Company Registration No. 5119310

Scira Offshore Energy Limited

Annual Report and Financial Statements for the year ended 31 December 2019

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Officers and professional advisers

Directors

Beate Myking	(Resigned 1 February 2019)
Mona Riis	(Resigned 4 February 2020)
Trine Ingebjorg Ulla	(Appointed 4 February 2020)
Emil Orderud	(Resigned 1 February 2019)
Hugh Crossley	(Appointed 22 January 2018, resigned 26 May 2020)
Robert Fradley	(Appointed 22 January 2018)
Pablo Saavedra	(Appointed 13 April 2018)
Kamala Hajiyeva	(Appointed 1 February 2019)
Olav Leivestad	(Appointed 1 February 2019, resigned 12 May 2020)
Roger Kraemer	(Appointed 26 May 2020)
Anders Opaker	(Appointed 12 May 2020)
Karl Smith	
Alexis Ulens	

Secretary

Bjorn Harald Berge	(Resigned 1 February 2019)
Lina Balbuckaite	(Appointed 1 February 2019, resigned 23 January 2020)
Mitre Secretaries Limited	(Appointed 29 July 2020)

Registered office

Wind Farm Place
Edgar Road
Walsingham
Norfolk
NR22 6EJ

Auditor

KPMG LLP
Botanic House
100 Hills Road
Cambridge,
CB2 1AR

Bankers

Deutsche Bank N.A.
London Branch
1 Great Winchester Street
London
EC2N 2DB

Bankers (continued)
Nordea Bank Norge ASA
Middelthunsgt 17
Oslo
Norway

J P Morgan Chase Bank N.A.
London Branch
25 Bank Street
London
E14 5JP

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activities

The principal activity of Scira Offshore Energy Limited (the "Company") is the operation of the Sheringham Shoal offshore wind farm located between 17 and 23 kilometres (10 to 15 miles) off the Norfolk Coast north of Sheringham and Cromer on the border of international waters.

Review of business

Summary

The sole activity of Scira Offshore Energy Limited (the "Company") is the operation of the Sheringham Shoal Offshore Wind Farm.

The diamond-shaped wind farm covers approximately 35 square kilometres (13 square miles) and consists of 88 Siemens 3.6 MW wind turbines on foundations fixed to the seabed. Transmission to the grid is via one onshore substation and two offshore substations which are dedicated solely to transmission of electrical output from the wind farm. The transmission assets were constructed by the Company and were sold to an offshore transmission owner (OFTO) in 2013.

For the 2019 year, production output amounted to 1,071 GWh (2018: 1,059 GWh) with a capacity factor of 39% (2018: 38%). Renewable Obligation Scheme buyout revenue increased in 2019 compared to the prior year as a consequence of its index linked nature together with the production increase. Revenue from sales of power reduced owing to adverse movements in the power price.

The directors have elected to continue to prepare the financial statements for the year ended 31 December 2019 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Financial performance

The profit for the year after tax amounted to £43,563k (2018: £62,064k).

Financing

The Company is financed through a mixture of debt and equity. As at 31 December 2019 shareholder equity investment amounted to £447.1m (2018: £447.1m) with the remaining funding provided by shareholder loans amounting to £142.0m (2018: £174.0m). Liquidity is kept through cash reserves which amounted to £18.7m (2018: £4.1m).

Production

The Company's revenues come from sales of power, Renewable Obligation Certificates (ROCs) and Renewable Energy Guarantees of Origin (REGOs) through Power Purchase Agreements.

Power production is determined by asset availability and prevailing wind speed.

Future outlook

During 2020 the Company is expected to make a net profit, and the windfarm to be cash generative for the remainder of the operational life of the wind farm. Future years are

Strategic report *(continued)*

expected to develop further the operational performance experienced in 2019. It is anticipated that aside from expected variations in wind speed and minor variations resulting from the wake effect of other wind farms in the area, production and cost performance will be in line with that achieved in previous years of full operation. From time to time both National Grid and UK Power Networks have to carry out essential work / refurbishments to their respective networks to ensure continued security of supply. On occasions, this results in reduced network capacity for the export of power from the Sheringham Shoal Offshore wind farm.

COVID-19

The directors have considered the impact of the COVID-19 pandemic and have performed a risk assessment to identify critical business functions and personnel in the event of a disruption in operations relating to the pandemic. The assessment has included engagement with key stakeholders and health, safety and environmental support functions and business continuity teams, with a focus on key aspects of the business, identifying prioritization of actions and allocation of resources in response. Whilst no significant effects resulting from COVID-19 have been identified, analysis of further developments and potential impact to the Company and its partners will continue, with long term planning and robust mitigations a priority.

Corporate social responsibility

The Company strives to achieve an open and constructive dialogue with all stakeholders and the directors are working to develop the Company in a manner which increases the value for the shareholders and the local community in which the Company operates. The Company supports local activities; in 2019 a contribution of £100,000 to the Norfolk Community Foundation was made (2018: £100,000) together with a number of additional initiatives which amounted to £9,500 (2018: £9,550). This is an ongoing contribution, implemented during the construction phase to support local projects undertaken by local residents.

Principal risks and uncertainties

The management of the risks is based on a balance of risk and reward determined through careful assessment of both the potential likelihood and impact.

- The nature of operations exposes the Company to health, safety, security and environmental (HSSE) risks. For 2019 this related to operation and maintenance activities offshore which involved transport and access to wind turbine generators (WTGs) and substations, work on high voltage systems, operation of marine vessels and lifting activities associated with the repair and maintenance of offshore installations. The organisation under the operatorship of Equinor has been structured and integrated to address the nature of activities with appropriate structures and procedures in place to handle these risks and to meet the requirements of UK legislation.
- The Company sells power based on a recognised index (APX) and is exposed to price variations that occur within the index. In addition, as the value of the Renewable Obligation Certificate (ROC) Recycle Fund in respect of the 2019/2020 obligation period is not published until quarter four 2020, the Company is exposed to the risk that the fund value when published will be lower than anticipated.

Strategic report *(continued)*

- The risk of lower than anticipated production owing to the unpredictable nature of wind as a resource is mitigated by appropriate planning processes to ensure that WTG availability for production is maximised during periods of high mean wind speed. To further facilitate this, extensive experience is also gained from operational experience from the operator's organisation.
- The COVID-19 pandemic exposes the Company to the impact of reduced power prices and potential supply chain effects both in respect of parts availability and also logistics limited availability. As noted above, the directors have considered the impact and have performed a risk assessment to identify critical business functions and personnel in the event of a disruption in operations relating to the pandemic, including engagement with key stakeholders and health, safety and environmental support functions and business continuity teams, with a focus on key aspects of the business. Whilst no significant effects resulting from COVID-19 have been identified, analysis of further developments and potential impact to the Company and its partners will continue as a priority.
- There is a risk of adverse legislation changes against the Company impacting its ability to make returns on the investment made. Green certificates contribute significantly towards profitability; the risk is managed by close monitoring of, and involvement in, the developments in applicable renewable regimes in the UK.
- The failure of one or more turbines or part of the transmission assets could lead to high reinvestment costs and impact the Company's ability to trade. In this case, the Company has maintenance contracts in place in the event of such failure and insurance policies to cover loss through business interruption.
- The risk of adverse effects on the Company arising from various potential scenarios in regard to the withdrawal of the United Kingdom from the European Union ("Brexit") have been assessed and mitigating actions to the extent possible identified. Whilst the overall effects of Brexit at a national level are still to be determined, the risk to the Company is viewed as being low.

Directors' Indemnity Provision

During the period under review, the shareholders as employers of the officers of the Company had in place indemnity provisions in favour of their respective directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006.

Events after the balance sheet date

An extension to the existing shareholder loans was executed on 27 July 2020. The revised facility on updated interest terms incorporates a revised maturity date of 21 September 2021.

STATEMENT OF HOW DIRECTORS HAVE COMPLIED WITH THEIR DUTY TO HAVE REGARD TO THE MATTERS IN SECTION 172(1) COMPANIES ACT 2006 'DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

The directors of Scira comply with their duties under section 172 (1) Companies Act 2006 by overseeing the operations of the company and how the Company's actions affect stakeholders.

Shareholders

Scira is a venture jointly controlled by its shareholders, Equinor New Energy Limited, Equitix Offshore 5 Limited and UK Green Investment Sheringham Shoal Limited. The joint shareholders' strategy is for excess cash to be distributed as repayment of the shareholder loans or when deemed appropriate dividends. Before dividend distributions are made or proposed, the board reviews management accounts and cash flow projections to consider the effect the distribution would have on the financial position of the Company including its ability to debts including shareholder loan obligations as they fall due.

Operations are managed by Equinor UK Limited and therefore follow Equinor's processes.

The Board of Directors

The Scira board consists of eight directors with representation from all three shareholders. The board has 4 scheduled meetings each year. Each of these meetings contains both an SSU (safety and sustainability) and business update from the plant manager.

On an annual basis, KPI's, the annual business plan and budget are considered and approved.

The board is notified of any expenditure between £250k and £500k. Any expenditure over £500k requires board approval.

Workforce

Scira does not have any employees. Its workforce consists of Equinor employees in addition to third party contractors.

Safety is paramount in the energy sector and Equinor's "I am safety" initiative is the foundation of its effort to enhance its safety culture and drive improvements in safety and security behaviour. The "I am safety" expectations represent fundamental traits of a strong safety culture. These expectations support and strengthen ongoing initiatives to continuously improve safety and security and contribute to a consistent way of working. These expectations are applicable to all Equinor employees and sub-contractors.

HSE incidents are brought to the attention of the board and strategies put in place to constantly improve safety behaviour.

STATEMENT OF HOW DIRECTORS HAVE COMPLIED WITH THEIR DUTY TO HAVE REGARD TO THE MATTERS IN SECTION 172(1) COMPANIES ACT 2006 'DUTY TO PROMOTE THE SUCCESS OF THE COMPANY (CONTINUED)

Local Communities

As noted above, Scira follows the BEIS guidance on Community Benefits from Onshore Wind Developments. Scira pays £100,000 per annum into its Community Fund, and this money is used to provide grants to support community groups, schools and NGOs that meet key criteria and focus on renewable energy, marine environment and safety sustainability or education in these areas in the North Norfolk area.

The Scira Community Fund is being administered by Norfolk Community Foundation, and prospective applicants can find out more about the fund criteria and obtain the Expression of Interest Form on their website www.norfolkfoundation.com/funds/Scira-community-fund.

Suppliers

Scira is committed to using suppliers who operate consistently in accordance with its values, and who maintain high standards for HSE, ethics and corporate social responsibility.

Scira payment practice reports for 2019 are available at www.gov.uk/check-when-businesses-pay-invoices.

Approved by the Board of Directors and signed on behalf of the Board by:



Kamala Hajiyeva
Director
24 November 2020

Directors' report

(Registered number 5119310)

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

Going concern

The directors have considered the use of the going concern basis in the preparation of the financial statements in light of resources available to the Company and have conducted an in depth review taking into account current and forthcoming debt obligations, potential implications of global instability in energy markets and the potential effects of the COVID-19 global pandemic and, and concluded that it is appropriate. Further detail regarding the adoption of the going concern basis can be found in note 2 to the financial statements.

Directors

The directors who held office during the period and up to the date of this report were:

Beate Myking	(Resigned 1 February 2019)
Mona Riis	(Resigned 4 February 2020)
Trine Ingebjorg Ulla	(Appointed 4 February 2020)
Emil Orderud	(Resigned 1 February 2019)
Hugh Crossley	(Appointed 22 January 2018, resigned 26 May 2020)
Robert Fradley	(Appointed 22 January 2018)
Pablo Saavedra	(Appointed 13 April 2018)
Kamala Hajiyeva	(Appointed 1 February 2019)
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Roger Kraemer	(Appointed 26 May 2020)
Anders Opaker	(Appointed 12 May 2020)
Karl Smith	
Alexis Ulens	

Policy on financial risk management

The financial risk management of the Company is detailed in note 3 to the Company's financial statements.

Charitable and political donations

The Company made charitable donations during the year of £109,500 (2018: £109,550). No contributions were made to a political party during the year.

Directors' indemnity provision

Details of the directors' indemnity provision is included in the Strategic Report.

Post balance sheet events

On 27 July 2020, the shareholder loans which previously matured on 21 December 2020 were extended via a Deed of Amendment and Restatement on updated interest rate terms to a revised maturity date of 21 September 2021.

Directors' report (continued)

Auditor

Each of the persons who are a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

KPMG LLP were reappointed auditor to the Company in the year. KPMG LLP has indicated their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming general meeting at which this report and financial statements are presented.

Approved by the Board of Directors and signed on behalf of the Board:



Kamala Hajiyeva
Director
24 November 2020

Scira Offshore Energy Limited
Wind Farm Place
Edgar Road
Walsingham
Norfolk
NR22 6EJ

Statement of Directors' responsibilities in respect of the Strategic Report, The Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Scira Offshore Energy Limited

Opinion

We have audited the financial statements of Scira Offshore Energy Limited ("the company") for the year ended 31 December 2019 which comprise the Income statement, Statement of financial position, Statement of changes in Equity and the Statement of Cash Flow, and related notes, including the accounting policies in note 2.

In our opinion the 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 International Financial Reporting Standards as adopted by the European Union; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent auditor's report to the members of Scira Offshore Energy Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon. Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 12, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report to the members of Scira Offshore Energy Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities
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.



David Johnson (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Botanic House
100 Hills Road
Cambridge
CB2 1AR

Date: 1 December 2020

Income statement

For the year ended 31 December 2019

(Registered number 5119310)

	Notes	**Year ended 31 December 2019 £'000**	Year ended 31 December 2018 £'000
Revenue	5	**148,720**	162,187
Cost of sales		**(72,202)**	(72,581)
Gross profit		**76,518**	89,606
Other operating income	6	**1,426**	17,938
Administrative expenses		**(9,377)**	(11,372)
Operating profit	9	**68,567**	96,172
Finance income	10	**4,566**	27
Finance costs	10	**(19,118)**	(23,324)
Profit on ordinary activities before tax		**54,015**	72,875
Taxation	11	**(10,452)**	(10,811)
Profit for the year		**43,563**	62,064

The results for both years have been derived wholly from continuing operations.

There was no income or expense in either year presented other than that disclosed above. Accordingly, a Statement of other comprehensive income is not presented.

The notes on pages 20 to 52 form an integral part of these financial statements.

Statement of financial position

As at 31 December 2019

	Notes	31 December 2019 £'000	31 December 2018 £'000
Non-current assets			
Property, plant & equipment	12	**1,002,428**	1,013,419
		1,002,428	1,013,419
Current assets			
Inventories		**364**	364
Trade and other receivables	13	**63,800**	80,671
Cash and cash equivalents		**18,682**	4,055
		82,846	85,090
Total assets		**1,085,274**	1,098,509
Current liabilities			
Trade and other payables	14A	**14,096**	26,744
		14,096	26,744
Non-current liabilities			
Deferred income	14B	**12,994**	-
Loans from shareholders	15	**142,016**	174,015
Lease liability (2018: Finance lease liability)	15	**179,943**	168,445
Provisions	16	**141,959**	116,554
Deferred tax liability	20	**36,987**	26,535
		513,899	485,549
Total liabilities		**527,995**	512,293
Net assets		**557,279**	586,216
Equity			
Share capital	17	**447,123**	447,123
Share premium account	17	**1,000**	1,000
Retained earnings	17	**109,156**	138,093
Total equity		**557,279**	586,216

The notes on pages 20 to 52 form an integral part of these financial statements. The financial statements of the Company were approved by the Board of Directors and authorised for issue on 24 November 2020. They were signed on its behalf by:

Kamala Hajiyeva
Director

(Registered number 5119310)

Statement of changes in equity

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
1 January 2018	447,123	1,000	76,029	524,152
Profit for the year	-	-	62,064	62,064
At 31 December 2018	**447,123**	**1,000**	**138,093**	**586,216**
1 January 2019	447,123	1,000	138,093	586,216
Dividend	-	-	(72,500)	(72,500)
Profit for the year	-	-	43,563	43,563
At 31 December 2019	**447,123**	**1,000**	**109,156**	**557,279**

The notes on pages 20 to 52 form an integral part of these financial statements.

Statement of cash flow

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
		£'000	£'000
Net cash flow from operating activities	21	**141,572**	151,543
Cash flows from operating activities			
Interest (paid)/received		**(4,966)**	(16,192)
Purchase of property, plant and equipment		**(265)**	(1,086)
Net cash from operating activities		**136,341**	134,265
Cash flows from financing activities			
Loan repayments		**(32,000)**	(128,000)
Dividend payments		**(72,500)**	-
Financial liability repayments		**(17,214)**	(5,535)
Net cash (used in)/from financing activities		**(121,714)**	(133,535)
Net increase/(decrease) in cash during the year		**14,627**	730
Cash at beginning of the year		**4,055**	3,325
Cash at the end of the year		**18,682**	4,055

The notes on pages 20 to 52 form an integral part of these financial statements.

Notes to the financial statements

1. Corporate information

Scira Offshore Energy Limited (the "Company") is a limited company registered in England and Wales with registered number 5119310. The Company is incorporated and domiciled in the United Kingdom. The address of the Company's registered office is Wind Farm Place, Edgar Road, Walsingham, Norfolk NR22 6EJ.

The Company is 40% owned by Equinor New Energy Limited, 40% owned by Equitix Offshore 5 Limited, and 20% owned by UK Green Investment Sheringham Shoal Limited.

2. Significant accounting policies

2.1 Basis of preparation

The Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.2 Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

Despite the COVID-19 pandemic and a corresponding increase in uncertainty in the economic environment, there are no events or conditions which cast significant doubt on the ability of the Company to continue as a going concern.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, even considering severe but plausible downside scenario of power generation at 95% of the actual lowest level of power generation since full commissioning in 2013, the power price dropping at £ 15 per MWh, with no ROC recycle fund payment, the entity is able to service its outstanding debt obligations ahead of the agreed repayment date of September 2021 with no resulting cash-shortfall.

Furthermore, the entity has access to additional overdraft facilities as well as business interruption insurance that provides coverage for operational and other risks that may arise to the windfarm.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the financial statements (continued)

2.3 Changes to accounting policies, new accounting standards and interpretations

The Company has adopted the following IFRSs in these financial statements:

- IFRS 16: Leases. See note 25. This has been adopted using the modified retrospective method and as a result the comparatives have not been restated and are reported under IAS 17.

2.4 Foreign currency translation

(i) Functional and presentation currency

The functional currency for the Company is pounds sterling and is determined by the currency of the primary economic environment in which it operates. This is also the presentation currency of the Company.

(ii) Transactions and balances

Transactions denominated in currencies other than the functional currency of the Company are initially recorded in the functional currency using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-measured at the rate of exchange prevailing at the balance sheet date. Exchange gains and losses on settlement of foreign currency transactions which are translated at the rate prevailing at the date of the transactions, or on the translation of monetary assets and liabilities which are translated at period-end exchange rates, are taken to the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are not re-translated.

2.5 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable and is derived from the Company's principal activity which is the generation of electricity from wind turbines. Sales are governed by Power Purchase Agreements (PPAs) and include sales of power at a recognised market index, and sale of Renewable Obligation Certificates. In respect of the latter, contractual elements include both Buyout and Recycle elements with the Buyout price published prior to the commencement of a compliance period by the Office of Gas and Electricity Markets ("Ofgem"). The Recycle price is published separately by Ofgem on an annual basis, approximately eight months after completion of a given compliance period and is accrued on the basis of an independent market assessment of likely Recycle prices in anticipation of the final published figure.

Recognition of sales of power at the recognised market index takes place when generation meets the grid supply point at which time it is measured by the appointed meter operator agent.

Transfer of Renewable Obligation Certificates to customers, takes place approximately 10 weeks after generation reflecting the regulatory timetable, with recognition of both Buyout and Recycle elements occurring when generation meets the grid supply point at which time it is measured by the appointed meter operator agent.

The timing of recognition in regard to all revenue streams, reflects the nature of the PPA contracts in which customers take risk and reward when generation meets the grid supply point.

The Company performs obligations towards the Offshore Transmission Owner under an Operation and Maintenance contract for operation and maintenance of the transmission assets through which all of the Company's electrical output is transmitted, and is therefore subject to the incentive/penalty regime that applies to contractors engaged in such activities. Whilst performance obligations in respect of the maintenance activities have been satisfied to the extent possible at the balance sheet date, the Company's

Notes to the financial statements (continued)

eligibility to the performance incentive for any given year is dependent on performance in the five years following that year. The Company has adopted a policy of only recognising incentive revenue once all performance obligations have been discharged in full and confirmation of eligibility has been received. As such incentive receipts for prior years have not been recognised as revenue in the year but will be recognised as each year's incentive payment is confirmed. At the balance sheet date and in respect of prior years where eligibility is to be confirmed, the Company had accumulated £6,329k of incentive eligibility subject to remaining performance obligations that has not been recognised. Subject to the performance obligations being satisfied, the incentive payments are expected to be received in subsequent financial years as follows:

	£'000
2020	937
2021	1,067
2022	1,099
2023	983
2024	1,044
2025	1,199

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value on a straight line basis over the useful economic life of the asset. Expected useful life is estimated based on experience, historical data and accounting judgements, and is adjusted in the event of any changes to such estimates. The evaluation of residual values is also subject to estimates.

	Depreciation period (years)
Capitalised decommissioning costs	24
Transmission assets	24
Wind farm assets	24
Right of use assets	Contract duration

A change in estimated expenditures for dismantling, removal and restoration of an asset is added to or deducted from the carrying value of the related asset. To the extent that the change would result in a negative carrying value, this effect is recognised in net income. The change in depreciation charge is recognised prospectively. Any additions since commencement of operations will be depreciated over a shorter life than the 24 years noted above and will be depreciated over the remaining life of the windfarm which is depreciated until 2036.

Under IAS 17, the Company had leases which were classified as finance leases as the Company had assumed substantially all the risks and rewards of ownership of the leased asset. Where land and buildings were held under leases the accounting treatment of the land was considered separately from that of the buildings. Prior to 1 January 2019, these leased assets acquired by way of finance lease were stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated

Notes to the financial statements (continued)

impairment losses. The accounting treatment for these leases subsequent to transition to IFRS 16, and for leases entered into after 1 January 2019 are described below in accounting policy 2.10.4.

2.7 Impairments of property, plant & equipment

At each balance sheet date, the Company reviews the carrying amounts of its tangible 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but ensuring that the increased carrying amount does not exceed the original carrying amount before the impairment loss was booked. A reversal of impairment loss is recognised in profit or loss.

2.8 Provisions

Provisions are recognised where there is an existing obligation as a result of a past event, and where it is probable that an outflow of resources embodying financial benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If material, account is taken of present values in calculating the size of the provision.

2.9 Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

Notes to the financial statements (continued)

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

Notes to the financial statements (continued)

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Notes to the financial statements (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

2.10.4 Leases (policy applicable from 1 January 2019)

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. 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.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. 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 incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, 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 not paid 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 the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Notes to the financial statements (continued)

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, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Sales-and- leaseback – Sale of transmission assets

Reassessment of sale-and-leaseback transactions entered into before the date of initial application to determine whether a sale occurred in accordance with IFRS 15 is not performed. For sale-and-leaseback transactions accounted for as a sale and finance lease in accordance with IAS 17, where the Company is the seller-lessee accounts for the leaseback in the same way as for any finance lease that exists at the date of initial application; and continues to amortise any gain on the sale over the lease term. This applies to the sale of the Company's transmission assets and no adjustments have been made in relation to the transition to IFRS 16.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.10.6 Financing income and expenses

Financing expenses comprise interest payable, finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Notes to the financial statements (continued)

2.11 Taxation

Income tax comprises current and deferred tax. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted, or substantively enacted, at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held with banks.

3. Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks, such as foreign exchange, credit, liquidity and interest rate risk.

(a) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from currency exposures, primarily with respect to Norwegian Kroner and Euros. Foreign exchange risk arises from commercial transactions and recognised assets and liabilities. The Company does not use derivative instruments to manage its foreign currency risk.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Company is potentially exposed to credit risk through trade and

Notes to the financial statements (continued)

other receivables due. The profile of these balances is principally with other group companies, which the directors believe limits the risk of non-payment.

(c) Liquidity risk

Due to the revenues receivable from power generation at the wind farm, the Company is expected to remain cash-generative for the foreseeable future.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The capital structure of the Company consists of debt – which includes borrowings disclosed in note 15, and equity attributable to the shareholders of the Company; comprising issued capital, share premium and retained earnings.

(d) Interest rate risk

The Company's interest rate risk arises from long-term borrowings from shareholders. Borrowings issued are subject to variations in the one month London Interbank Offered Rate (LIBOR) which exposes the Company to cash flow interest rate risk.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Decommissioning

Provision for future decommissioning costs is made in full when the Company has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. Management use the work of subject matter experts to assess the expected obligation where this is material.

The amount recognised is the present value of the estimated future expenditure using the market assessment of the time value of money, with a corresponding increase in the associated asset. The unwinding of the discount applied to future decommissioning provisions is included under finance costs in the income statement.

Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the asset.

(iii) Renewable Obligation Certificate Recycle Fund

Provision of accrued income in respect of the Renewable Obligation Certificate (ROC) Recycle Fund for the 2019/2020 obligation period at the rate of £3.00 per ROC is included using an externally provided estimate.

Notes to the financial statements (continued)

4.2 Critical judgements in applying the entity's accounting policies

(a) Property, plant and equipment

Property, plant and equipment is depreciated over its expected useful life, which in turn forms the basis for annual depreciation in the income statement. Expected useful economic life is based on experience, historical data and accounting judgements, and is adjusted in the event of any changes of estimates.

(b) Deferred tax

Deferred tax assets associated with brought forward trading losses are recognised in the balance sheet. Deferred tax assets are recognised to the extent that the utilisation of the asset is considered probable. Management policy is for the Company to recognise such assets only when profits are expected to continue in the immediate future.

(c) Revenue recognition

An entity includes estimates of variable consideration in the transaction price only to the extent that it is 'highly probable' that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved.

To assess whether - and to what extent - the 'constraint' should be applied, the Company considers both:

- the likelihood of a revenue reversal arising from an uncertain future event; and
- the potential magnitude of the revenue reversal when the uncertainty related to the variable consideration has been resolved.

In regard to incentive revenue relating to the Company's obligations as operation and maintenance contractor to the Offshore Transmission Owner ("OFTO"), the Company has determined that it is not possible to conclude that a significant reversal in the revenue will not occur as this revenue is dependent on future looking targets which are unpredictable at year end. Hence in line with IFRS 15, the Company has constrained this variable consideration and adopted a policy of only recognition once all performance obligations have been discharged in full and confirmation of eligibility has been received. As such incentive receipts for prior years have not been recognised as revenue in the year but will be recognised as follows as each year's incentive payment is confirmed.

	£'000
2020	937
2021	1,067
2022	1,099
2023	983
2024	1,044
2025	1,199

Notes to the financial statements (continued)

(d) Leases – early termination options

Some property leases contain early termination options exercisable by the Company before the end of the non-cancellable contract period. The Company assesses at the lease commencement date whether it is reasonably certain to exercise the termination options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Company has estimated that the potential future lease payments, should it not exercise the termination option, would result in an increase in lease liability of £19,764k.

5. Revenue from contracts with customers

Revenue is in relation to income from generation of wind-powered electricity, and is stated net of VAT.

Disaggregation of revenue:

Major products	**Year ended 31 December 2019 £'000**	Year ended 31 December 2018 £'000
Sales of power	**39,929**	55,470
Renewable obligation certificates – Buyout	**95,352**	91,052
Renewable obligation certificates – Recycle	**13,191**	15,665
Renewable energy guarantee of origin certificates	**248**	-
	148,720	162,187

Primary geographical markets	**Year ended 31 December 2019 £'000**	Year ended 31 December 2018 £'000
Norway – Equinor ASA	**29,397**	64,875
Germany – Statkraft Markets GmbH	**89,232**	97,312
Denmark – Danske Commodities A/S	**30,091**	-
	148,720	162,187

Timing of transfer of goods or services:	**Year ended 31 December 2019 £'000**	**Year ended 31 December 2018 £'000**
Products or services transferred at a point in time	**148,720**	**162,187**
	148,720	**162,187**

5. Revenue from contracts with customers (continued)

Contract balances:

The following table provides information about opening and closing receivables, contract assets (accrued income) and contract liabilities from contracts with customers.

	31 December 2019 £'000	1 January 2019 £'000
Receivables	-	-
Contract assets	**59,923**	**78,615**
	59,923	**78,615**

The contract assets (accrued income) primarily relate to the company's rights to consideration for generation of power based on a recognised market index, together with customer's contractual obligations to purchase Renewable Obligation Certificates (Buyout and Recycle) where these relate to production where the risk and reward has transferred to the customer but not billed at the reporting date on all disaggregated contractual elements noted. The contract assets are transferred to receivables when the rights become unconditional.

An adjustment was recognised in the year relating to performance obligations satisfied (or partially satisfied) in previous periods (ROC recycle fund) amounting to a reduction of £495k reflecting prior year end accrued income in excess of final invoiced values.

Net changes in the contract assets and the contract liabilities due to the recognition of revenue and payments during the period are as follows:

	£'000
Receivables (note 13)	**2,161**
Contract assets (note 13)	**(18,692)**

6. Other operating income

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Profit on disposal of transmission assets	**1,040**	1,049
Compensation for repairs	**-**	16,889
Compensation under the balancing mechanism	**333**	-
Other	**53**	-
	1,426	17,938

Profit on disposal of the transmission assets relates to sale in July 2013 to an Offshore Transmission Owner (OFTO) in which the disposal profit is being amortised over the 20 year period of the OFTO contractual period.

7. Directors' emoluments

The directors are employed by the shareholder entities in respect of whom no recharge of costs was made to the Company for the services provided. Any attribution of remuneration would be immaterial.

8. Employee information

The Company had no employees during either year. Staff engaged in operation and administration of the wind farm during the financial period were employed by the Equinor group under an Operation and Management Services agreement.

9. Operating profit

The following items have been included in arriving at operating profit / (loss):

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Depreciation	**59,338**	57,379
Operating lease payments (2018)	**-**	1,516
Fees payable to the Company's auditor:		
- for the audit of the Company's annual accounts	**53**	40

No non-audit services were performed by the Company's auditor in either period.

10. Net finance costs

(a) Finance income	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Adjustment to decommissioning provision estimate	**4,309**	-
Interest receivable on bank deposits	**257**	27
	4,566	27

(b) Finance costs	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Interest payable on parent company loans	**4,966**	6,555
Interest payable on finance liability	**11,018**	9,436
Other finance: Asset retirement Obligation discount	**2,980**	7,107
Bank interest payable	**154**	111
Net foreign exchange loss	**-**	115
	19,118	23,324

11. Taxation

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Current tax	-	-
Deferred tax		
Current year	**(8,969)**	(12,276)
Prior year	**(1,483)**	1,465
Impact of rate change	**-**	-
Total deferred tax	**(10,452)**	(10,811)
Total tax expense for the year	**(10,452)**	(10,811)
Profit before tax	**54,015**	72,875
Tax at the UK corporation tax rate of 19.00% (2018: 19.00%)	**10,263**	13,846
Effects of:		
Non taxable income	**(198)**	(198)
Disallowable expenses	**145**	-
Difference in tax rates	**(186)**	(1,372)
Prior year adjustments	**1,483**	(1,465)
Impact of rate charge	**(1,055)**	-
Total charge	**10,452**	10,811

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016, and the UK deferred tax asset/liability as at 31 December 2019 has been based on this rate.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantially enacted on 17 March 2020.

12. Property, plant & equipment

	Capitalised Decommissioning costs	Transmission assets	Wind farm assets	Land and buildings	Plant and equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2018	88,025	204,435	1,083,632	-	-	1,376,092
Additions	-	-	1,086	-	-	1,086
At 31 December 2018	**88,025**	**204,435**	**1,084,718**	**-**	**-**	**1,377,178**
Recognition of right of use asset on initial application of IFRS16	-	-	-	15,348	-	15,348
Adjusted balance at 1 January 2019	**88,025**	**204,435**	**1,084,718**	**15,348**	**-**	**1,392,526**
Additions	4,309	-	265	-	6,000	10,574
Revaluations	22,425	-	-	-	-	22,425
31 December 2019	**114,759**	**204,435**	**1,084,983**	**15,348**	**6,000**	**1,425,525**
Accumulated depreciation						
At 1 January 2018	20,204	46,625	239,551	-	-	306,380
Charge for the period	3,786	8,518	45,075	-	-	57,379
At 31 December 2018	23,990	55,143	284,626	-	-	363,759
Charge for the period	4,077	8,518	45,096	854	793	59,338
31 December 2019	**28,067**	**63,661**	**329,722**	**854**	**793**	**423,097**
31 December 2018	**64,035**	**149,292**	**800,092**	**-**	**-**	**1,013,419**
31 December 2019	**86,692**	**140,774**	**755,261**	**14,494**	**5,207**	**1,002,428**

13. Trade and other receivables

	31 December 2019 £'000	31 December 2018 £'000
Trade debtors	**2,161**	-
Amounts owed by related parties	**32**	9
Prepayments	**1,240**	1,152
Contract assets	**59,923**	78,615
VAT receivable	**444**	895
	63,800	80,671

The directors consider that the carrying value of trade and other receivables approximately equals their fair value. In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Credit risk is limited due to the majority of balances being with group undertakings.
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the default rate associated with the industry and country of operation. Having given due consideration to all these risks, management has determined that the probability of default is insignificant and thus expected credit loss is immaterial.

14. A - Trade and other payables

	31 December 2019 £'000	31 December 2018 £'000
Trade payables	**374**	365
Amounts due to related parties	**879**	1,586
Accruals	**2,897**	3,931
Shareholder loans	**59**	72
Lease liabilities (2018: Finance lease liabilities)	**8,395**	4,844
Transmission asset deferred income	**1,040**	15,073
Other creditors	**452**	873
	14,096	26,744

Trade payables and accruals comprise amounts outstanding for trade purchases and on-going costs. The average credit period on purchases included in trade payables is 26 days (2018: 26 days); interest is not charged on these trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. All liabilities recorded above are expected to be settled within twelve months of the reporting date and hence all are disclosed as current liabilities.

The directors consider that the carrying amount of trade and other payables approximately equals their fair value.

14. B – Deferred income

	31 December 2019 £'000	31 December 2018 £'000
Transmission asset deferred income	**12,994**	-
	12,994	-

The Transmission asset deferred income is amortised over the life of the transmission asset lease to 2033 and includes £12,994k (2018: £14,033k) that is expected to amortise in a period greater than one year and £1,040k (2018: £1,040k) within one year, as disclosed within note 14A. The classification has been updated in 2019 to reflect the split in timing of the amortisation of the deferred income between current and non-current liabilities.

15. Borrowings

	31 December 2019 £'000	31 December 2018 £'000
Non-current		
Loans from shareholders	**142,016**	174,015
Lease liability (2018: Finance lease liability)	**179,943**	168,445
	321,959	342,460
Current (note 14)		
Loans from shareholders	**59**	72
Lease liability (2018: Finance lease liability)	**8,395**	4,844
	8,454	4,916

Non-current borrowings include loan agreements with shareholders and the finance liability in respect of the transmission assets, seabed lease with the Crown Estate and personnel transfer vessel and premises leases. The shareholder loans accrue interest at a floating rate based on LIBOR plus a margin of 0.34% applied to that balance. The cash value of the shareholder loans is repayable in full in September 2021 including any outstanding accrued interest balance. No borrowings are secured.

16. Provisions

	Decommissioning £'000
As at 1 January 2018	109,448
Changes in estimate provision	4,309
Unwinding of discount	2,797
At 1 January 2019	116,554
Changes in estimate provision	22,425
Unwinding of discount	2,980
At 31 December 2019	**141,959**

Provision for decommissioning reflects the decommissioning strategy for the wind farm submitted to and approved by the former Department of Energy and Climate Change incorporating updated cost estimates. Decommissioning is expected to occur in approximately 2036 with this dependent on the evaluation of an option to repower the wind farm for a second term. The provision is calculated on the basis of an inflation rate of 2.31% (2018: 2.73%) with a discount rate of 1.15% (2018: 2.556%).

17. Equity

	Ordinary shares	
Allotted, called up and fully paid	**2019**	2018
On issue at 1 January 2019	**447,123**	447,123
Issued for cash	**-**	-
On issue at 31 December 2019	**447,123**	447,123

Allotted, called up and fully paid	**2019 £'000**	2018 £'000
Ordinary shares of £1 each	**447,123**	447,123
At 31 December	**554,844**	586,216
Shares classified as liabilities	**-**	-
Shares classified in shareholders' funds	**447,123**	447,123
At 31 December	**447,123**	447,123

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

18. Related party transactions

The Company is a joint venture undertaking and is 40% owned by Equinor New Energy Limited (formerly Statoil Wind Limited), 40% owned by Equitix Offshore 5 Limited, 20% owned by UK GIB Sheringham Shoal Investment Limited.

Related party transactions that involve a transfer of resources, services or obligations are disclosed regardless of whether a price is charged. Therefore, disclosure is required in respect of guarantees, gifts or other non-reciprocal transfers of assets or services, asset swaps or other similar transactions between related parties.

The following transactions were carried out with related parties:

(a) Revenue received from shareholder entities

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Danske Commodities A/S	**30,091**	-
Equinor ASA (formerly Statoil ASA)	**29,397**	64,875
	59,488	64,875

(b) Year-end balances receivable

	31 December 2019 £'000	**31 December 2018 £'000**
Equinor ASA (formerly Statoil ASA)	**28**	9
Dudgeon Offshore Wind Ltd	**4**	-
	32	9

The Equinor group provides operator services to Dudgeon Offshore Wind Ltd and is a shareholder with a non-controlling interest.

18. Related party transactions (continued)

(c) Costs recharged from shareholder entities

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Equinor Production (UK) Limited	**84**	-
Equinor UK Limited (formerly Statoil (UK) Ltd)	**5,021**	5,555
Equinor ASA (formerly Statoil ASA)	**825**	1,322
	5,930	6,877

Costs recharged from the Equinor group of companies relates to provision of operator services to the Company under an Operation and Management Services Agreement.

(d) Year-end balances payable

	31 December 2019 £'000	**31 December 2018 £'000**
Equinor Production(UK) Limited	**8**	-
Equinor UK Limited	**761**	1,491
Equinor ASA	**110**	95
	879	1,586

18. Related party transactions (continued)

(e) Loans from shareholder entities

	31 December 2019 £'000	31 December 2018 £'000
Equinor New Energy Ltd (formerly Statoil Wind Ltd)	**56,830**	69,635
Equitix Offshore 5 Limited	**56,830**	69,635
UK Green Investment Sheringham Shoal Limited	**28,415**	34,817
	142,075	174,087

(f) Interest on parent company loans

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Equinor New Energy Ltd (formerly Statoil Wind Ltd)	**1,987**	2,622
Equitix Offshore 5 Limited	**1,987**	2,622
UK Green Investment Sheringham Shoal Limited	**992**	1,311
	4,966	6,555

(g) Other transactions and year-end balances with related parties

Non-current loans with related parties are also disclosed in note 15. Intercompany financial transactions in the period are disclosed further, see note 10b.

The Statoil group and its subsidiaries underwent a rebranding on 16 May 2018 changing corporate identity from Statoil to Equinor. Equinor UK Limited (formerly Statoil (UK) Limited and Equinor New Energy Limited (formerly Statoil Wind Limited) are wholly owned subsidiaries of Equinor ASA (formerly Statoil ASA).

UK Green Investment Sheringham Shoal Limited (formerly UK GIB Sheringham Shoal Investment Limited) is a wholly owned subsidiary of UK Green Investment Bank Limited (formerly UK Green Investment Bank plc).

Equitix Offshore 5 Limited is a wholly owned subsidiary of Equitix Offshore 4 Limited.

19. Commitments

Finance lease liabilities (under IAS 17) payable as at 31 December were as follows:

	31 December 2018 £'000
Within 1 year	4,845
Within 2 to 5 years inclusive	25,979
After 5 years	142,465
	173,289

Finance lease commitments include the sale of transmission assets to an Offshore Transmission Owner ("OFTO") during July 2013 which has been treated as a sale and leaseback transaction. The repayments reflect the enhanced local transmission network use of system (TNUoS) charges over a period of 20 years from which is calculated an implicit interest rate which is used to determine the annual financing charge. Additional lease contracts reflecting the provisions of IFRS16 are included under 2019 lease commitments and reflect the seabed lease with the Crown Estate, personnel transfer vessels and rental of the operational base ground lease and additional long term storage.

19. Commitments (continued)

A contingent liability exists in respect of an Irrevocable Standby Letter of Credit which has been issued by the Company in favour of the Offshore Transmission Owner (OFTO), Blue Transmission Sheringham Shoal Limited in respect of obligations under which the Company performs maintenance activities of the transmission assets. The Letter of Credit renews on a revolving annual basis expiring 5 July 2034. As at 31.12.2019 the guarantee outstanding carried a value of £24.0 million (2018: £25.5 million)

20. Deferred tax

Deferred tax assets and liabilities are offset when the taxes concerned relate to the same taxation authority.

The gross movement on the deferred tax amount is as follows:

	31 December 2019 £'000	31 December 2018 £'000
At 1 January	**(26,535)**	(15,724)
Prior year adjustment	**(1,483)**	1,465
Income statement (charge)/credit	**(8,969)**	(12,276)
Net deferred tax(liability)/asset at 31 December	**(36,987)**	(26,535)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances is as follows:

Deferred tax assets on tax losses and decommissioning provision	31 December 2019 £'000	31 December 2018 £'000
Credited to income statement	**(473)**	1,852
	(473)	1,852

Deferred tax liabilities relating to accelerated tax depreciation	31 December 2019 £'000	31 December 2018 £'000
Charged to income statement	**(9,979)**	(12,663)
	(9,979)	(12,663)
Net charge to income statement	**(10,452)**	(10,811)

20. Deferred tax (continued)

The following are major deferred tax balances recognised by the Company.

	Accelerated tax depreciation £'000	Capitalised interest £'000	Decommissioning £'000	Losses £'000	Total £'000
As at 1 January 2018	(21,026)	(2,126)	7,428	-	(15,724)
Prior year adjustment	1,486	127	(148)	-	1,465
Rate change	-	-	-	-	-
Income statement charge	(14,271)	143	1,852	-	(12,276)
As at 1 January 2019	**(33,811)**	**(1,856)**	**9,132**	**-**	**(26,535)**
Prior year adjustment	(8,461)	-	(937)	7,915	(1,483)
Rate change	-	-	-	-	-
Income statement charge	(8,640)	143	507	(979)	(8,969)
31 December 2019	**(50,912)**	**(1,713)**	**8,702**	**6,936**	**(36,987)**

A deferred income tax asset is recognised for decommissioning to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on enacted or substantively enacted legislation (20% to 31 March 2017, 19% from 1 April 2017).

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016, and the UK deferred tax asset/liability as at 31 December 2019 has been based on this rate.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantially enacted on 17 March 2020.

21. Cash flow from operating activities

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Net profit for the year	**43,563**	62,064
Adjustment for:		
Depreciation	**59,338**	57,379
Net finance costs	**14,552**	23,297
Taxation	**10,452**	10,811
Operating cash flow before movements in working capital	**127,905**	153,551
(Increase)/decrease in trade and other receivables	**16,871**	434
Increase/(decrease) in trade and other payables and deferred income	**(3,204)**	(2,442)
Cash flow from operating activities	**141,572**	151,543

22. Capital commitments

There were no capital commitments at the balance sheet date.

23. Financial instruments

	31 December 2019 £'000	31 December 2018 £'000
Carrying amount of financial instruments		
Financial assets		
Trade and other receivables	**63,800**	80,671
Cash and cash equivalents	**18,682**	4,055
	82,482	84,726
Financial liabilities		
Borrowings	**(142,016)**	(174,015)
Trade and other payables	**(14,096)**	(26,744)
Deferred income	**(12,994)**	-
	(169,106)	(200,759)

The carrying value of all financial assets and liabilities closely approximate to their fair value:

a) Cash and cash equivalents comprise balances held with banks. Since the balances mature in less than 90 days, the carrying value is considered to be fair value.

b) The fair value of the borrowings is approximate to their carrying value.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements.

31 December 2019

	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£'000	£'000	£'000	£'000	£'000	£'000
Non derivative financial liabilities						
Finance lease liabilities	188,337	278,477	19,024	19,463	56,348	183,642
Shareholder loans	142,075	144,483	111,614	32,869	-	-
Trade and other payables	1,253	1,253	1,253	-	-	-
	331,665	424,213	131,891	52,332	56,348	183,642

23. Financial instruments (continued)

31 December 2018

	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£'000	£'000	£'000	£'000	£'000	£'000
Non derivative financial liabilities						
Finance lease liabilities	173,289	276,251	15,475	15,953	50,788	194,035
Shareholder loans	174,087	185,915	5,604	180,311	-	-
Trade and other payables	1,951	1,951	1,951	-	-	-
	349,327	464,117	23,030	196,264	50,788	194,035

On 27 July 2020, the shareholder loans which previously matured on 21 December 2020 were extended via a Deed of Amendment and Restatement on updated interest rate terms to a revised maturity date of 21 September 2021. On the basis of the amended agreement and revised timing of estimated liabilities, an amount of £32,869k will be due in 2021 before the maturity date.

Interest rate sensitivity analysis

An increase of 1% in interest rates at the balance sheet date would have decreased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

	31 December 2019 £'000	31 December 2018 £'000
Decrease in equity	**1,657**	2,272
Decrease in profit	**1,657**	2,272

A decrease in interest rates to zero at the balance sheet date would have increased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

	31 December 2019 £'000	31 December 2018 £'000
Increase in equity	**1,220**	1,323
Increase in profit	**1,220**	1,323

Foreign exchange sensitivity analysis

A 5% percent weakening in the currencies shown against pound sterling at 31 December 2019 would have increased equity and profit and loss by the amounts shown below. This calculation assumes that

23. Financial instruments (continued)

the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for the year ended 31 December 2018.

	31 December 2019 £'000	31 December 2018 £'000
Euro	**2**	-
NOK	**37**	80
USD	**-**	-
DKK	-	2

A 5% percent strengthening of the above currencies against pound sterling at 31 December 2019 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

24. Dividends

Dividends amounting to £72.5 million were paid during 2019. There were no dividends paid or proposed during 2018.

25. Change in significant accounting policies

The Company has applied IFRS 16 using the modified retrospective with cumulative effect method – i.e. by recognising the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity at 1 January 2019. Therefore, the comparative information has not been restated and continues to be reported under IAS 17. The disclosure requirements in IFRS 16 have not been applied to comparative information. The details of the changes and quantitative impact are set out below.

26 (a) Definition of a lease

Previously the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 2. On transition to IFRS 16, the Company elected to apply the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

26 (b) As a lessee

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Only finance leases were then recognised on the balance sheet.

25. Change in significant accounting policies (continued)

Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

Leases classified as operating leases under IAS 17

On transition, for operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019 (see note 19).

Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular these were:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- used hindsight when determining the lease term.
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	£000
2019 - Leases under IFRS 16	
Interest expense on lease liabilities	563
Expenses relating to leases of low-value assets accounted, excluding short-term leases of low-value assets	2
Expenses relating to variable lease payments not included in the measurement of lease liabilities	421
Gains from sale and leaseback transactions	1,040

25. Change in significant accounting policies (continued)

Leases classified as finance leases under IAS 17

For these finance leases, the carrying amount of the right-of-use asset was determined at the carrying amount of the lease asset under IAS 17 at 31 December 2018. There was no change made to the lease liability.

When measuring the lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The rates applied were 3.53% and 1.54%

The following table summarises the difference between the operating lease commitments disclosed under IAS 17 at 31 December 2018 in the Company's financial statements and the lease liabilities recognised at 1 January 2019:

	1 January 2019
	£000
Operating lease commitments at 31 December 2018 as disclosed under IAS 17	**83,065**
Discounted using the incremental borrowing rate at 1 January 2019	38,295
Finance lease liabilities recognised as at 31 December 2018	173,289
Recognition exemption for leases of low-value assets	(53)
Cancellation options reasonably certain to be exercised	(19,764)
Effect of variable element of lease instalments	(3,130)
Lease liabilities recognised as at 1 January 2019	**188,637**

Sale and leaseback transaction

The lease transactions of the Company include the sale of transmission assets to an Offshore Transmission Owner ("OFTO") during July 2013 which has been treated as a sale and leaseback transaction. Under IFRS 16, the Company continues to account for this as a sale and lease back transaction in the same way as for any finance lease that exists as the date of initial application and continues to amortise any gain on the sale over the lease term by applying the transitional relief available under IFRS 16

Leases

(a) Leases as a lessee (IFRS 16)

Right-of-use assets
Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 12):

26. Post balance sheet events

Shareholder Loans

On 27 July 2020, the shareholder loans which previously matured on 21 December 2020 were extended via a Deed of Amendment and Restatement on updated interest rate terms to a revised maturity date of 21 September 2021.

COVID-19 Pandemic

During 2020, the development of the COVID-19 pandemic gave rise to a number of business risks that exposed the Company to a reduction in power price and potential supply chain disruption. In considering the impact, the directors have performed a risk assessment to identify critical business functions and personnel in the event of a disruption in operations relating to the pandemic including engagement with key stakeholders and health, safety and environmental support functions and business continuity teams. Analysis of COVID-19 developments and potential impact to the Company and its partners will continue, with a focus on key aspects of the business, identifying prioritization of actions and allocation of resources with long term planning and robust mitigations a priority ,

Corporation Tax Rates

During 2020 the UK Government implemented a change in the substantially enacted tax rates through cancellation of the 17% rate that had been due to become effective on 1 April 2020 with the revised rate remaining at 19%.