Revisions	112	167
Unwind of discounting	220	217
At 31 December	7,848	7,516

The decommissioning provision represents the future expected costs of decommissioning the company's wind farm at the end of its useful economic life, discounted to the present value. The payment date of the total expected future decommissioning costs is uncertain but is currently anticipated to be 2033. The uninflated discounted cost of decommissioning per the latest (2019) report is £8,069,000 (2018: £7,872,000) and is based on a probabilistic model which leaves the cables in situ. Due to changes in relation to these items the future actual cash outflows in relation to decommissioning are likely to differ in practice. The above provision relates solely to assets held as at the date of these financial statements. In determining the provision, the cash flows have been discounted on a pre-tax basis using an annual risk-free interest rate of 2.9% (2019: 3.2%). The assumed rate of inflation is 2.5% (2019: 2.5%).

Lynn Wind Farm Ltd
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Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

17 Called up share capital

Allotted, called up and fully paid shares

	2020 No.	2020 £	2019 No.	2019 £
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

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

18 Reserves

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

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

19 Related party transactions

Exemption has been taken for reporting of intra group transactions.

No Key Management Personnel (KMP) compensation was paid during the year. No Director has entered into a material contract with the consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

20 Parent and ultimate parent undertaking

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

GLID Wind Farms TopCo Limited's immediate parent undertakings are UK Green Investment LID Limited (60.8% holding), RI Income UK Holdings Limited (34.3% holding) and RI EU Holdings (UK) Limited (4.9% holding). There is joint control by virtue of a joint venture agreement.