

Company Registration No. 05485961 (England and Wales)

RHYL FLATS WIND FARM LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

RHYL FLATS WIND FARM LIMITED

COMPANY INFORMATION

Directors	S Lilley Pablo Hernandez de Riquer (Appointed 24 April 2019) K Smith A Ulens B Furlong J McKenzie (Appointed 20 January 2020) C Ripphahn (Appointed 14 September 2020)
Company secretary	P Sainsbury
Company number	05485961
Registered office	Windmill Hill Business Park Whitehill Way Swindon Wiltshire United Kingdom SN5 6PB
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London United Kingdom WC2N 6RH

RHYL FLATS WIND FARM LIMITED

CONTENTS

	Page (s)
Strategic report	1 - 3
Directors' report	4 - 7
Independent Auditors' Report	8 - 10
Statement of comprehensive income	11
Statement of financial position	12 - 13
Statement of changes in equity	14
Notes to the financial statements	15 - 33

RHYL FLATS WIND FARM LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Statement by the directors of the company regarding their duty under s172(1) Companies Act 2006 to promote the success of the company.

The Board of Rhyl Flats Wind Farm Limited believe they have acted in the manner most likely to promote the success of the company for the benefit of its members as a whole having a regard to the matters set out in s172(1)(a-f) of the Act.

The following important matters have been directly addressed:

Likely consequence of long term decisions

The company generates profits through the operation and maintenance of an onshore wind farm. As described further in the fair review of the business below the directors have continued with this business strategy by approving the operating budget for 2020 and for the following two years. In doing so the Board have ensured the business can meet the company's cashflow requirements ensuring prompt supplier payments and other liabilities are met as they fall due.

The directors have approved dividends of £23.2m having taken into consideration the interest of the company's members as laid out in the shareholders' agreement, the future funding requirements of the business, and the latest forecast revenue and operating costs. Dividends were paid during the year to the company's shareholders pro-rata to their shareholdings (RWE Renewables UK Swindon Limited (formerly Innogy Renewables UK Limited) 50.1%; Greencoat UK Wind Holdco Limited 24.95%; UK Green Investment Rhyl Flats Limited; 24.95%).

Employee engagement

Other than the directors, there are no employees of the company. However the company carefully considers the health and welfare of onsite contractors with the regular Health and Safety report reviewed at all Board meetings.

Business relationships

When dealing with suppliers, the company follows the code of conduct of its service provider, RWE Renewables UK Swindon Limited (formerly Innogy Renewables UK Limited), and expects business partners to accept the principles set out in that Code. Private interests should remain separate to those of the company and no representative should not solicit or accept monetary benefits from third parties.

The health and safety of contractors on the company's sites is vitally important. Contractors working on wind farm sites are therefore expected to sign up to and follow the service provider's HSE Requirements. The Board regularly reviews Health and Safety reporting during the company Board meetings and take s action as required.

The company supports suppliers by paying promptly in line with the terms agreed between the parties.

The company strictly follows Power Purchase Agreements for the sale of its electrical output as agreed with its customer RWE Renewables UK Swindon Limited (formerly Innogy Renewables UK Limited) and thereby maintains good business relations.

RHYL FLATS WIND FARM LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Community and the environment

During the year the company contributed £89,396 to local community funds. Community funds are set up to contribute to the area local to the company's renewable energy projects and take the form of an annual fund which is available each year of the operational lifetime of a project. The use of the community funds is dictated by the Denbighshire Coastal Partnership and the Community and Voluntary Support Conway. Both organisations use the funds to support a wide range of projects such as building and maintaining community buildings, electric vehicles for community transport schemes, education and training to help people back into employment and to set up small businesses and social projects, for example friendship groups, bereavement counselling and projects that support the homeless.

The company is dedicated to generating electricity using sustainable energy resources. As part of this project, the company have worked with local authorities to ensure adequate and appropriate wildlife conservation steps are in place to promote and protect the local ecology.

Maintaining high business standards

The Board are aware of their social role and responsibility towards RWE Renewables UK Swindon Limited (formerly Innogy Renewables UK Limited), business partners, shareholders and the wider stakeholder community. The company follows the Innogy Code of Conduct which provides clear principles on how the company conducts its business and social activities. The company is committed to conducting business with integrity, being respectful to others and the environment, and in compliance with the law.

Act fairly between members

The directors have implemented and follow a comprehensive shareholders' agreement that details how the company acts fairly in the interest of all its members. Investors are kept informed through regular management reporting and representation at Board meetings as entitled under the shareholders' agreement.

In addition there is a management services deed in place that dictates how the service provider, RWE Renewables UK Swindon Limited (formerly Innogy Renewables UK Limited), provides services to the company. This agreement is strictly followed in order to avoid conflicts of interest.

Review of the business

	2019	2018
	£	£
Revenue	33,800,874	37,161,379
Profit for the financial year	12,292,528	14,358,110
Net assets	118,849,823	129,757,295
Total assets less current liabilities	153,001,872	157,940,494

Revenue has decreased by 9% from prior year. This decrease is due to reduced average Power prices.

Principal risks and uncertainties

The principal risk and uncertainty facing the business is that in the event average wind speeds fall significantly below expectations, this would have a negative impact on turnover and cash flows. The company makes every effort to ensure availability remains high to minimise the impact of low wind speeds.

RHYL FLATS WIND FARM LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

The company does not see COVID-19 as a key risk to the business. This is due to a number of contributing factors as follows:

- RWE is a global business with access to sufficient funding for short-term declines in volumes and prices, therefore Group support can be relied upon in the event of short-term adverse impacts in the UK;
- Government subsidies have been agreed and set in advance with a fixed mechanism;
- The project life is 23 years which means natural fluctuations in short-term volumes and prices have little impact on the overall NPV of the project's lifetime profitability;
- The Group maintains relationships with multiple suppliers for turbine components which means there is no key supplier risk;
- The principal customer is within the RWE group and therefore the risk of default is low.

As there are no significant issues around cashflow, debt recovery and overall project profitability, it is appropriate to conclude that COVID-19 is not a key risk.

Approved by the Board on 24 September 2020 and signed on its behalf by:

J McKenzie
Director

RHYL FLATS WIND FARM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and audited financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company is the generation of electricity and the provision of related operational management and maintenance activities at Rhyl Flats wind farm off the coast of Rhyl, North Wales.

Results and dividends

The results for the year are set out on page 11.

Ordinary dividends were paid amounting to £23,200,000 (2018: £26,800,000).

The directors' resolution to pay dividends during the year was made in accordance with the Shareholders' Agreement.

At the time of signing, the directors proposed and paid ordinary dividends of £19,300,000 in 2020 relating to the earnings of the company in 2019 and 2020.

Directors

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

S Lilley	
Pablo Hernandez de Riquer	(Appointed 24 April 2019)
C Mockl	(Resigned 14 September 2020)
K Smith	
P Cowling	(Resigned 20 January 2020)
R Sandford	(Resigned 1 July 2020)
A Ulens	
B Furlong	
J McKenzie	(Appointed 20 January 2020)
J Porter	(Resigned 24 April 2019)
C Rippahn	(Appointed 14 September 2020)

Directors' insurance

The directors are indemnified to the extent permitted by law and the company's Articles of Association in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities. Deeds of indemnity are executed for the benefit of each director in respect of liabilities which may attach to them in their capacity as directors of the company. Neither the indemnities nor the insurance provide cover in the event that the director is proved to have acted fraudulently.

Post reporting date events

Details of non-adjusting events after the reporting date relating to COVID-19 and the change in ultimate parent company are provided in note 22.

Future developments

The company will continue to maintain and operate Rhyl Flats wind farm which is expected to continue to generate electricity for the foreseeable future .

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

RHYL FLATS WIND FARM LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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 regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

Directors' confirmations

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

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

RHYL FLATS WIND FARM LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Financial risk management

(a) Interest rate risk

The company has no significant exposure to interest rate risk.

(b) Currency risk

The company has no significant exposure to currency risk as the majority of the company's transactions and balances are denominated in sterling.

(c) Price risk

The company's activities expose it to price risk arising from the sale of electricity and Renewable Obligations

Certificates (ROCs). The directors monitor the effects of changes to electricity and ROC prices and consider that this risk is acceptable to the business at the individual entity level.

(d) Credit risk

The company has no significant exposure to credit risk.

(e) Liquidity and cash flow risk

The company has no significant exposure to cash flow risk as the timing of receipt of revenues for electricity generation is incorporated into the power purchase agreement with RWE Renewables UK Swindon Limited (formerly Innogy Renewables UK Limited), a related party.

RHYL FLATS WIND FARM LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Going concern

The directors have fully considered the risks and uncertainties of the company's cash flow forecasts and projections.

The going concern basis is considered to be appropriate by the directors as the company has net current assets of £17,339,437 (2018: £16,678,520) and financial obligations are forecast to be covered by operational cash flows.

On this basis, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

On 11 March 2020, the World Health Organisation declared a global pandemic in respect of the outbreak of COVID-19. Governments in affected areas have imposed a number of measures designed to contain the outbreak, including business closures, travel and work restrictions, stay at home orders and cancellations of gatherings and events. The spread of COVID-19 has resulted in an economic downturn in the UK and the global economy more widely, as well as causing increased volatility and declines in financial and electricity markets. If the pandemic is prolonged, or further diseases emerge that give rise to similar effects, the adverse impact on the global economy could be deepened and result in further declines in financial and electricity markets.

The company sells its electrical output and other associated benefits directly to another Group company, RWE Renewables UK Swindon Limited (formerly Innogy Renewables UK Limited), under power purchase agreements ("PPAs"). Whilst power prices are set using day ahead prices, Renewable Obligation Certificates ("ROCs") have a minimum guaranteed price. Accordingly, the company has to date been largely protected from the additional market volatility created by the COVID-19 pandemic.

Onsite operational and maintenance activities are undertaken by RWE Renewables UK Swindon Limited (formerly Innogy Renewables UK Limited). This consists of regular planned maintenance, servicing, plant condition monitoring and unplanned repairs. On a daily basis this generally requires minimum manpower and can usually be undertaken whilst observing social distancing rules. In respect of the COVID-19 pandemic, the company has worked diligently to ensure only critical activities have continued during the height of the pandemic, and other activities have been scheduled only where proper social distancing could be maintained.

To date, the company has not seen a material impact on its operations as a result of COVID-19. The impact of COVID-19 on cashflow, debt recovery and overall project profitability has been assessed with no significant impact expected. Given the contracted and stable nature of the company's revenue and cost profile, no material impact from COVID-19 is expected on financial performance. The company's crisis management teams and business continuity plans have responded swiftly and effectively to the outbreak of COVID-19 and continue to monitor the risks to the business.

The financial statements on pages 11 to 33 were approved by the board of directors on 24 September 2020 and signed on its behalf by:

J McKenzie
Director

RHYL FLATS WIND FARM LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RHYL FLATS WIND FARM LIMITED

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2019; the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

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

RHYL FLATS WIND FARM LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF RHYL FLATS WIND FARM LIMITED

Reporting on other information

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

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

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

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 year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

RHYL FLATS WIND FARM LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF RHYL FLATS WIND FARM LIMITED

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



James Cadzow (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 September 2020

RHYL FLATS WIND FARM LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Note	£	£
Revenue		33,800,874	37,161,379
Cost of sales		(17,853,202)	(18,983,700)
		<hr/>	<hr/>
Gross profit		15,947,672	18,177,679
Administrative expenses		(213,129)	(97,686)
		<hr/>	<hr/>
Operating profit	4	15,734,543	18,079,993
Finance income	7	21,063	12,524
Finance costs	8	(467,376)	(276,287)
		<hr/>	<hr/>
Profit before taxation		15,288,230	17,816,230
Tax on profit	9	(2,995,702)	(3,458,120)
		<hr/>	<hr/>
Profit and total comprehensive income for the financial year		<u>12,292,528</u>	<u>14,358,110</u>

The income statement has been prepared on the basis that all operations are continuing operations.

RHYL FLATS WIND FARM LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	2019		2018	
		£	£	£	£
Fixed assets					
Intangible assets	11		2,036,550		2,195,242
Property, plant and equipment	12		133,625,885		139,066,732
			<u>135,662,435</u>		<u>141,261,974</u>
Current assets					
Inventories	13	521,525		-	
Trade and other receivables	14	11,677,578		12,721,565	
Cash and cash equivalents		9,780,551		9,313,078	
		<u>21,979,654</u>		<u>22,034,643</u>	
Current liabilities					
Trade and other payables	15	(3,464,148)		(3,496,959)	
Income tax liability		(893,711)		(1,859,164)	
Lease liabilities	16	(282,358)		-	
		<u>(4,640,217)</u>		<u>(5,356,123)</u>	
Net current assets			17,339,437		16,678,520
Total assets less current liabilities			<u>153,001,872</u>		<u>157,940,494</u>
Non-current liabilities					
Lease liabilities	16	(2,516,285)		-	
		<u>(2,516,285)</u>		<u>-</u>	
Provisions for liabilities					
Deferred tax liabilities	17	(10,804,892)		(9,487,783)	
Long term provisions	18	(20,830,872)		(18,695,416)	
		<u>(31,635,764)</u>		<u>(28,183,199)</u>	
Net assets			<u>118,849,823</u>		<u>129,757,295</u>
Equity					
Called up share capital	19		2		2
Share premium account	20		46,954,752		46,954,752
Other reserves			685,273		685,273
Retained earnings			71,209,796		82,117,268
Total equity			<u>118,849,823</u>		<u>129,757,295</u>

RHYL FLATS WIND FARM LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2019

The financial statements on pages 11 to 33 were approved by the board of directors on 24 September 2020 and are signed on its behalf by:

J McKenzie

Director

Company Registration No. 05485961

RHYL FLATS WIND FARM LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Called up share capital £	Share premium account £	Other reserves £	Retained earnings £	Total £
Balance at 1 January 2018		2	46,954,752	685,273	94,559,158	142,199,185
Year ended 31 December 2018:						
Profit and total comprehensive income for the year		-	-	-	14,358,110	14,358,110
Dividends	10	-	-	-	(26,800,000)	(26,800,000)
Balance at 31 December 2018		2	46,954,752	685,273	82,117,268	129,757,295
Year ended 31 December 2019:						
Profit and total comprehensive income for the year		-	-	-	12,292,528	12,292,528
Dividends	10	-	-	-	(23,200,000)	(23,200,000)
Balance at 31 December 2019		2	46,954,752	685,273	71,209,796	118,849,823

RHYL FLATS WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Rhyl Flats Wind Farm Limited is a private company limited by shares incorporated and domiciled in the United Kingdom. The registered office is Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, United Kingdom, SN5 6PB. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of innogy SE in which the entity is consolidated;
the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
the requirements of IFRS 7 Financial Instruments: Disclosures;
the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
the requirements of IAS 7 Statement of Cash Flows;
the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where required, equivalent disclosures are given in the group accounts of innogy SE. The group accounts of innogy SE are available to the public and can be obtained as set out in note 24.

RHYL FLATS WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.2 Going concern

The directors have fully considered the risks and uncertainties of the company's cash flow forecasts and projections.

The going concern basis is considered to be appropriate by the directors as the company has net current assets of £17,339,437 (2018: £16,678,520) and financial obligations are forecast to be covered by operational cash flows.

On this basis, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

To date, the company has not seen a material impact on its operations as a result of COVID-19. The impact of COVID-19 on cashflow, debt recovery and overall project profitability has been assessed with no significant impact expected. Given the contracted and stable nature of the company's revenue and cost profile, no material impact from COVID-19 is expected on financial performance. The company's crisis management teams and business continuity plans have responded swiftly and effectively to the outbreak of COVID-19 and continue to monitor the risks to the business.

1.3 Revenue

Revenue comprises the fair value of the consideration received or receivable in respect of the invoiced and accrued value of generated electricity and Renewable Obligations Certificates (ROCs). Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

Revenue represents income from a power purchase agreement relating to the generation of electricity from the wind farm site. Revenue comprises the value of units and ROCs supplied during the year and is recognised when the performance obligation has been satisfied, which is when the electricity is delivered. Units are determined by energy volumes recorded on the wind farm meters and market settlement systems. ROCs granted to the company are recognised as eligible electricity is generated and is immediately transferable to the customer.

Revenue is generated entirely within the United Kingdom.

Other operating income

Other operating income comprises compensation related to goods and services provided by the company and income which is incidental to the company's principal business activities.

1.4 Intangible assets other than goodwill

Intangible assets relate to the rights, licences and development costs incurred prior to the construction of Rhyl Flats Wind Farm. Development expenditure is written off as incurred except where the directors are satisfied that the project under development has sufficient likelihood to generate future economic benefits. In such cases the identifiable expenditure is capitalised as an intangible asset until commencement of construction. Subsequent expenditure is then capitalised as tangible fixed assets. Provision is made for any impairment.

RHYL FLATS WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.5 Property, plant and equipment

Property, plant and equipment is stated in the balance sheet 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.

Depreciation of property, plant and equipment is provided on a straight line basis to write off the cost less the estimated residual value of the assets by equal instalments over their estimated useful economic life as follows:

Operating wind farm	23 Years
Decommission Asset	23 Years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Inventories

Inventories relate to spare parts to be used in the operation and maintenance of the wind farm. Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, or net realisable value.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

RHYL FLATS WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

Financial assets are classified as held at amortised cost or at fair value through other comprehensive income unless conditions for classification as such are not met, in which case financial assets are classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognised initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

Impairment of financial assets

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

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

Derecognition of financial assets

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

RHYL FLATS WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.10 Financial liabilities

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

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

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

1.11 Taxation

Current tax

The current income tax charge is calculated on the basis of the laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income.

Deferred tax

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. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

RHYL FLATS WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.12 Provisions

A provision is made for the decommissioning of Rhyl Flats Wind Farm Limited based on an assessment of the current cost of decommissioning. Decommissioning is expected to take place in 2032.

Provisions for decommissioning are recognised in full when the related facilities are constructed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of decommissioning costs estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to the wind farm cost. The unwinding of the discount on the decommissioning provision is included as a finance cost.

1.13 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the 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 estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

RHYL FLATS WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

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

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The company is applying the modified retrospective method in the initial adoption of the new standard from 1 January 2019. The comparatives for the 2018 reporting period have not been restated, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

The new accounting policies are disclosed in note 1.

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate, because the lease contracts do not contain readily determinable implicit financing rates, as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.54%.

Practical expedients applied

In applying IFRS 16 for the first time, the company has used the following practical expedients permitted by the standard:

Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;

Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and

Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

Measurement of lease liabilities

The following reconciliation to the opening balance of lease liabilities as at 1 January 2019 results from the obligations from operating leases as at 31 December 2018.

RHYL FLATS WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Adoption of new and revised standards and changes in accounting policies (Continued)

Initial application of IFRS 16: Reconciliation	
	£
Operating lease commitments disclosed as at 31 December 2018 under IAS 17	6,063,838
Adjustments for:	
Effect of discounting lease liabilities	(1,880,147)
Different treatment of extension and termination options	(1,284,738)
Finance lease liabilities recognised as at 1 January 2019	2,898,953

Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability.

Adjustments recognised in the statement of financial position on 1 January 2019

First time application of IFRS 16 affected the following items in the statement of financial position on 1 January 2019:

Right-of-use assets (disclosed within property, plant and equipment) – increase by £2,898,953

Lease liabilities – increase by £2,898,953

There was no impact on retained earnings on 1 January 2019.

3 Critical accounting estimates and judgements

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

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Property, Plant and Equipment

Property, plant and equipment represent a significant proportion of the assets of the company. Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the company's financial position and performance.

RHYL FLATS WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Critical accounting estimates and judgements

(Continued)

Estimation of useful economic life

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the profit and loss account. The useful lives and residual values of the company's assets are determined by management at the time the asset is acquired and is based on the shorter of technical life, economic life and contractual rights. This is then reviewed annually for appropriateness and extended to the extent that the contractual rights allow it to be extended if considered appropriate.

Decommissioning provision

Amounts used in recording a provision for decommissioning of wind farms are estimates based on current legal and constructive requirements. Due to changes in relation to these items, the future actual cash outflows in relation to decommissioning are likely to differ in practice. To reflect the effects due to changes in legislation, requirements and technology and price levels, the carrying amounts of decommissioning provisions are reviewed on a regular basis. The effects of changes in estimates do not give rise to prior year adjustments and are dealt with prospectively over the estimated remaining useful lives for each wind farm. While the company uses its best estimates and judgement, actual results could differ from these estimates. In estimating decommissioning provisions, the company applied an annual average inflation rates of 2.00% (2018: 2.00%) and an average annual discount rates of 1.50% (2018: 1.50%).

4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	258	(469)
Fees payable to the company's auditors for the audit of the company's financial statements	17,900	28,980
Depreciation of property, plant and equipment	10,194,825	9,972,014
Amortisation of intangible assets (included within cost of sales)	158,692	158,692
	<u> </u>	<u> </u>

5 Employees

The company has no employees for the year under review (2018: none).

6 Directors' remuneration

The directors did not receive any emoluments in respect of their services to the company (2018:nil).

7 Finance income

	2019	2018
	£	£
Finance income		
Bank deposits	21,063	12,524
	<u> </u>	<u> </u>

RHYL FLATS WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8 Finance costs

	2019	2018
	£	£
Interest on other financial liabilities:		
Interest on lease liabilities	186,945	-
Other finance costs:		
Unwinding of discount on provisions	280,431	276,287
Total finance costs	<u>467,376</u>	<u>276,287</u>

9 Tax on profit

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	411,579	387,756
Adjustments in respect of prior periods	(107)	556,605
Group relief payable	1,267,121	1,363,187
Total UK current tax	<u>1,678,593</u>	<u>2,307,548</u>
Deferred tax		
Origination and reversal of temporary differences	1,317,090	1,642,121
Adjustment in respect of prior periods	19	(491,549)
	<u>1,317,109</u>	<u>1,150,572</u>
Total tax charge	<u>2,995,702</u>	<u>3,458,120</u>

Tax Reconciliation

The tax expense for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

RHYL FLATS WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Tax on profit (Continued)

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

	2019 £	2018 £
Profit before taxation	15,288,230	17,816,230
Expected tax charge based on a corporation tax rate of 19.00% (2018: 19.00%)	2,904,764	3,385,084
Effect of expenses not deductible in determining taxable profit	177,272	167,522
Income not taxable	35,058	-
Adjustment in respect of prior years	(88)	65,056
Depreciation in excess of Industrial Buildings Allowance	33,648	33,649
Difference between current and deferred tax rates	(154,952)	(193,191)
Taxation charge for the year	2,995,702	3,458,120

Factors that may affect future tax charges:

A change to the UK corporation tax rate was substantively enacted as part of Finance Bill 2016 (on 6 September 2016) to reduce the main rate from 19% to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using this enacted tax rate and reflected in these financial statements.

On 11 March 2020 the UK Government announced that the previously enacted corporate tax rate reduction from 19% to 17% on 1 April 2020 would not go ahead. This change was not substantively enacted at the balance sheet date and therefore the deferred tax assets have continued to be measured at 17%. The effect of this change would be to increase the deferred tax liability and the tax charge for the year by £1,271,264.

10 Dividends	2019 per share	2018 per share	2019 £	2018 £
Amounts recognised as distributions to equity holders:				
Interim dividends paid	1,160.00	1,340.00	23,200,000	26,800,000

RHYL FLATS WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Intangible assets

	Development costs £
Cost	
At 1 January 2019	3,749,418
At 31 December 2019	3,749,418
Amortisation and impairment	
At 1 January 2019	1,554,176
Charge for the year	158,692
At 31 December 2019	1,712,868
Carrying amount	
At 31 December 2019	2,036,550
At 31 December 2018	2,195,242

12 Property, plant and equipment

	Operating wind farm £	Decommission Asset £	Total £
Cost			
At 31 December 2018	225,646,383	14,210,772	239,857,155
Recognition of right of use assets on adoption of IFRS16	2,898,953	-	2,898,953
Opening balance as at 1 January 2019 including adoption of IFRS16	228,545,336	14,210,772	242,756,108
Additions	-	1,855,025	1,855,025
At 31 December 2019	228,545,336	16,065,797	244,611,133
Accumulated depreciation and impairment			
At 1 January 2019	94,458,064	6,332,359	100,790,423
Charge for the year	9,553,590	641,235	10,194,825
At 31 December 2019	104,011,654	6,973,594	110,985,248
Carrying amount			
At 31 December 2019	124,533,682	9,092,203	133,625,885
At 31 December 2018	131,188,319	7,878,413	139,066,732

RHYL FLATS WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

12 Property, plant and equipment (Continued)

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	2019	2018
	£	£
Net values		
Right of use asset	2,723,314	-
	<u>2,723,314</u>	<u>-</u>
Additions	2,898,953	-
	<u>2,898,953</u>	<u>-</u>
Depreciation charge for the year		
Right of use asset	175,639	-
	<u>175,639</u>	<u>-</u>

13 Inventories	2019	2018
	£	£
Consumables and spare parts	521,525	-
	<u>521,525</u>	<u>-</u>

Inventories are related to spare parts to be used in the operation and maintenance of the wind farm.

14 Trade and other receivables	2019	2018
	£	£
Trade receivables	-	335,176
Amount owed by parent undertaking	10,209,717	10,879,603
Amounts owed by related parties	306,135	408,589
Prepayments and accrued income	1,161,726	1,098,197
	<u>11,677,578</u>	<u>12,721,565</u>

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 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.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables..

Amounts owed by parent undertakings are unsecured, interest free and repayable on demand.

RHYL FLATS WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

15 Trade and other payables

	2019 £	2018 £
Trade payables	48,707	11,115
Amount owed to parent undertaking	441,141	511,464
Amounts owed to related parties	27,028	52,532
Accruals and deferred income	1,901,404	1,899,429
VAT Payable	1,045,868	1,022,419
	<u>3,464,148</u>	<u>3,496,959</u>

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables 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 and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Amounts owed to related parties, fellow undertakings and parent undertakings are unsecured, interest free and repayable on demand.

16 Lease liabilities

	2019 £	2018 £
Maturity analysis		
Within one year	287,255	-
In two to five years	1,149,020	-
In over five years	3,055,570	-
	<u>4,491,845</u>	<u>-</u>
Total undiscounted liabilities	4,491,845	-
Future finance charges and other adjustments	(1,693,202)	-
	<u>2,798,643</u>	<u>-</u>
Lease liabilities in the financial statements	<u>2,798,643</u>	<u>-</u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019 £	2018 £
Current liabilities	282,358	-
Non-current liabilities	2,516,285	-
	<u>2,798,643</u>	<u>-</u>

RHYL FLATS WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Lease liabilities

(Continued)

	2019 £	2018 £
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	186,945	-

Other leasing information is included in note 21.

17 Deferred taxation

The following are the major deferred tax liabilities recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated capital allowances £	Tax losses £	Other timing differences £	Total £
Deferred tax liability at 1 January 2018	11,792,337	(3,450,695)	(4,431)	8,337,211
Deferred tax movements in prior year				
Charge to profit or loss	445,181	705,391	-	1,150,572
Deferred tax liability at 31 December 2018	12,237,518	(2,745,304)	(4,431)	9,487,783
Deferred tax movements in current year				
Charge to profit or loss	98,950	1,218,159	-	1,317,109
Deferred tax liability at 31 December 2019	12,336,468	(1,527,145)	(4,431)	10,804,892

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so.

	2019 £	2018 £
Deferred tax liabilities	10,804,892	9,487,783

RHYL FLATS WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

18 Long term Provisions

	2019 £	2018 £
Decommissioning	20,830,872	18,695,416
	<u>20,830,872</u>	<u>18,695,416</u>
Movements on provisions:		Decommissioning
		£
At 1 January 2019		18,695,416
Change in estimate		1,855,025
Unwinding of discount		280,431
		<u>20,830,872</u>
At 31 December 2019		<u>20,830,872</u>

The provision for the decommissioning of the wind farm represents the net present value of the company's best estimate of the costs to decommission the wind farm at the end of its useful life. The provision has been discounted to its present value at 0.8% (2018: 1.5%).

19 Called up share capital

	2019 £	2018 £
Ordinary share capital		
<i>Issued and fully paid</i>		
20,000 (2018: 20,000) Ordinary share of 0.0001p each	2	2
	<u>2</u>	<u>2</u>

20 Share premium account

	2019 £	2018 £
At the beginning and end of the year	46,954,752	46,954,752
	<u>46,954,752</u>	<u>46,954,752</u>

21 Other leasing information

Lessee

Expenses relating to lease payments that have not been recognised under IFRS 16 as right-of-use assets and lease liabilities are as follows:

	2019 £	2018 £
Expense relating to short-term leases	287,394	-
Expense relating to variable lease payments not included in lease liabilities	435,285	-
	<u>722,679</u>	<u>-</u>

RHYL FLATS WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

21 Other leasing information

(Continued)

The expenses above are included in the cost of sales. In 2018, before the adoption of IFRS 16, all non-cancellable operating lease expenses amounted to £777,205 and are included in the cost of sales. Leases include leases of land on which the Rhyl Flats Wind Farm Limited wind farm is situated. These lease contracts include a fixed element which is subject to annual indexation, and a variable element, which is calculated based on the volume of generated electricity. The latter is excluded from the lease liability and expensed in the period to which it relates.

Information relating to lease liabilities is included in note 16.

22 Events after the reporting date

Important non-adjusting events after the reporting period

On 11 March 2020, the World Health Organisation declared a global pandemic in respect of the outbreak of COVID-19. Governments in affected areas have imposed a number of measures designed to contain the outbreak, including business closures, travel and work restrictions, stay at home orders and cancellations of gatherings and events. The spread of COVID-19 has resulted in an economic downturn in the UK and the global economy more widely, as well as causing increased volatility and declines in financial and electricity markets. If the pandemic is prolonged, or further diseases emerge that give rise to similar effects, the adverse impact on the global economy could be deepened and result in further declines in financial and electricity markets.

Restrictions in the UK have been slowly eased whilst the rate of infection has stabilised. To date, the company has not seen a material impact on its operations as a result of COVID-19. Given the contracted and stable nature of the company's revenue and cost profile, no material impact from COVID-19 is expected on financial performance. The company's crisis management teams and business continuity plans have responded swiftly and effectively to the outbreak of COVID-19 and continue to monitor the risks to the business.

On 30 June 2020, RWE AG, through its subsidiaries, acquired the renewable energy division of innogy SE, including the entire shareholding of RWE Renewables UK Holdings Limited (formerly Innogy Renewables UK Holdings Limited). After this date, the ultimate parent company was no longer E.ON SE but was RWE AG, a company incorporated in Germany. Copies of RWE AG's financial statements are available upon request from RWE AG, RWE Platz 1, 45141 Essen, Germany.

23 Related party transactions

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods and services	
	2019	2018	2019	2018
	£	£	£	£
Parent company	33,545,605	36,959,187	4,207,833	963,801
Entities with joint control or significant influence over the company	239,378	236,496	-	-
Other related parties	-	-	514,451	630,587
	<u>33,784,983</u>	<u>37,195,683</u>	<u>4,722,284</u>	<u>1,594,388</u>

RHYL FLATS WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

23 Related party transactions

(Continued)

	Group relief	
	2019	2018
	£	£
Parent company	1,269,039	1,363,187

The following amounts were outstanding at the reporting end date:

	2019	2018
	£	£
Amounts due to related parties		
Parent company	441,141	511,464
Other related parties	27,029	51,196
	<u>468,170</u>	<u>562,660</u>

RHYL FLATS WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

24 Controlling party

As at 31 December 2019, 50.1% of Rhyl Flats Wind Farm Limited share capital was owned by RWE Renewables UK Swindon Limited (formerly Innogy Renewables UK Limited), 24.95% by Greencoat UK Wind Holdco Limited and 24.95% by UK Green Investment Rhyl Flats Limited.

The company's immediate parent is RWE Renewables UK Swindon Limited (formerly Innogy Renewables UK Limited).

The ultimate parent company and controlling party is RWE AG, a company incorporated in Germany, which is the parent company of the smallest and largest group to consolidate these financial statements. Copies of the RWE AG's financial statements are available upon request from RWE AG, RWE Platz 1, 45141 Essen, Germany.

Important non-adjusting events after the reporting period

On 11 March 2020, the World Health Organisation declared a global pandemic in respect of the outbreak of COVID-19. Governments in affected areas have imposed a number of measures designed to contain the outbreak, including business closures, travel and work restrictions, stay at home orders and cancellations of gatherings and events. The spread of COVID-19 has resulted in an economic downturn in the UK and the global economy more widely, as well as causing increased volatility and declines in financial and electricity markets. If the pandemic is prolonged, or further diseases emerge that give rise to similar effects, the adverse impact on the global economy could be deepened and result in further declines in financial and electricity markets.

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