Company Registration No. 02550622 (England and Wales)

RWE RENEWABLES UK SWINDON LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

RWE RENEWABLES UK SWINDON LIMITED

COMPANY INFORMATION

Directors	B Freeman A Chatterton T Glover A Greenslade J Lees
Secretary	P Sainsbury
Company number	02550622
Registered office	Windmill Hill Business Park Whitehill Way Swindon Wiltshire United Kingdom SN5 6PB
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London United Kingdom WC2N 6RH

RWE RENEWABLES UK SWINDON LIMITED

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STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business
Throughout the year under review the company continued to operate and maintain wind farms, develop consented renewable power generation projects, and identify and submit planning applications for potential wind farms. In addition, the company provided related services, including off-take arrangements in respect of affiliated companies.

Sale of Glen Kyllachy Wind Farm Limited

In December 2021 RWE Renewables UK Swindon Limited sold its entire holding of issued share capital in Glen Kyllachy Wind Farm Limited to Greencoat UK Wind Holdco Limited for a total consideration of £58,322k yielding a profit on disposal of £7,785k. Further details can be found in note 5 on page 32.

Formation of RWE Renewables UK Dogger Bank entities

During the year, the company was successful in the round 4 auction bid and now has a 50.00% shareholding in two new offshore wind farm development sites, RWE Renewables UK Dogger Bank South (East) Limited (formerly RWE Renewables UK Dogger Bank South One Limited) and RWE Renewables UK Dogger Bank South (West) Limited (formerly RWE Renewables UK Dogger Bank South Two Limited).

Key performance indicators

Given the nature of the business, the company's directors are of the opinion that the KPIs necessary for an understanding of the development, performance and position of the business are net assets and (loss)/profit for the financial year.

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

	Unit	2021	2020
(Loss)/profit for the financial year	£ 000	(57,878)	72,713
Net assets	£ 000	1,932,145	1,988,850
Total assets less current liabilities	£ 000	2,832,534	3,113,432

The results for the year are presented on page 17 of the financial statements. The position of the company as at 31 December 2021 is provided on pages 19 - 20 of the financial statements.

Net assets have decreased due to the loss of £53,481k recognised for the financial year, this was predominantly due to around 19.99% lower generated power volumes compared to the prior year. (Loss)/profit for the financial year is stated after incurring a net charge of £nil (2020: £132,900k) on transfer of pension schemes to RWE Renewables Management UK Limited.

In addition to generating revenue from its owned wind farms the company also purchases power from its subsidiaries and joint ventures in order to meets its hedged demands, these purchases were however at the prevailing market rates which were significantly higher than hedged prices which resulted in an overall increase in cost of sales of around 36.90% compared to the prior year, this together with generally lower volumes of wind seen in the year contributed to a significant fall in gross margin during the year which is the underlying reason for the overall loss.

Principal risks and uncertainties
The principal risks and uncertainties facing the business are:

- the ability to obtain consent for identified wind farms;
- the lead time of the planning, development and construction of wind farms;
- adverse changes in the regulatory and political environment in the renewable energy market place;
- average wind speeds falling significantly below expectations, having a negative impact on revenues and cash flows.

These risks are mitigated by ensuring regulatory compliance, undertaking of political and regulatory analysis and working with national and international expert committees and associations to ensure projects meet the necessary criteria for UK development. Availability and wind speed risk is managed using availability incentives and monitoring of operational efficiency of wind farms, taking remedial action where required.

Risks related to climate change

The company's subsidiaries are exposed to direct and indirect long-term risks related to the effects of climate change, such as a fall in average wind speeds, more frequent and intense weather events, and rising sea levels. Assets procured and constructed by the company's subsidiaries have been tested to withstand extreme weather conditions, and the financial risk of property damage and business interruption is mitigated by insuring assets and revenues where possible. The company monitors average wind speeds on a year-on-year basis, which inform its long-term cash flow forecasts, as well as the assessment of the carrying amount of its subsidiaries. The directors do not consider that the effects of climate change indicate an impairment to the carrying amount of the company's subsidiaries and associates. The output of the company's subsidiaries contributes to the growing proportion of renewable energy generated in the UK, aligned with the UK government's Net Zero strategy.

Brexit

Risks to the company resulting from the UK's departure from the EU in 2020 are not considered significant. The introduction of new customs procedures has not had a significant impact on the sourcing of key components or spares, and the residual risk of future changes to tariffs continues to be monitored by the directors. Changes to economic forecast assumptions resulting from Brexit such as power prices, foreign exchange, inflation, interest rates and economic growth have been factored into the company's business plans and forecasts.

Power prices

As part of the Brexit trade deal, GB has left the European Internal Energy Market (IEM), leading to a divergence of clearing power prices between the UK and the EU, decreased market efficiency and greater volatility. The UK and the EU have agreed to work towards convergence and recoupling of settlement prices, and current expectations are of a recoupling of the power market during 2022. In addition, the UK has established its own Emissions Trading Scheme, the impact of which on power prices has yet to be determined.

The company closely monitors power price projections and has determined that the increased price volatility arising from Brexit does not constitute a significant risk to the company in the medium to long term. The company benefits from medium- to long-term hedging of a substantial proportion of its power sales through its offtake agreement with RWE Supply and Trading. In addition, a significant proportion of the company's revenue comprises the sale of Renewables Obligations Certificates, for which the supplier purchase requirements are determined in advance by BEIS and OFGEM.

The company is also party to a 15-year Contract for Difference (CfD) with the Low Carbon Contracts Company, a government-owned company, whereby it is guaranteed to realise a competitively determined strike price on its electricity sales. The UK government CfD scheme for renewables therefore eliminates price risk for the wind farm over the term of the contract.

Purchase of goods

The company continues to mitigate the residual risk by ensuring contractors establish processes for goods purchased from the EU, hold sufficient critical spare components, and factor in potential delays to the timing of orders so as not to impact on the operating availability of the wind farm.

Current market and political risks

Significant uncertainty exists following the Russian invasion of Ukraine in February 2022. Many countries including the UK imposed economic sanctions on Russia. Uncertainty concerning commodity deliveries from Russia has caused a significant increase in gas and electricity prices. In some European countries, including the UK, governments are working on measures to reduce dependency on Russian oil and gas imports. It is not possible to predict the development of the Ukraine conflict or its consequences. The company has no business relationships with Russian or Ukrainian companies and is not exposed to direct risks to its activities arising from the conflict or the economic sanctions.

Current market and political risks (continued)

As a result of both the crisis in Ukraine and global industrial contraction during the pandemic, inflation is predicted to increase in the short-to-medium term. The directors anticipate that this will adversely affect the prices at which the company procures goods and services, including through index-linked contracts. Mitigating this effect is an expected increase in the nominal strike prices on the company’s contracts for difference (see below), which is contractually linked to the UK Consumer Prices Index. The directors have factored the effects of inflation into the company’s business plan and forecasts.

The crisis puts economic growth at risk and, should energy prices remain very high due to the Ukraine conflict, the UK economy may prove less robust than previously foreseen, with recent economic growth predictions downgraded compared to the year under review. The company is not directly exposed to changes in electricity prices, as it has secured a 15-year contract for difference with the Low Carbon Contracts Company, a government-owned entity, whereby it is guaranteed to realise a competitively determined and index-linked strike price on its future electricity sales.

Security price fluctuations may have a considerable impact on the company’s defined benefit pension assets. In case of a possible stock market crisis due to an escalation of the conflict in Ukraine, the company would need to significantly increase pension provisions in order to compensate for a loss of value in the fund assets.

The company also considers there to be an increased risk of cyber-attacks as a result of the conflict. The company’s ultimate shareholder, RWE AG, limits its IT risks by maintaining high security standards and delivering group-wide cyber security training programmes, as well as regularly investing in hardware and software upgrades.

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

The purpose of the Strategic Report is to inform members of the company and help them assess how the directors have performed their duty under section 172 (duty to promote the success of the company).

The Board of RWE Renewables UK Swindon Limited believes it has acted in the manner most likely to promote the success of the company for the benefit of its members as a whole having a regard to the matters set out in s172(1)(a-f) of the Act.

The following important matters have been directly addressed:

Likely consequence of long term decisions

The company generates profits through the operation and maintenance of wind farms and the development of consented renewable power generation sites. As described further in the fair review of the business below the directors have continued with this business strategy by continually supporting the development and funding of new companies, Awel y Mor Offshore Wind Farm Limited and Five Estuaries Offshore Wind Farm Limited for offshore wind farm projects. The Board reviewed the short-term and long-term cashflows to ensure these projects were economically viable, will become cash generating assets, and are therefore in accordance with the primary business activity. The directors have also approved the budget for 2022 and the plan for the following years. In doing so, the Board has ensured the business can meet the company's cashflow requirements ensuring prompt supplier payments and other liabilities are met as they fall due.

Business relationships

The company follows the RWE AG Group Code of Conduct and expects business partners to accept the principles set out in that Code. The company's goals must only be achieved by legal and ethical means. Private interests should remain separate to those of the company and employees should not solicit or accept monetary benefits from third parties. Conflicts of interest should be declared at the start of the procurement process or when staff first become aware that a conflict exists. In order to minimise the risks of bribery and corruption the RWE AG Group has implemented a compliance management system with designated Compliance Officers in all Group companies.

Business relationships (continued)

The company's Procurement Terms and Conditions also require all suppliers to comply with the RWE AG Group Code of Conduct. The Code of Conduct is consistent with the “Labour standards” set out in the United Nations Global Compact, it requires all suppliers both through their own activities and those within their own supply chains, to ensure they do not commit any offences of ‘slavery, servitude and forced or compulsory labour’, ‘child labour’ or ‘human trafficking’. This is consistent with the requirements of the Modern Slavery Act 2015.

The health and safety of employees and contractors on the company's sites is vitally important. Contractors are therefore expected to sign up to and follow the RWE AG Group HSE Requirements for contractors working on wind farm sites.

The company supports suppliers by paying promptly in line with the terms agreed between the parties. On average payment is made within 30 days. E-invoicing is also offered to assist supplier processes.

Key suppliers for wind farms include the land owners. These are often individuals who have little or no experience of the electricity market. The company ensures they have a relationship manager who they can call directly to assist with queries or issues.

The company sells its electrical output and other associated benefits directly to another Group company, RWE Supply and Trading GmbH, under power purchase agreements (“PPAs”). The company strictly follows these agreements in order to maintain good business relations.

Community and the environment

During 2021 the company contributed £1,062k to local community funds. Community funds are set up to meet the needs of the area local to the company's renewable energy projects and take the form of an annual fund which is available each year of the operational lifetime of a project. The Board aims to put the decision making in the hands of local representatives – so local people can take responsibility for how their community is supported. They support a wide range of projects such as building and maintaining community buildings, electric vehicles for community transport schemes, education and training to help people back into employment and to set up small businesses and social projects for example friendship groups, bereavement counselling and projects that support the homeless.

Wind farms create a lot of extra business for the local community as the company looks to engage with local suppliers where possible. As part of any new operation a Lobby is held to give the local community a chance to ask questions, but also provides a platform to demonstrate the economic benefit to the local communities. An annual review is taken of regional supplier spend to show the benefits to the local communities.

The company is dedicated to generating electricity using sustainable energy resources and constructing renewable energy generation sites.

Maintaining high business standards
The Board is aware of its social role and responsibility towards customers, business partners, shareholders, employees and the wider stakeholder community. As part of the RWE AG Group the company follows the RWE AG Group Code of Conduct which provides clear principles on how the company conducts its business and social activities. The company is committed to conducting business with integrity, being respectful to others and the environment, and in compliance with the law.

The need to act fairly as between members of the company
The company is held directly by a single member, and has one ultimate parent company, RWE AG.

On behalf of the board

B Freeman
Director
7 September 2022

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

The corporate governance statement set out on page 13 forms part of this report.

Principal activities
The principal activity of the company is the development, construction, operation and maintenance of renewable power generation projects, and the provision of related services, including off-take arrangements in respect of affiliated companies.

Results and dividends
The results for the year are set out on page 17.

No ordinary dividends were paid (2020: £110,000k). The directors do not recommend payment of a final dividend (2020: £nil).

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

B Freeman	
R Sandford	(Resigned 31 December 2021)
A Chatterton	
T Glover	
A Greenslade	
J Lees	
M Andre-Ferreira	(Appointed 3 March 2022 and resigned 31 March 2022)

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

Directors' insurance
The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company.

Financial instruments

Liquidity and cash flow risk
RWE Renewables UK Holdings Limited continues to provide funding and support to the company to enable the continued investment in the development of wind farm projects and to meet all liabilities as they fall due. The company is part of the RWE Group cash pooling mechanism which utilises cash surplus to assist with other Group companies which have a cash requirement. There is a facility agreement in place which states the limits available and the interest rates received or paid. Due to this setup the company is not subject to any liquidity or cash flow risk.

Interest rate risk
The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The company uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

Currency risk
The company's principal foreign currency exposures arise from trading with overseas companies. Company policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

Credit risk
Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade Receivables are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Price risk
The company's activities expose it to price risk arising from the sale of electricity and Renewable Obligations Certificates (ROCs). The directors monitor the effects of changes to electricity and ROC prices and consider that this risk is acceptable to the business at the individual entity level.

Research and development
The company continues to develop consented wind farm projects, and identify and submit planning applications for potential wind farm sites. It is believed that the continued investment in development is fundamental to the continuing growth of the business.

Future developments
The company intends to continue the development and operation of renewable generation projects. The company will also identify and research opportunities arising from emerging renewable technologies.

Independent auditors
PricewaterhouseCoopers LLP are deemed to be re-appointed as independent auditors of the company in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Energy and carbon report

Introduction
The company is a consortium of 14 onshore wind farms . This report is calculated based on the total emissions associated with the company’s assets within the wind farms.

Energy Consumption and GHG Emissions
The tables below show the company’s total UK greenhouse gas (GHG) emissions and energy consumption for the year ended 31 December 2021 in line with the UK Government Streamlined Energy and Carbon Reporting (SECR) requirements. The company produced a total of 1853.78 tonnes of CO2 equivalent (tCO2e) in the year ended 31 December 2021, a reduction of 31.21 t CO2e or 1.68% compared to the baseline year, 2020.

Energy consumed

Name & Description	Units	2020	2021
Fuel used for power	kWh	42,230	16,193
Fuel used in transport (Vehicles & Vessels)	kWh	4,849,178	5,572,680
Electricity (Owned Buildings & Energy Imports)	kWh	2,329,275	2,965,776
Total Energy Consumed	kWh	7,220,683	8,554,649
Total renewable generation Output	GWh	1341	1,258

GHG Emissions Breakdown

Summary of Scope 1 (Direct) GHG emissions for the year ended 31 December 2021.

Name & Description	Units	2020	2021
Fuel used for power	tCO2e	11.36	4.06
Fuel used in transport (Vehicles & Vessels)	tCO2e	1326.77	1220.00
Fugitive emissions (SF6)	tCO2e	3.81	0.00
Total Scope 1 emissions	tCO2e	1341.94	1224.06

Fuel used for transport at onshore wind farms was estimated based on the cost of fuel purchased using fuel cards. Fuel used for power generation occurred in eight instances in the reporting year and was estimated from the size of the generators used.

Summary of Scope 2 (Indirect) GHG emissions for the year ended 31 December 2021.

Name & Description	Units	2020	2021
Electricity used in buildings and other imports	tCO2e	543.05	629.72
Total Scope 2 emissions	tCO2e	543.05	629.72

Scope 3 emissions have not been reported.

Energy and carbon report (continued)

Carbon Intensity Ratio

For the year ended 31 December 2021, the company reports a carbon intensity ratio of 0.15 gCO2e per kWh electricity generated.

Baseline Year

The data for the year ended 31 December 2020 represents the company's first disclosure under the SECR requirements and is used as the baseline year to enable tracking of data trends and performance against targets against future reporting years.

Energy Efficiency Measures

RWE Renewables UK Swindon Limited is an operating company under RWE AG. RWE AG has set Science-based Targets, including a commitment to Net Zero emissions by 2040 and a reduction of specific Scope 1 and 2 emissions by 2030. As part of the RWE portfolio, RWE Renewables UK Swindon Limited will be actively seeking to reduce emissions to contribute to these targets.

Energy efficiency actions vary dependent on the asset, and include:

- LED lighting is installed across all site, including Wind Turbine Generators (WTG) and the substation at Clocaenog Forest West.
- LED lighting is being investigated at other onshore wind farm sites.

Alternative fuels such as biofuels are being investigated at both Onshore and Offshore sites.

Progress Against Targets

The data for the year 1 January 2020 to 31 December 2020 represented the company's first disclosure under the SECR requirements and therefore targets for energy efficiency shall seek to reduce energy consumption against the 2020 baseline in subsequent reporting years.

Methodology

Method for Data Collection, Calculations & Data Sources. The company has collated its GHG emissions and energy consumption in line with the UK Government Department for Business, Energy and Industrial Strategy (BEIS) Environmental Reporting Guidelines and GHG Protocol. GHG emissions are classified in accordance with these standards.

Direct GHG emissions (Scope 1) include GHG emissions from sources that are owned or controlled by the company.

Indirect GHG Emissions (Scope 2) include GHG emissions from the generation of purchased electricity. Purchased heat and steam are not applicable to this company.

The BEIS 'Greenhouse gas reporting: conversion factors 2021' were used to convert data to tCO2e and kWh, as required.

The most appropriate metric for calculation of the carbon intensity ratio, is the output from the company's electricity generation activities (kWh). To calculate the energy intensity ratio (gCO2e/kWh), the company's scope 1 and 2 GHG emissions have been divided by its electricity generation output for the year ended 31 December 2021.

Uncertainties and areas for data improvement
The COVID-19 pandemic is likely to have affected the company's emissions due to changes in normal activities of the wind farm. The company will consider the recalculation of the baseline in the subsequent reporting year. Future inclusion of Scope 3 emissions will also be considered. Estimated data for fuel consumption will be avoided in subsequent reporting years where possible.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law).

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

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

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

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

Directors' confirmations

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Going concern

The directors have fully considered the risks and uncertainties of the company's cash flow forecasts and projections, including the company's commitment to provide support to its subsidiary and joint venture undertakings in accordance with the respective joint operation agreements for each entity.

The going concern basis is considered to be appropriate by the directors as the company is in a net current asset position and financial obligations are forecast to be covered by operational cash flows.

On this basis, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from date of signing. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

COVID-19

The COVID-19 pandemic, which has persisted for more than two years, continues to expose the company to risks, although the risks are considered to be manageable, primarily as a result of successful vaccination programmes. Supply chain pressures and periods of staff absence from the company's service providers have not materially affected the reliable operation and availability level of the wind farm. As a result of comprehensive preventive measures and contingency plans, the company and its service providers have been able to continue operating effectively and profitably, and the directors are confident that the company can continue to do so for the foreseeable future.

On behalf of the board

B Freeman
Director

7 September 2022

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The company has not formally adopted one of the UK governance codes because the UK group is governed by internal rules set by RWE AG. RWE AG publishes its corporate governance code which complies with the recommendations of the German Corporate Governance Code. During the year to 31 December 2021, the company followed the internal rules set by RWE AG. RWE AG publishes its corporate governance code (the Code) which complies with the recommendations of the German Corporate Governance Code.

Corporate governance is the term used to designate the framework of rules applied to manage and monitor companies. It stands for company management and control that is sustainable, responsible, transparent and oriented towards longer-term success. The object of the Code is to strengthen the trust of investors, customers, employees and the public in large or listed UK companies.

RWE AG has established a compliance management system in line with the German Corporate Governance Code and has a compliance organisation headed by the Chief Compliance Officer at the level of RWE AG, and Compliance Officers in all of the Group's operating businesses. The RWE Renewables UK Swindon Limited Board has appointed a Compliance Officer to ensure UK compliance with the RWE AG rules e.g. to ensure that all employees take the mandatory code of conduct and compliance training, are able to report whistleblowing and to provide regular reporting on compliance issues to the Audit committee of RWE AG.

The company has complied with all of the Code's recommendations without limitation. As the company operates in the UK it is important that any UK specific requirements are also adhered to.

The German Corporate Governance Code closely follows the UK requirements and therefore no departure is required. However, there are some specific requirements within the UK which are not relevant in Germany. The RWE Renewables UK Swindon Limited Board ensures these country specific requirements are known and complied with by appointing:

- Local company secretarial team who review the UK corporate governance requirements, updates the Board with changes, and monitor compliance;
- Local regulatory compliance team who recommends appropriate ways comply and coordinate the relevant reports.

The current specific UK requirements that are considered are:

- Payment reporting practices
- Section 172 requirements
- Modern Slavery Act compliance
- Gender pay gap reporting

As the company is a wholly owned subsidiary there are certain governance roles which are managed by the various RWE AG committees and some which are managed locally by the RWE Renewables UK Swindon Limited Board. The RWE Renewables UK Swindon Limited Board consists of senior managers from each divisional segment, with the purpose to:

- Review local country requirements and ensure these are adhered to;
- Appraise capital investment projects up to a limit of £5,000k;
- Review the financial, and operational performance of the company;
- Ensure appropriate health & safety measures are in place;
- Review HR performance of the company and its employees;
- Ensure the company, and its employees, adhere to the RWE AG Code of Conduct

The members of the RWE Renewables UK Swindon Limited Board are obligated to notify of any personal transactions or conflicts of interests whilst performing their tasks and responsibilities in their capacity as a Board member.

Further information has been published on RWE's website which can be accessed via this link group.rwe/en/investor-relations/corporate-governance.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RWE RENEWABLES UK SWINDON LIMITED

Report on the audit of the financial statements

Opinion
In our opinion, RWE Renewables UK Swindon Limited’s financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the “Annual Report”), which comprise: the Statement of financial position and the Statement of changes in equity as at 31 December 2021; the Income statement and the Statement of comprehensive income for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC’s Ethical Standard were not provided.

Other than those disclosed in note 5, we have provided no non-audit services to the company in the period under audit.

Conclusions relating to going concern

Our evaluation of the directors’ assessment of the company’s ability to continue to adopt the going concern basis of accounting included:

- inquiry and discussion with management to understand the ability to continue as a going concern; and
- review of the entity's current financial position and expected future performance.

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

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

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

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

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

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

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

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to failure to comply with the UK tax legislation, environmental regulations, health and safety regulations and data protection regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding and evaluating controls designed to prevent fraud and detect irregularities and fraud;
- Assessing significant judgements and estimates involved in preparing the financial statements; and
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

James Cadzow

James Cadzow (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 September 2022

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £ 000	2020 £ 000
Revenue	**4**	493,326	577,944
Cost of sales		(717,140)	(523,775)
Gross (loss)/profit		(223,814)	54,169
Administrative expense		(1,679)	(6,449)
Other operating income		44,469	77,360
Operating (loss)/profit	**6**	(181,024)	125,080
Income from shares in group undertakings	**10**	114,011	110,147
Interest receivable from group undertakings	**10**	13,441	24,615
Other finance income	**10**	-	53,300
Finance costs	**11**	(52,885)	(106,772)
Other gains and losses	**12**	-	(336)
Charge on transfer of pension schemes	**5**	-	(132,900)
Profit on disposal of investments	**5**	7,785	-
(Loss)/profit before taxation		(98,672)	73,134
Tax on (loss)/profit	**13**	40,794	(421)
(Loss)/profit for the financial year		(57,878)	72,713

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

RWE RENEWABLES UK SWINDON LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £ 000	2020 £ 000
(Loss)/profit for the financial year	(57,878)	72,713
Other comprehensive (expense)/income:		
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss) on defined benefit pension schemes	-	(32,881)
Tax relating to defined benefit pension schemes	1,173	13,667
Total items that will not be reclassified to profit or loss	1,173	(19,214)
Items that may be reclassified to profit or loss		
Cash flow hedges:		
Hedging gain arising in the year	-	591
Tax relating to cash flow hedges	-	(101)
Total items that may be reclassified to profit or loss	-	490
Total other comprehensive income/(expense) for the year	1,173	(18,724)
Total comprehensive (expense)/income for the year	(56,705)	53,989

RWE RENEWABLES UK SWINDON LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £ 000	2021 £ 000	2020 £ 000	2020 £ 000
Fixed assets					
Property, plant and equipment	**14**		487,971		518,427
Investments	**15**		1,140,496		1,135,592
			1,628,467		1,654,019
Current assets					
Inventories		1,635		1,574	
Deferred tax asset	**22**	10,753		8,615	
Trade and other receivables	**18**	1,770,179		1,775,026	
Cash and cash equivalents		376		17,849	
		1,782,943		1,803,064	
Current liabilities					
Borrowings	**19**	229,599		145,107	
Trade and other payables	**20**	346,969		171,132	
Taxation and social security		-		26,146	
Derivative financial instruments		103		42	
Lease liabilities	**21**	1,042		1,224	
		577,713		343,651	
Net current assets			1,205,230		1,459,413
Total assets less current liabilities			2,833,697		3,113,432
Non-current liabilities					
Borrowings	**19**	832,700		1,050,784	
Lease liabilities	**21**	33,465		33,759	
			(866,165)		(1,084,543)
Provisions for liabilities					
Other provisions	**23**	35,387		40,039	
			(35,387)		(40,039)
Net assets			1,932,145		1,988,850
Equity					
Called up share capital	**25**		75,369		75,369
Share premium account			1,067,446		1,067,446
Retained earnings			789,330		846,035
Total equity			1,932,145		1,988,850

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2021

The financial statements were approved by the board of directors and authorised for issue on 7 September 2022 and are signed on its behalf by:

B Freeman
Director

Company Registration No. 02550622

RWE RENEWABLES UK SWINDON LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Called up share capital £ 000	Share premium account £ 000	Hedging reserve £ 000	Retained earnings £ 000	Total £ 000
Balance at 1 January 2020		75,369	1,067,446	(490)	902,536	2,044,861
Year ended 31 December 2020:						
Profit for the year		-	-	-	72,713	72,713
Other comprehensive (expense)/ income:						
Actuarial losses on defined benefit plans		-	-	-	(32,881)	(32,881)
Cash flow hedges gains		-	-	591	-	591
Tax relating to other comprehensive (expense)/income	**12**	-	-	(101)	13,667	13,566
Total comprehensive income for the year		-	-	490	53,499	53,989
Dividends		-	-	-	(110,000)	(110,000)
Balance at 31 December 2020		75,369	1,067,446	-	846,035	1,988,850
Year ended 31 December 2021:						
Loss for the year		-	-	-	(57,878)	(57,878)
Other comprehensive expense:						
Tax relating to other comprehensive expense	**12**	-	-	-	1,173	1,173
Total comprehensive expense for the year		-	-	-	(56,705)	(56,705)
Balance at 31 December 2021		75,369	1,067,446	-	789,330	1,932,145

1 Accounting policies

Company information

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

1.1 Accounting convention

The financial statements have been prepared in accordance with the Companies Act 2006, as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

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

The financial statements have been prepared under the historical cost convention, except for the revaluation of financial instruments that are measured at fair value through profit or loss. The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of RWE AG in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 ‘Presentation of Financial Statements’ to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119 (a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers; and
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

Where required, equivalent disclosures are given in the group financial statements of RWE AG. The group financial statements of RWE AG are available to the public and can be obtained as set out in note 30.

1 Accounting policies **(Continued)**

Accounting convention (continued)

the company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

RWE Renewables UK Swindon Limited is a wholly owned subsidiary of RWE Renewables UK Holdings Limited and the results of RWE Renewables UK Swindon Limited are included in the consolidated financial statements of RWE AG which are available from RWE AG, RWE Platz 1, 45141 Essen, Germany.

1.2 Going concern

The directors have fully considered the risks and uncertainties of the company's cash flow forecasts and projections, including the company’s commitment to provide support to its subsidiary and joint venture undertakings in accordance with the respective joint operation agreements for each entity.

The going concern basis is considered to be appropriate by the directors as the company is in a net current asset position and financial obligations are forecast to be covered by operational cash flows.

On this basis, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from date of signing. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

COVID-19

The COVID-19 pandemic, which has persisted for more than two years, continues to expose the company to risks, although the risks are considered to be manageable, primarily as a result of successful vaccination programmes. Supply chain pressures and periods of staff absence from the company’s service providers have not materially affected the reliable operation and availability level of the wind farm. As a result of comprehensive preventive measures and contingency plans, the company and its service providers have been able to continue operating effectively and profitably, and the directors are confident that the company can continue to do so for the foreseeable future.

1.3 Revenue

Revenue recognised consists of revenue from contracts with customers recognized in line with IFRS 15 and other revenue recognized in line with IAS 20 Government Grants.

Revenue from contracts with customers

Revenue from contracts with customers comprises the fair value of the consideration received or receivable in respect of the invoiced and accrued value of generated electricity and Renewable Obligations Certificates (ROCs).

Revenue represents income from power purchase and ROC transfer agreements relating to the generation of electricity from wind farm sites. Revenue comprises the value of units of electricity and ROCs supplied during the year and is recognised when the performance obligation has been satisfied, which is when the electricity is delivered to the customer. Units of electricity are determined by energy volumes recorded on the wind farm meters and market settlement systems. ROCs granted to the company are recognised when eligible electricity is generated and is immediately transferable to the customer. Revenue is measured based on the consideration specified in a contract with a customer (transaction price) and excludes amounts collected on behalf of third parties, i.e. VAT. Variable consideration is recognised in revenue when it is highly probable that the revenue will not be reversed in subsequent periods. The consideration for the power is due when the actual power is delivered to the customer.

1 Accounting policies **(Continued)**

Revenue (continued)

Other revenue

Revenue is received under the Contracts for Difference (CfDs) scheme and is recognized in accordance with IAS 20 Government Grants. As grants for power generation are intended as a compensation for the price of power, these grants are recognized as revenue. The Contracts for Difference (CfD) scheme replaced the old Renewables Obligation (RO) scheme which ended on 31 March 2017 and is the government's current mechanism for supporting low-carbon electricity generation which is delivered through a contract with the Low Carbon Contracts Company (LCCC), a government-owned company.

Revenue from CfD are recognised when there is reasonable assurance that the income will be received..The company receives the price agreed with its customers which is recognised in accordance with IFRS 15 for the electricity produced over a 15-year period. The company also receives (or pays) the difference between the 'strike price' (a price for electricity reflecting the cost of investing in a wind farm) and the 'reference price' (a measure of the average market price for electricity in the GB market). The income from CfD is recognized within revenue on the income statement.

Revenue is generated entirely within the United Kingdom.

Other operating income

Other operating income comprises compensation related to goods and services provided by the company to other connected Group companies. These activities are serviced under Management Services Deeds (MSD) which have a fixed mark-up included in the service fee.

Included in this balance is also income which is incidental to the company's principal business activities.

1.4 Property, plant and equipment

Property, plant and equipment is stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

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

Leasehold land and buildings	10 Years
Computers, vehicles and equipment	3-5 years
Wind farms	20-23 years
Decommission assets	20-23 years

Assets in the course of construction are not depreciated.

Right-of-use assets capitalised under the asset classifications above are depreciated at the shorter of the lease term or expected useful life of the underlying asset.

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

1 Accounting policies **(Continued)**

1.5 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.6 Impairment of tangible and intangible assets

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

recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

1.7 Inventories

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

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

1.8 Cash and cash equivalents

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

1.9 Financial assets

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

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

1 Accounting policies **(Continued)**

Financial assets (continued)

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

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

Financial assets at fair value through other comprehensive income
Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

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

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For trade receivables and contract assets, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables – see note 18.

1 Accounting policies **(Continued)**

Financial assets (continued)

Derecognition of financial assets

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

1.10 Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

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

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

Other financial liabilities

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

Derecognition of financial liabilities

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

1 Accounting policies **(Continued)**

1.11 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The company designates all derivatives as hedges of specific risks associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the company documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The company documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in the balance sheet. Movements in the hedging reserve in shareholders' equity are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to any ineffective portion is recognised immediately in the profit and loss account, within other gains and losses.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in the profit and loss account within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the profit and loss account.

1 Accounting policies **(Continued)**

1.12 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised through profit or loss, except to the extent that it relates to items recognised in other comprehensive income. In this case, the tax is also recognised in other comprehensive income.

Current tax

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

Deferred tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

1.13 Provisions

A provision for decommissioning of the wind farms is a requirement of lease agreements and made based on the company's best estimate of the current cost of decommissioning.

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

1.14 Retirement benefits

Defined contribution pension obligation

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The company participated in such plans until 1 September 2020.

1 Accounting policies **(Continued)**

Retirement benefits (continued)

Defined benefit pension obligation
Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to the market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the period in which they arise.

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset.

Past service costs are recognised immediately in the profit and loss account.

As a result of the transfer of the defined benefit plans to RWE Renewables Management UK Limited on 1 September 2020, there are no balances in the statement of financial position.

Certain former employees and directors of the company are also members of a Supplementary Pension Plan (SPP). The SPP is accounted for as a defined benefit scheme under IAS 19R in accordance with the accounting policy described above. This plan was also transferred to RWE Renewables Management UK Limited on 1 September 2020. For further information see note 24.

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

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

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

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

1 Accounting policies **(Continued)**

Leases (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; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

1.16 Foreign exchange

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

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

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have had a material impact on the company’s financial statements.

3 Critical accounting estimates and judgements

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

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

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

Property, Plant and Equipment

Property, plant and equipment are a material part of the company’s business. Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the company’s financial position and performance.

3 Critical accounting estimates and judgements (Continued)

Estimation of useful economic life

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the profit and loss account. The useful lives and residual values of the company's assets are determined by management at the time the asset is acquired and is based on the shorter of technical life, economic life and contractual rights. This is then reviewed annually for appropriateness and extended to the extent that the contractual rights allow it to be extended if considered appropriate. See note 14 for the carrying amount of property plant and equipment and note 1.4 of the Accounting policies for the useful economic lives for each class of assets.

Decommissioning provision

Amounts used in recording a provision for decommissioning of wind farms are estimates based on current legal and constructive requirements. Due to changes in relation to these items, the future actual cash outflows in relation to decommissioning are likely to differ in practice. To reflect the effects due to changes in legislation, requirements and technology and price levels, the carrying amounts of decommissioning provisions are reviewed on a regular basis. The effects of changes in estimates do not give rise to prior year adjustments and are dealt with prospectively over the estimated remaining useful lives for each wind farm. While the company uses its best estimates and judgement, actual results could differ from these estimates. In estimating decommissioning provisions, the company applied an annual average inflation rate of 2.00% (2020: 2.00%) and an average annual discount rate of 1.00% (2020: 0.25%). The company estimates that an increase in the inflation rate of 25 basis points would lead to an increase in the decommissioning provision, and corresponding increase in the wind farm cost, of £2,054k.

ROC recycle revenue

The company has accrued for Renewables Obligation Certificates ('ROC') recycle revenue in the year. There is a high degree of estimation involved when accruing for expected ROC recycle revenue. The key estimate surrounds the unit price, which isn't known until after the compliance period. In order to determine the relevant revenue for each financial year, management use an estimate for ROC prices provided by an independent energy expert consulting company, which takes into account expected generation for the UK. See note 18 for further details on the accrued Renewables Obligation Certificates ('ROC') recycle revenue.

Impairment of investments

Material investments are made in subsidiaries, joint ventures and associated undertakings. These investments are tested for possible impairment where there are indicators of loss of value. Impairments of investments are calculated as the difference between the carrying value of the asset and its recoverable amount, if lower. Recoverable amount is defined as the higher of fair value less costs to sell and estimated value in use at the date the impairment review is undertaken. Significant judgements and estimates are required in determining value in use as this represents the present value of expected future cashflows. The cashflows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the cashflows have not been adjusted. There were no indicators of impairment in the current year.

Impairment of financial assets

Management make estimates regarding expected future credit losses on the company's financial assets. Financial receivables relate primarily to trade receivables, contract assets and amounts owed by group undertakings. The estimates and assumptions used to determine the level of expected credit losses are reviewed periodically to determine if there is a significant increase in default risk.

4 Revenue

	2021 £ 000	2020 £ 000
Revenue from customer contracts	499,101	577,944
CfD revenue	(5,775)	-
	493,326	577,944

Revenue from CfD are recognised when there is reasonable assurance that the income will be received. The company receives the price agreed with its customers which is recognised in accordance with IFRS 15 for the electricity produced over a 15-year period. The company also receives (or pays) the difference between the ‘strike price’ (a price for electricity reflecting the cost of investing in a wind farm) and the ‘reference price’ (a measure of the average market price for electricity in the GB market). The payment of £5,775k (2020: £nil) from CfD is recognized within revenue on the income statement.

5 Exceptional items

	2021 £ 000	2020 £ 000
Loss on transfer of defined benefit pension scheme assets - Innogy section	-	(4,354,700)
Gain on transfer of defined benefit pension scheme liabilities - Innogy section	-	4,205,100
Gain on transfer of supplementary pension plan	-	16,700
Profit on disposal of investments	7,785	-
	7,785	(132,900)

During December 2021 the company disposed of its entire shareholding in Glen Kyllachy Wind Farm Limited for a total consideration of £58,322k yielding a profit on disposal of £7,785k.

On 1 September 2020, the staff employed by RWE Renewables UK Swindon Limited were TUPE transferred to RWE Renewables Management UK Limited. At this point the defined benefit scheme and supplementary pension plan were also transferred out of the company and into RWE Renewables Management UK Limited. A new separate, ring-fenced DB section of the RWE Group of the ESPS was formed within RWE Renewables Management UK Limited. The new Innogy section replicated the benefits provided within the previous Innogy section.

6 Operating (loss)/profit

	2021 £ 000	2020 £ 000
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	480	27
Depreciation of property, plant and equipment	29,807	28,605
Profit on disposal of property, plant and equipment	(13)	-
Amortisation of intangible assets	-	283

7 Auditors' remuneration

Fees payable to the company's auditors and associates:	2021 £ 000	2020 £ 000
For audit services		
Audit of the financial statements of the company	230	204
Audit of the financial statements of group companies	138	144
	368	348
For other services		
Other services	13	22

Fees for other services represent audit related assurance services.

8 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Production	-	428
Administration and support	-	122
Total	-	550

Their aggregate remuneration comprised:

	2021 £ 000	2020 £ 000
Wages and salaries	-	25,142
Social security costs	-	2,955
Other pension costs	-	5,817
Share-based payment expenses	-	432
	-	34,346

There were no employees in the company during 2021. The average staff numbers in 2020 above are based on the period January to August 2020 as on 1 September 2020, all employees of the company were transferred to RWE Renewables Management UK Limited under the provisions of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (“TUPE”).

9 Directors' remuneration

	2021 £ 000	2020 £ 000
Remuneration for qualifying services	-	1,032

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £ 000	2020 £ 000
Remuneration for qualifying services	-	276
Accrued pension at the end of the year	-	33

The Directors do not receive emoluments specifically for their services to this Company. Due to the complexity of the Company structure in the UK and how the Directors spend their time, Directors' emoluments have not been specifically allocated to the Company and have been paid out of another related entity, RWE Renewables Management UK Limited.

10 Finance income

	2021 £ 000	2020 £ 000
Interest income		
Interest on the defined benefit asset	-	53,300
Interest receivable from group companies	13,441	24,615
Total interest income	13,441	77,915
Income from fixed asset investments		
Income from shares in group undertakings	114,011	110,147
Total finance income	127,452	188,062

11 Finance costs

	2021 £ 000	2020 £ 000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts	3	1
Interest payable to group undertakings	50,199	52,063
Parent company guarantee fees	1,002	1,694
	51,204	53,758
Interest on other financial liabilities:		
Interest on lease liabilities	1,582	1,488
Total interest expense	52,786	55,246
Other finance costs:		
Unwinding of discount on provisions	99	326
Interest on the defined benefit obligation	-	51,200
Total finance costs	52,885	106,772

12 Other gains and losses

	2021 £ 000	2020 £ 000
Amounts written off current loans	-	(336)

During 2020 amounts written off current loans represents loan amounts written off which were due from Harryburn Wind Farm Limited. The RWE Renewables UK Swindon Limited board signed a loan waiver during August 2020 to agree to write off loan amounts due from Harryburn Wind Farm Limited.

13 Tax on (loss)/profit

	2021 £ 000	2020 £ 000
Current tax		
Group relief (receivable)/payable	(34,968)	18,809
Adjustments in respect of prior periods	(422)	97
Total UK current tax	(35,390)	18,906
Deferred tax		
Origination and reversal of temporary differences	(4,949)	(22,584)
Adjustment in respect of prior periods	953	(105)
Adjustments to the estimated recoverable amount of deferred tax assets arising in previous periods	-	166
Impact of change in UK tax rate	(1,408)	4,038
	(5,404)	(18,485)
Total tax (credit)/charge	(40,794)	421

The tax charge for the year is lower than the standard rate of corporation tax in the UK (2020: lower than the standard rate of corporation tax in the UK) of 19.00% (2020: 19.00%).

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

	2021 £ 000	2020 £ 000
(Loss)/profit before taxation	(98,672)	73,134
Expected tax (credit)/charge based on a corporation tax rate of 19.00% (2020: 19.00%)	(18,748)	13,895
Effect of expenses not deductible in determining taxable profit	669	789
Income not taxable	(20,361)	(20,526)
Permanent capital allowances in excess of depreciation	2	20
Adjustments in respect of assets transferred	-	(546)
Adjustments to the estimated recoverable amount of deferred tax assets arising in previous periods	-	166
Adjustment in respect of prior years	531	(8)
Re-measurement of deferred tax - change in the UK tax rate	(1,408)	4,038
Profit on disposal of investments	(1,479)	-
Effect of change in UK corporation tax rate	-	2,593
Taxation (credit)/charge for the year	(40,794)	421

Income not taxable includes £20,344k (2020: £19,746k) in respect of income from shares in group undertakings.

13 Tax on (loss)/profit **(Continued)**

Factors that may affect future tax charges:

On 11 March 2020, the UK Government announced that the previously enacted corporate tax rate reduction from 19.00% to 17.00% on 1 April 2020 would not go ahead. This change was substantively enacted on 17 March 2020.

On 3 March 2021, the UK Government announced that the main rate of corporation tax would increase from 19.00% to 25.00% with effect from 1 April 2023. This change was substantively enacted on 24 May 2021.

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

	2021 £ 000	2020 £ 000
Current tax arising on:		
Actuarial differences recognised as other comprehensive expense	(4,439)	(6,886)
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive expense	3,266	(6,781)
	(1,173)	(13,667)
Tax relating to items that may be reclassified to profit or loss:		
Relating to cash flow hedges	-	101
Total tax recognised in other comprehensive expense	(1,173)	(13,566)

14 Property, plant and equipment

	Leasehold land and buildings	Computers, vehicles and equipment	Wind farms	Decommission assets	Total
	£ 000	**£ 000**	**£ 000**	**£ 000**	**£ 000**
Cost					
At 31 December 2020	5,221	4,779	599,781	34,108	643,889
Additions	-	-	4,774	-	4,774
Disposals	-	-	(2,153)	(4,751)	(6,904)
At 31 December 2021	5,221	4,779	602,402	29,357	641,759
Accumulated depreciation and impairment					
At 31 December 2020	826	4,779	114,307	5,550	125,462
Charge for the year	522	-	27,860	1,425	29,807
Eliminated on disposal	-	-	(1,481)	-	(1,481)
At 31 December 2021	1,348	4,779	140,686	6,975	153,788
Carrying amount					
At 31 December 2021	3,873	-	461,716	22,382	487,971
At 31 December 2020	4,395	-	485,474	28,558	518,427

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

Right-of-use assets	**2021**	**2020**
	£ 000	**£ 000**
Net values		
Leasehold land and buildings	3,872	4,394
Wind farms	28,113	29,731
	31,985	34,125
Depreciation charge for the year		
Leasehold land and buildings	522	522
Wind farms	1,714	2,209
Hydro assets	-	47
	2,236	2,778

Additions to the right-of-use assets during the 2021 financial year were £767k (2020: £4,177k) relating to Wind farms.

Disposals of the decommission asset represent a change in estimates of the costs to decommission the wind farms at the end of their useful economic life (see note 22).

15 Investments

	Non-current 2021 £ 000	2020 £ 000
Investments in subsidiaries	221,719	221,719
Investments in joint ventures	918,755	913,851
Other investments	22	22
	1,140,496	1,135,592

Movements in non-current investments

	Shares in group undertakings and participating interests £ 000	Loans to group undertakings and participating interests £ 000	Other investments other than loans £ 000	Total £ 000
Cost or valuation				
At 1 January 2020	1,142,019	-	22	1,142,041
Impairment restatement*	65,807	-	-	65,807
At 1 January 2020 as restated	1,207,826	-	22	1,207,848
Additions	9,568	1,983	-	11,551
Return of capital	(18,000)	-	-	(18,000)
At 31 December 2020	1,199,394	1,983	22	1,201,399
Impairment				
At 1 January 2020 & 31 December 2020	-	-	-	-
Impairment restatement*	(65,807)	-	-	(65,807)
At 1 January 2020 & 31 December 2020 as restated	(65,807)	-	-	(65,807)
Carrying amount				
At 31 December 2020	1,133,587	1,983	22	1,135,592
At 31 December 2019	1,142,019	-	22	1,142,041

*Cost of investments brought forward during 2020 was shown net of an impairment provision brought forward of £65,807k. During the year this amount has been re-presented under the impairment section to enhance the disclosure within the note.

15 Investments **(Continued)**

	Shares in group undertakings and participating interests	Loans to group undertakings and participating interests	Other investments other than loans	Total
	£ 000	£ 000	£ 000	£ 000
Cost or valuation				
At 1 January 2021 as restated	1,199,394	1,983	22	1,201,399
Additions	5,622	4,032	-	9,654
Return of capital	(4,750)	-	-	(4,750)
At 31 December 2021	1,200,266	6,015	22	1,206,303
Impairment				
At 1 January 2021 & 31 December 2021 as restated	(65,807)	-	-	(65,807)
Carrying amount				
At 31 December 2021	1,134,459	6,015	22	1,140,496
At 31 December 2020	1,133,587	1,983	22	1,135,592

The return of capital relates to a capital reduction undertaken by Galloper Wind Farm Limited during the year which resulted in the sum of £4,750k (2020: £18,000k) being paid out to RWE Renewables UK Swindon Limited which is based on the company's proportion of shareholding in Galloper Wind Farm Limited.

Additions to shares in group undertakings is made up of capital contributions of £2,008k (2020: £1,827k) into Five Estuaries Offshore Wind Farm Limited and £3,613k (2020: £7,741k) into Awel y Mor Offshore Wind Farm Limited. During the year £4,032k (2020: £1,983k) was loaned to North Falls Offshore Wind Farm Limited.

Also during the year, there were 6 companies which were formerly dissolved as they were dormant companies with no viable wind farm sites. The £1 investment of these entities were disposed of during the year, the companies that were dissolved are: Clocaenog Wind Farm Limited; Google Fields II Wind Farm Limited; Kiln Pit Hill Wind Farm Limited; Lochelbank Wind Farm Limited; Novar Two Windfarm Limited; and Rowantree Wind Farm Limited.

In December 2021 the company disposed of its entire ordinary shares held of £1 in its fully owned subsidiary Glen Kyllachy Wind Farm Limited. Refer to Note 5 for further details on page 32.

16 Subsidiaries

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

Name of undertaking	Registered office	Principal activities	% Held Direct	Voting
Little Cheyne Court Wind Farm Limited	England & Wales	Windfarm operations	59.00	59.00
The Hollies Wind Farm Limited	England & Wales	Windfarm operations	100.00	100.00
Knabs Ridge Wind Farm Limited	England & Wales	Winfdarm operations	100.00	100.00
Bilbster Wind Farm Limited	England & Wales	Winfdarm operations	100.00	100.00
Rhyl Flats Wind Farm Limited	England & Wales	Winfdarm operations	50.10	50.10
RWE Renewables GyM 2 Limited	England & Wales	Windfarm operations	100.00	100.00
RWE Renewables GyM 3 Limited	England & Wales	Windfarm operations	100.00	100.00
RWE Renewables GyM 4 Limited	England & Wales	Windfarm operations	100.00	100.00
ML Wind LLP	England & Wales	Windfarm operations	51.00	51.00
Carnedd Wen Wind Farm Limited	England & Wales	Windfarm development	100.00	100.00
Harryburn Wind Farm Limited	England & Wales	Dormant company	100.00	100.00
Sofia Offshore Wind Farm Holdings Limited	England & Wales	Windfarm development	100.00	100.00
Triton Knoll Holdco Limited	England & Wales	Windfarm development	59.00	59.00
Parc Ynni Cymunedol Alwen Cyfyngedig	England & Wales	Windfarm development	100.00	100.00
Burgar Hill Windfarm Limited	England & Wales	Dormant company	100.00	100.00
RWE Renewables UK Spareco Limited	England & Wales	Dormant company	100.00	100.00
Sofia Offshore Wind Farm Limited*	England & Wales	Windfarm construction	100.00	100.00
Triton Knoll Offshore Wind Farm Limited*	England & Wales	Windfarm operations	59.00	59.00

* Indirect investment

All subsidiaries and undertakings except for the subsidiary noted below, have the same registered address as the company as disclosed in note 1. The percentage held above indicates the Company's proportion of ordinary share holdings in each entity. All entities above are incorporated in the United Kingdom.

The only subsidiary with a different registered address to the Company is Parc Ynni Cymunedol Alwen Cyfyngedig. The registered address of Parc Ynni Cymunedol Alwen Cyfyngedig is Unit 22, Baglan Bay Innovation Centre, Baglan Energy Park, Central Avenue, Baglan, Port Talbot, Wales, SA12 7AX.

17 Joint ventures

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

Name of undertaking	Registered office	Principal activities	% Held Direct	Voting
Greater Gabbard Offshore Winds Limited	England & Wales	Windfarm operations	50.00	50.00
Galloper Wind Farm Holding Company Limited	England & Wales	Windfarm operations	25.00	25.00
Gwynt y Môr Offshore Wind Farm Limited*	England & Wales	Windfarm operations	50.00	50.00
Galloper Wind Farm Limited*	England & Wales	Windfarm operations	25.00	25.00
North Falls Offshore Wind Farm Holdco Limited	England & Wales	Windfarm development	50.00	50.00
Five Estuaries Offshore Wind Farm Limited	England & Wales	Windfarm development	25.00	25.00
North Falls Offshore Wind Farm Limited*	England & Wales	Windfarm development	50.00	50.00
Awel y Mor Offshore Wind Farm Limited	England and Wales	Windfarm development	60.00	60.00
RWE Renewables UK Dogger Bank South (East) Limited (formerly RWE Renewables UK Dogger Bank South One Limited)	England & Wales	Site preparation	50.00	50.00
RWE Renewables UK Dogger Bank South (West) Limited (formerly RWE Renewables UK Dogger Bank South Two Limited)	England & Wales	Site preparation	50.00	50.00

* Indirect investment

All joint ventures except for the joint venture noted below, have the same registered address as the company as disclosed in note 1. The percentage held above indicates the Company’s proportion of ordinary share holdings in each entity. All entities above are incorporated in the United Kingdom.

The only joint venture with a different registered address to the Company is Greater Gabbard Offshore Winds Limited. The registered address of Greater Gabbard Offshore Winds Limited is 55 Vastern Road, Reading, RG1 8BU.

Changes to the proportion of direct % held during the year were as follows; RWE Renewables UK Dogger Bank South (East) 50.00% (2020: nil) and RWE Renewables UK Dogger Bank South (West) 50.00% (2020: nil).

18 Trade and other receivables

	2021 £ 000	2020 £ 000
Trade receivables	1,498	1,839
Corporation tax recoverable	25,380	-
VAT recoverable	4,105	3,971
Amounts owed by fellow group undertakings	1,493,127	1,514,148
Other receivables	224,748	225,999
Prepayments and accrued income	21,321	29,069
	1,770,179	1,775,026
Deferred tax asset	10,753	8,615
	1,780,932	1,783,641

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of receivables is made when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables. Expected credit losses on related party receivables are considered insignificant to the company.

Within the amounts owed by fellow group undertakings is an unsecured loan of £359,314k (2020: £1,451,185k), which interest is charged at the monthly EONIA average less 10 basis points except where the interest rate is negative and then it is fixed to a rate of 0.00% (from 1 January 2022 at SONIA monthly average less 10 basis points). On 1 July 2021 the loan agreements in place with the subsidiary undertakings were replaced with loan agreements with the ultimate parent undertaking, RWE AG.

Also included in amounts owed by fellow group undertakings are five loans with a maturity date and fixed interest rate as follows:

- £156,355k with RWE Renewables GyM 2 Limited maturing on 30 November 2022 with interest charged at 0.74% up until 30 June 2022 and 2.21% thereafter
- £156,355k with RWE Renewables GyM 3 Limited maturing on 30 November 2022 with interest charged at 0.74% up until 30 June 2022 and 2.21% thereafter
- £450,220k with RWE Renewables GyM 4 Limited maturing on 30 November 2022 with interest charged at 0.74% up until 30 June 2022 and 2.21% thereafter
- £61,951k with RWE Renewables UK Dogger Bank South (East) Limited maturing on 31 March 2024 with interest charged at 2.20%
- £61,951k with RWE Renewables UK Dogger Bank South (West) Limited maturing on 31 March 2024 with interest charged at 2.20%

Also included within amounts owed by fellow group undertaking is a shareholder loan of £156,161k on which interest accrues day to day at a rate of 10.00% per annum. This shareholder loan will be repaid biannually from 30 June 2022 until 31 December 2041 based on an agreed percentage schedule included in the Shareholder Loan Agreement. Other amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Other receivables comprise £226,564k (2020: £225,020k) accrued in respect of contract assets for the sale of Renewables Obligation Certificates ('ROC'). Expected credit losses on ROCs receivables are considered insignificant to the company.

19 Borrowings

	2021 £ 000	2020 £ 000
Unsecured borrowings at amortised cost		
Loans from parent undertaking	1,062,299	1,169,305
Loans from subsidiary undertakings	-	26,586
	1,062,299	1,195,891

Analysis of borrowings

	2021 £ 000	2020 £ 000
Current liabilities	229,599	145,107
Non-current liabilities	832,700	1,050,784
	1,062,299	1,195,891

Included in borrowings are two loans owed to group undertakings with a maturity date and fixed interest rate as follows:

£200,000k maturing on 28 September 2022 with interest charged at 4.00%.
£832,700k maturing on 20 September 2027 with interest charged at 4.97%.

Current liabilities represent interest payable on loans and loans due for repayment within one year.

20 Trade and other payables

	2021 £ 000	2020 £ 000
Trade payables	60	431
Amounts owed to fellow group undertakings	223,836	69,933
Accruals and deferred income	123,073	100,768
	346,969	171,132

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

21 Lease liabilities

Maturity analysis	2021 £ 000	2020 £ 000
Within one year	2,614	2,770
In two to five years	11,101	10,757
In over five years	38,169	39,947
Total undiscounted liabilities	51,884	53,474
Future finance charges and other adjustments	(17,377)	(18,491)
Lease liabilities in the financial statements	34,507	34,983

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

	2021 £ 000	2020 £ 000
Current liabilities	1,042	1,224
Non-current liabilities	33,465	33,759
	34,507	34,983

Amounts recognised in profit or loss include the following:	2021 £ 000	2020 £ 000
Interest on lease liabilities	1,582	1,488

The fair value of the company's lease obligations is approximately equal to their carrying amount. Other leasing information is included in note 28.

22 Deferred tax asset

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

	Accelerated capital allowances	Retirement benefit obligations	Fair value movements on financial instruments	Other items	Total
	£ 000	£ 000	£ 000	£ 000	£ 000
Deferred tax liability at 1 January 2020	(3,933)	19,528	(101)	1,056	16,550
Deferred tax movements in prior year					
(Credit)/charge to profit or loss	(1,603)	(21,280)	(8)	4,406	(18,485)
(Credit)/charge to other comprehensive income	-	(6,402)	101	(379)	(6,680)
Deferred tax asset at 1 January 2021	(5,536)	(8,154)	(8)	5,083	(8,615)
Deferred tax movements in current year					
Charge/(Credit) to profit or loss	(6,917)	-	(18)	1,531	(5,404)
Charge/(Credit) other comprehensive income	-	3,266	-	-	3,266
Deferred tax asset at 31 December 2021	(12,453)	(4,888)	(26)	6,614	(10,753)

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

All items of deferred tax are expected to be recovered or settled more than 12 months after 31 December 2021.

23 Provisions for liabilities

	2021	2020
	£ 000	£ 000
Decommission provision	35,109	39,761
Other provisions	278	278
	35,387	40,039

Movements on provisions:	Decommission provision	Other provisions	Total
	£ 000	£ 000	£ 000
At 1 January 2021	39,761	278	40,039
Change in estimates	(4,751)	-	(4,751)
Unwinding of discount	99	-	99
At 31 December 2021	35,109	278	35,387

The provision for the decommissioning of the wind farms represents the net present value of the company's best estimate of the costs to decommission the wind farms at the end of their useful life. The provisions were re-estimated at the end of the year to reflect current management expectations of the future liability. The closing provision has been discounted to its present value for each wind farm separately, based on the yield on a UK gilt maturing at the end of each wind farm's economic life (20-23 years).

Other provisions relate to business rates relief that has been over claimed in previous periods.

24 Retirement benefit schemes

Up until 1 September 2020, the majority of pensions were funded by the company through the defined benefit scheme within the Innogy Group of the industry-wide scheme, the Electricity Supply Pension Scheme (ESPS). It is a defined benefit scheme with assets invested in separate trustee-administered funds. The ESPS is divided into Groups. The Innogy Group is ring-fenced from other Groups within the ESPS, and was funded by the company and other employers in the Innogy Group. The overall Innogy Group is divided into sections. The company participated in the Innogy section. In addition to the defined benefit scheme, there was also a defined contribution scheme within the Innogy Group of the Electricity Supply Pension Scheme; the Defined Contribution section of the Innogy Group of the ESPS.

RWE Renewables UK Swindon Limited remained the sponsoring entity for the Innogy Group of the ESPS up until 1 September 2020.

Pension scheme restructuring

On 1 September 2020, the staff employed by the company were TUPE transferred to RWE Renewables Management UK Limited. At this point a new separate, ring-fenced DB section of the RWE Group of the ESPS was formed. The new Innogy section replicated the benefits provided within the previous Innogy section.

24 Retirement benefit schemes **(Continued)**

Defined contribution schemes

Defined contribution scheme members employed by the company were admitted to the DC section of the RWE Group of the ESPS at the same time as the defined benefit scheme members employed by the company were admitted to the Innogy section of the RWE Group of the ESPS, on 1 September 2020.

The total costs charged to income in respect of defined contribution plans is £nil (2020: £1,059k).

Defined benefit scheme

Description of scheme

Up until 1 September 2020, the company participated in the Innogy section within the Innogy Group of the Electricity Supply Pension Scheme. During 2020, until 1 September, the company was the sole employer in that section.

The section was accounted for as a defined benefit scheme by the company up until 1 September 2020.

Regulatory framework

The Innogy Group of the Electricity Supply Pension Scheme, referred to below as ("the Group") is governed by UK pensions legislation. This requires funded defined occupational pension schemes to comply with the statutory funding objective to have sufficient and appropriate assets to cover its technical provisions. Valuation of technical provisions must be based on prudent assumptions taking into account the demographic characteristics of scheme membership and market yields on assets held by the scheme and/or government bonds.

During 2020, until 1 September, the Group was administered by a body of 6 trustees known as the Group Trustees. Under UK pensions law, the Group Trustees are responsible for the overall management of the pension scheme, including investment of assets, payment of benefits to members and agreement of a funding plan with the company.

Cash Funding

For cash funding purposes, pension obligations are measured on the basis of prudent assumptions, determined with reference to the investment strategy of the plan, the financial strength of the sponsor and the demographic characteristics of the plan membership. This is used to determine the contributions payable to the section within the Group. This differs from the liabilities measured for accounting purposes as shown in the disclosure below, which are calculated using best estimate assumptions as specified by the standard.

Prior to 1 September 2020, the most recent cash funding valuation was carried out as at 31 March 2019. At that date the deficit of the Innogy section was £103,400k, giving a funding level of 98.00%. The actuary has used appropriate actuarial roll-forward techniques to adjust the 31 March 2019 funding valuation to derive the accounting position as at 1 September 2020. As at 1 September 2020, there was a surplus on an accounting basis of £149,600k.

As a result of the valuation of the Innogy section on 31 March 2019, the Trustees prepared a new schedule of contributions. Annual deficit repair payments were scheduled to commence in 2020 (£37,500k). Up until 1 September 2020, the company made all deficit repair payments into the section. During 2020, the company made the first payment of £37,436k, which was discounted as a result of paying prior to 31 March. No recharging was required, as the company was the sole employer within the section.

24 Retirement benefit schemes **(Continued)**

During the 8 months until 1 September 2020, the company contributed to the Innogy section at a weighted average rate of 29.50% of members' pensionable earnings. Administration expenses for the section were payable as a lump sum rather than as a percentage of pensionable salaries. As part of the new schedule of contributions, annual administration payments were schedule to commence in 2020 (£2,500k). Up until 1 September 2020, the company made all administration expenses payments into the section. During 2020, the company made the first payment of £2,496k, which was discounted as a result of paying prior to 31 March. As per the 2020 deficit repair payment, no recharging was required.

Amounts recognised in the income statement	**2021 £ 000**	**2020 £ 000**
Current service cost	-	2,500
Administrative expenses paid	-	2,100
Net interest on defined benefit surplus	-	(2,300)
Total costs	-	2,300

During the 8 months to 1 September 2020, the balance of the Innogy section in the statement of financial position improved from a surplus of £142,000k to £149,600k, primarily as a result of actual returns on plan assets being greater than actuarial losses, mainly from a lower discount rate.

Movements in the present value of defined benefit obligations	**2021 £ 000**	**2020 £ 000**
At 1 January	-	3,945,300
Current service cost	-	2,500
Benefits paid	-	(107,100)
Contributions from scheme members	-	600
Actuarial losses arising from changes in financial assumptions	-	313,000
Interest cost	-	51,000
Net transfers out	-	(200)
Liability in respect of Innogy section transferred to RWE Renewables Management UK Limited - 1 September 2020	-	(4,205,100)
At 31 December	-	-

24 Retirement benefit schemes **(Continued)**

Movements in the fair value of plan assets:	2021 £ 000	2020 £ 000
At 1 January	-	4,087,300
Interest income	-	53,300
Return on plan assets (excluding amounts included in interest income)	-	281,000
Administrative expenses paid	-	(2,100)
Benefits paid	-	(107,100)
Contributions by the employer	-	41,900
Contributions by scheme members	-	600
Net transfers out	-	(200)
Fair value of assets in respect of Innogy section transferred to RWE Renewables Management UK Limited - 1 September 2020	-	(4,354,700)
At 31 December	-	-

The actual return on plan assets was £nil (2020: £334,300k).

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

25 Share capital

Ordinary share capital	2021 Number	2020 Number	2021 £ 000	2020 £ 000
Issued and fully paid				
Ordinary shares of £1 each	75,369,392	75,369,392	75,369	75,369

26 Post-employment benefits

Supplementary Pension Plan

Certain former employees and directors of RWE Renewables UK Swindon Limited are members of a Supplementary Pension Plan (SPP), which is paid in addition to their ESPS defined benefit scheme entitlements.

Prior to 1 September 2020, the most recent completed valuation of the Plan was at 5 April 2020. The actuary has used appropriate actuarial roll-forward techniques to adjust the 5 April 2020 valuation to derive the accounting position as at 1 September 2020. At this date a provision of £16,700k existed to cover the ongoing costs of the scheme.

In line with the transfer of the Innogy Section of the RWE Group to RWE Renewables Management UK Limited on 1 September 2020, the Supplementary Pension Plan was also transferred to that company on the same date, so that both the main scheme entitlement and the SPP entitlement of the relevant individuals were reported in the financial statements of that company from that date. Therefore there are no balances in the statement of financial position.

26 Post-employment benefits (Continued)

Scheme liability

Movements in the present value of defined benefit obligations	2021 £ 000	2020 £ 000
At 1 January	-	16,000
Amounts recognised in SOCI	-	882
Benefits paid	-	(382)
Net interest cost	-	200
Liability transferred to RWE Renewables Management UK Limited - 1 September 2020	-	(16,700)
At 31 December	-	-

During the 8 months to 1 September 2020, the balance of the plans in the statement of financial position deteriorated from a deficit of £16,000k to a deficit of £16,700k, primarily as a result of a lower discount rate.

27 Capital commitments

	2021 £ 000	2020 £ 000
At 31 December the company had capital commitments as follows:		
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment	9,506	13,041

28 Other leasing information

Lessee

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

	2021 £ 000	2020 £ 000
Expense relating to short-term leases	26	7
Expense relating to variable lease payments not included in lease liabilities	6,173	5,599

The total cash outflow for leases was £9,421k (2020: £11,260k)

Leases include leases of land on which the RWE Renewables UK Swindon Limited wind farms are situated. These lease contracts include a fixed element which is subject to annual indexation, and a variable element, which is calculated based on the volume of generated electricity. The latter is excluded from the lease liability and expensed in the period to which it relates.

Information relating to lease liabilities is included in note 21.

29 Related party transactions

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

	Sale of goods		Purchase of goods	
	2021	**2020**	**2021**	**2020**
	£ 000	**£ 000**	**£ 000**	**£ 000**
Subsidiaries	44,448	25,611	93,096	67,086
Joint ventures in which the entity is a venturer	25,172	11,812	248,734	166,391
Other related parties	134	160	69	2,041
	69,754	37,583	341,899	235,518

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	**2021** **£ 000**	**2020** **£ 000**
Subsidiaries	31,449	18,449
Joint ventures in which the entity is a venturer	23,010	14,828
Other related parties	9	35
	54,468	33,312

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	**2021** **£ 000**	**2020** **£ 000**
Subsidiaries	18,861	26,984
Joint ventures in which the entity is a venturer	29,028	1,795
Other related parties	78	-
	47,967	28,779

Loans to related parties
During the year the company received interest on loans to joint ventures of £nil (2020: £nil).

30 Controlling party

The company's immediate parent is RWE Renewables UK Holdings Limited.

The ultimate parent company and controlling party is RWE AG, a company incorporated in Germany. Copies of RWE AG's financial statements are available upon request from RWE AG, RWE Platz 1, 45141 Essen, Germany.

The most senior parent entity producing publicly available financial statements is RWE AG.

The parent of the smallest and largest group in which these financial statements are consolidated is RWE AG, incorporated in Germany.