

Company Registration No. 03758407 (England and Wales)

**RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE  
RENEWABLES UK DEVELOPMENTS LIMITED)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## COMPANY INFORMATION

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|-----------------------------|---|
| <b>Directors</b>            | A Greenslade<br>C Hennessy (Appointed 12 May 2021)<br>A Murkin (Appointed 1 May 2022)<br>J Henderson (Appointed 28 February 2022)<br>D Burgess (Appointed 28 February 2022) |
| <b>Secretary</b>            | P Sainsbury   |
| <b>Company number</b>       | 03758407  |
| <b>Registered office</b>    | Greenwood House Westwood Way<br>Westwood Business Park<br>Coventry<br>United Kingdom<br>CV4 8PB   |
| <b>Independent auditors</b> | PricewaterhouseCoopers LLP<br>Chartered Accountants and Statutory Auditors<br>1 Embankment Place<br>London<br>United Kingdom<br>WC2N 6RH                                    |

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# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

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# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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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.

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

|                               | <b>2021</b> | <b>2020</b> |
|-------------------------------|-------------|-------------|
|                               | <b>£000</b> | <b>£000</b> |
| Revenue                       | 36,769      | 49,719      |
| Profit for the financial year | 8,933       | 17,760      |
| Net assets                    | 89,024      | 80,091      |

Revenue has decreased by 26.09% which is largely driven by a decrease in volumes. There were exceptionally high volumes in 2020 and volumes were unusually low in 2021 creating this large decrease. This has impacted both revenue from sale of power and revenue from Renewable Obligation Certificates (ROCs).

During the year under review, the 100.00% investment in Benbrack Wind Farm Limited was divested as part of the strategic exercise to focus on the principal activities.

The results for the year are presented on page 13 of the financial statements. The position of the company as at 31 December 2021 is provided on page 14 of the financial statements.

### 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 is 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 have been tested to withstand extreme weather conditions, and the company mitigates financial risk of property damage and business interruption by insuring its assets and revenues where possible. The company monitors average wind speeds on a year-on-year basis, which inform its long-term forecasts. The directors do not consider the effects of climate change to pose a direct risk to the operations of the wind farm in the foreseeable future. The output of the wind farm contributes to the growing proportion of renewable energy generated in the UK, aligned with the UK government's Net Zero strategy.

# **RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **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.

Over the course of the past year, prices quoted in the electricity forward market hit an all-time high. As a result, the earnings prospects of the wind farm have become more favourable. If limits are placed on Russian natural gas imports in the long term due to the Ukraine conflict, then energy prices may remain high. However, 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. There is a risk that an economic recession will put downward pressure on electricity prices later in 2022 and into 2023. The directors continue to monitor the impact of current and forecast electricity prices on the company's revenue and cash position.

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, and have factored this into the business plan and forecasts.

### **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.

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

The Board of the company 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 a portfolio of onshore wind farms. As described further in the fair review of the business above the directors have continued with this business strategy by approving the divest of 100% shareholding in Benbrack Wind Farm Limited. The Board reviewed the short-term and long-term cashflows to ensure this decision was for the benefit of the company and in accordance with the primary business activity, following the conclusion that the sale provided a bigger NRV return, when using in-house risk assumptions, the Board concluded the sale promoted the success of the company.
- The directors have also approved the operating budget for 2022 and for the following two years. In doing so the Board have ensured the business can meet the company's cashflow requirements ensuring prompt supplier payments and other liabilities are met as they fall due.

# **RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### ***Employee engagement***

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

### ***Business relationships***

- Contractors working on wind farm sites are therefore expected to sign up to and follow the service provider's HSE Requirements. The Board regularly reviews Health and Safety reporting during the company Board meetings and takes action as required.
- The company supports suppliers by paying promptly in line with the terms agreed between the parties.
- The company strictly follows Power Purchase Agreements for the sale of its electrical output as agreed with its customer, RWE Renewables UK Limited, and thereby maintains good business relations.

### ***Community and the environment***

- During 2021 the company contributed £454k 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.
- The company is dedicated to generating electricity using sustainable energy resources. As part of this project, the company have worked with local authorities to ensure adequate and appropriate wildlife conservation steps are in place to promote and protect the local ecology.

### ***Maintaining high business standards***

- The Board is aware of its social role and responsibility towards customers, business partners, shareholders, employees and the wider stakeholder community. As part of the RWE group the company follows the RWE 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



A Greenslade  
**Director**

22 August 2022

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### **Change of name**

On 8 June 2021, RWE Renewables UK Developments Limited changed its name to RWE Renewables UK Onshore Wind Limited.

#### **Principal activities**

The principal activity of the company continued to be to generate and sell electricity from onshore wind farms and to locate, identify and investigate the potential of wind farm sites on behalf of itself and other companies in the Renewables division of RWE AG.

#### **Results and dividends**

The results for the year are set out on page 13.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **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    | (Resigned 30 April 2022)     |
| A Greenslade |                              |
| C Hennessy   | (Appointed 12 May 2021)      |
| T Davies     | (Resigned 12 May 2021)       |
| A Murkin     | (Appointed 1 May 2022)       |
| J Henderson  | (Appointed 28 February 2022) |
| D Burgess    | (Appointed 28 February 2022) |

#### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### **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**

##### ***Financial risk management***

##### ***Objectives and policies***

The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company's operations expose it to a few financial risks which are set out below.

##### ***Liquidity and cash flow risk***

The company is a profitable and cash generating business that continues to receive financial support from the parent company, RWE Renewables UK Limited. It participates in the RWE Group cash pooling mechanism through the ultimate parent undertaking, RWE AG, providing short term liquidity within agreed limits. Due to these factors the company is not subject to liquidity or cash flow risk.

# **RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### ***Interest rate risk***

The company's activities expose it to interest rate risk. The company's risk management programme seeks to minimise potential adverse effects on the company's financial performance arising from the unpredictability of financial markets.

Interest on funds owed to the company by group undertakings are linked to EONIA and Bank of England base rates.

### ***Currency risk***

Where a contract with the supplier of components used in the construction of a wind farm requires payments to be made in a foreign currency the company actively seeks to hedge its exposure against movements in exchange rates through the use of forward contracts.

### ***Credit risk***

The company has limited exposure to the credit risk.

### ***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 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.

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### Energy and carbon report

#### Introduction

The company is a consortium of 11 onshore wind farms, three of which are also owned by RWE Renewables UK Operations Limited. This report is calculated based on the total emissions associated with the company's assets within the onshore 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 512.22 tonnes of CO<sub>2</sub> equivalent (t CO<sub>2</sub>e) in the year ended 31 December 2021, a reduction of 63.81 t CO<sub>2</sub>e or 11% compared to the baseline year, 2020.

#### Energy Consumed

| Name & Description                             | Units | 2020      | 2021      |
|--|-------|-----------|-----------|
| Fuel used for power                            | kWh   | 10,860    | 8,848     |
| Fuel used in transport (Vehicles)              | kWh   | 796,476   | 408,312   |
| Electricity (Owned Buildings & Energy Imports) | kWh   | 1,539,544 | 1,933,000 |
| Total Energy Consumed                          | kWh   | 2,346,880 | 2,350,160 |
| Total renewable generation output              | GWh   | 508       | 399       |

Fuel used in transport has reduced by 48%, this is attributed to the changes in transport arrangements for vehicles attending sites due to additional safety control measures to manage the risk of Covid transmission.

#### 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               | t CO <sub>2</sub> e | 2.91   | 2.22   |
| Fuel used in transport (Vehicles) | t CO <sub>2</sub> e | 214.18 | 103.00 |
| Total Scope 1 emissions           | t CO <sub>2</sub> e | 217.09 | 105.22 |

Fuel used for transport was estimated based on the cost of fuel purchased using fuel cards. Fuel used for power generation occurred in four instances in the reporting year and was estimated from the size of the generators used or sourced from third party invoices.

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 | t CO <sub>2</sub> e | 358.93 | 410.00 |
| Total Scope 2 emissions                         | tCO <sub>2</sub> e  | 358.93 | 410.00 |

Where metered data for building electricity use was unavailable, data was estimated from information provided by the electricity supplier or data available from 2019. Data used for energy imports to wind turbine assets was measured via metering.

Scope 3 emissions have not been reported.

# **RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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### **Carbon Intensity Ratio**

For the year ended 31 December 2021, the company reports a carbon intensity ratio of 1.28 g CO<sub>2</sub>e per kWh electricity generated this is an increase of 12% since the blade base line year. This increase is attributed to the reduction in renewable energy output rather than an increase in actual emissions.

The carbon intensity ratio reported in 2020 was incorrect by a factor of 10 and is reported here as 1.13 g CO<sub>2</sub>e per kWh.

### **Baseline Year**

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

### **Energy Efficiency Measures**

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

- There is a programme in place at Tween Bridge Wind Farm to replace the tower lighting with LED lighting, the programme is ongoing.
- The external substation lighting at Stags Holt Wind Farm is fitted with motion sensor LED lighting. This is complete.
- LED lighting is now being installed at Camster, Rosehall and Tween Bridge wind farms as and when existing lighting units fail.

### **Progress Against Targets**

The data for the period 01 January 2020 to 31 December 2020 represents 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.

RWE Renewables UK Limited is the operator and majority shareholder of RWE Renewables UK Onshore Wind Limited (formerly RWE Renewables UK Developments Limited). 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.

### **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 t CO<sub>2</sub>e and kWh, as required.

# **RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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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 (g CO<sub>2</sub>e /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 and electricity consumption will be avoided where possible.

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and Financial Statements 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.

# **RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Going concern**

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

Notwithstanding the net current liability position of the company at the year end, the going concern basis is considered to be appropriate by the directors as RWE Renewables UK Limited, the immediate parent company, has committed to providing financial support for any financial obligations falling due for the 12 months following the date of the signing of the financial statements. The directors have made appropriate inquiries as to the ability of RWE Renewables UK Limited to provide such support.

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

### **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



A Greenslade  
**Director**

22 August 2022

# **RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)**

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#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, RWE Renewables UK Onshore Wind Limited (Formerly RWE Renewables UK Developments 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

##### **Basis for opinion**

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

##### **Independence**

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

##### **Conclusions relating to going concern**

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.

# **RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)**

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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.

# **RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)**

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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](http://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 (Senior Statutory Auditor)**  
**For and on behalf of PricewaterhouseCoopers LLP**  
**Chartered Accountants and Statutory Auditors**  
London

22 August 2022

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

|   | Notes     | 2021<br>£000 | 2020<br>£000 |
|---|-----------|--------------|--------------|
| <b>Revenue</b>  |           | 36,769       | 49,719       |
| Cost of sales   |           | (21,233)     | (18,573)     |
| <b>Gross profit</b>   |           | 15,536       | 31,146       |
| Administrative expense  |           | (5,708)      | (5,137)      |
| Other operating income  |           | 769          | 368          |
| <b>Operating profit</b>   | <b>4</b>  | 10,597       | 26,377       |
| Finance costs   | <b>8</b>  | (860)        | (1,386)      |
| Other gains and losses  | <b>9</b>  | 8,034        | -            |
| <b>Profit before taxation</b>                                       |           | 17,771       | 24,991       |
| Tax on profit   | <b>10</b> | (8,838)      | (7,231)      |
| <b>Profit and total comprehensive income for the financial year</b> |           | 8,933        | 17,760       |

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

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

|  | Notes | 2021            |                 | 2020            |                 |
|--|-------|-----------------|-----------------|-----------------|-----------------|
|  |       | £000            | £000            | £000            | £000            |
| <b>Fixed assets</b>                          |       |                 |                 |                 |                 |
| Intangible assets                            | 12    |                 | 19,184          |                 | 18,658          |
| Property, plant and equipment                | 13    |                 | 173,104         |                 | 186,786         |
|  |       |                 | <u>192,288</u>  |                 | <u>205,444</u>  |
| <b>Current assets</b>                        |       |                 |                 |                 |                 |
| Trade and other receivables                  | 14    | 19,585          |                 | 18,828          |                 |
| Cash and cash equivalents                    |       | 149             |                 | -               |                 |
|  |       | <u>19,734</u>   |                 | <u>18,828</u>   |                 |
| <b>Current liabilities</b>                   |       |                 |                 |                 |                 |
| Borrowings                                   | 15    | (54,642)        |                 | (86,685)        |                 |
| Trade and other payables                     | 16    | (9,363)         |                 | (4,076)         |                 |
| Taxation and social security                 |       | (9,282)         |                 | (7,984)         |                 |
| Lease liabilities                            | 17    | (653)           |                 | (611)           |                 |
|  |       | <u>(73,940)</u> |                 | <u>(99,356)</u> |                 |
| <b>Net current liabilities</b>               |       |                 | <u>(54,206)</u> |                 | <u>(80,528)</u> |
| <b>Total assets less current liabilities</b> |       |                 | 138,082         |                 | 124,916         |
| <b>Non-current liabilities</b>               |       |                 |                 |                 |                 |
| Lease liabilities                            | 17    | (11,422)        |                 | (10,535)        |                 |
|  |       |                 | <u>(11,422)</u> |                 | <u>(10,535)</u> |
| <b>Provisions for liabilities</b>            |       |                 |                 |                 |                 |
| Deferred tax liabilities                     | 18    |                 | (21,028)        |                 | (16,190)        |
| Other provisions                             | 19    |                 | (16,608)        |                 | (18,100)        |
|  |       |                 | <u>89,024</u>   |                 | <u>80,091</u>   |
| <b>Net assets</b>                            |       |                 | <u>89,024</u>   |                 | <u>80,091</u>   |
| <b>Equity</b>                                |       |                 |                 |                 |                 |
| Called up share capital                      | 20    |                 | -               |                 | -               |
| Retained earnings                            |       |                 | 89,024          |                 | 80,091          |
|  |       |                 | <u>89,024</u>   |                 | <u>80,091</u>   |

The financial statements were approved by the board of directors and authorised for issue on 22 August 2022 and are signed on its behalf by:



A Greenslade

Director

Company Registration No. 03758407

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

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|  | Called up<br>share<br>capital<br>£000 | Retained<br>earnings<br>£000 | Total<br>£000 |
|--|---------------------------------------|------------------------------|---------------|
| <b>Balance at 1 January 2020</b>                   | -                                     | 62,331                       | 62,331        |
| <b>Year ended 31 December 2020:</b>                |                                       |                              |               |
| Profit and total comprehensive income for the year | -                                     | 17,760                       | 17,760        |
|  | <hr/>                                 | <hr/>                        | <hr/>         |
| <b>Balance at 31 December 2020</b>                 | -                                     | 80,091                       | 80,091        |
|  | <hr/>                                 | <hr/>                        | <hr/>         |
| <b>Year ended 31 December 2021:</b>                |                                       |                              |               |
| Profit and total comprehensive income for the year | -                                     | 8,933                        | 8,933         |
|  | <hr/>                                 | <hr/>                        | <hr/>         |
| <b>Balance at 31 December 2021</b>                 | -                                     | 89,024                       | 89,024        |
|  | <hr/> <hr/>                           | <hr/> <hr/>                  | <hr/> <hr/>   |

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

#### Company information

RWE Renewables UK Onshore Wind Limited (Formerly RWE Renewables UK Developments Limited) is a private company, limited by shares incorporated and domiciled in the United Kingdom. The registered office is Greenwood House Westwood Way, Westwood Business Park, Coventry, United Kingdom, CV4 8PB. The company's principal activities and nature of its operations are disclosed in the Directors' report.

#### 1.1 Accounting convention

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

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

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

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations, 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 B67 of 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 23.

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# **RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

**(Continued)**

#### **1.2 Going concern**

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

Notwithstanding the net current liability position of the company at the year end, the going concern basis is considered to be appropriate by the directors as RWE Renewables UK Limited, the immediate parent company, has committed to providing financial support for any financial obligations falling due for the 12 months following the date of the signing of the financial statements. The directors have made appropriate inquiries as to the ability of RWE Renewables UK Limited to provide such support.

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

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

Revenue is generated entirely within the United Kingdom.

#### **1.4 Intangible assets other than goodwill**

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

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies

(Continued)

##### Amortisation

Development costs are amortised from the date a project becomes operational.

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

| Asset class                             | Amortisation rate |
|---|-------------------|
| Operating licence and development costs | 23 years          |

#### 1.5 Property, plant and equipment

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

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

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

|                    |             |
|--------------------|-------------|
| Wind farms         | 22-23 years |
| Decommission asset | 22-23 years |

Assets in the course of construction are not depreciated.

#### 1.6 Impairment of tangible and intangible assets

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

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

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset 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.

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.7 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.

#### 1.8 Financial assets

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

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

##### **Financial assets at fair value through profit or loss**

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

##### **Financial assets held at amortised cost**

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

##### **Financial assets at fair value through other comprehensive income**

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 equity instrument is derecognised or its fair value substantially decreased. Dividends are recognised as finance income in profit or loss.

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

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

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

#### **Derecognition of financial assets**

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

### 1.9 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.

### 1.10 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.

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 1 Accounting policies

(Continued)

#### **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.

#### **1.11 Provisions**

A provision is made for the decommissioning of wind farms based on an assessment of the current cost of decommissioning. Decommissioning is expected to take place from 2024 to 2036.

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.

Provisions for the cost of grid connection liabilities that are payable if wind farm projects do not proceed are recognised as the contracted amount required to settle the company's expected obligation.

#### **1.12 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.

# **RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

**(Continued)**

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

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

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

#### **1.13 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.

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 3 Critical accounting estimates and judgements

(Continued)

#### **Revenue Obligation Certificate (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.

#### **Intangible assets useful economic life**

Intangible assets are amortised over their useful economic lives, which have been assessed as 23 years. Assessment of useful lives is performed annually, taking into account factors such as technological innovation, maintenance programmes, market information and management considerations.

In assessing the value, the remaining life of the asset, its projected disposal value and future market conditions are taken into account. The effects of changes in estimates do not give rise to prior year adjustments and are dealt with prospectively over the estimated remaining useful life of the asset. While the company uses its best estimates and judgement, actual results could differ from those estimates.

#### **Impairment of intangibles**

Significant investments are made in intangible assets. These non-current assets are tested for possible impairment where there are indicators of loss of value. Calculating the recoverable amount requires a series of estimates concerning future cashflows, of which paths and production volume are the most important. There were no indicators of impairment in the current year.

#### **Capitalisation of development costs**

The cost of rights, licences and development cost incurred prior to construction are capitalised as intangible assets where the directors are satisfied that the project under development has sufficient likelihood to generate economic benefit. This assessment requires both judgements and estimates concerning expected future cash flows.

The directors are also required to make judgements as to whether borrowing costs are directly attributable to bringing the generation and transmission assets to the location and condition necessary for them to be capable of operating according to their specifications. Those directly attributable costs are capitalised in accordance with IAS 23, Borrowing Costs.

#### **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.

#### **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.

#### **Capitalisation of construction expenditure**

The capitalisation of construction expenditure is an example where such a key judgement is made, our policy on this is disclosed in note 1.

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Critical accounting estimates and judgements

(Continued)

#### 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 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.

#### 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%). Each wind farm has been discounted to its present value at 0.75% (2020: 0.00%) where the remaining useful economic life is less than 4 years, or 1.00% (2020: 0.25%) where the remaining useful economic life is 4 years or more.

#### IFRS 16, Leases

Recorded within property, plant and equipment the company has recognised right-of-use assets in accordance with IFRS 16, Leases. There are a number of factors that have an impact on the asset values recorded and these are dependent on the judgement of management. In particular where the estimated useful life of the right-of-use asset is less than the lease term this will determine the time period over which the lease rental payments are recognised and whether any early termination fees are incurred. The estimated useful life of the related wind farm asset is a key component of this assessment. Also, the calculation of the Incremental Borrowing Rate (IBR) applied to discount the future lease rental payments takes into account matters of judgement such as the cost of borrowing for the company, the length of the contract having assessed early termination options and the risk involved.

### 4 Operating profit

|   | 2021              | 2020              |
|---|-------------------|-------------------|
|   | £000              | £000              |
| Operating profit for the year is stated after charging/(crediting): |                   |                   |
| Exchange (gains)/losses   | (21)              | 51                |
| Depreciation of property, plant and equipment                       | 14,166            | 13,507            |
| Profit on disposal of property, plant and equipment                 | -                 | (78)              |
| Profit on disposal of investments                                   | (8,034)           | -                 |
| Amortisation of intangible assets (included within cost of sales)   | 220               | 220               |
|   | <u>          </u> | <u>          </u> |

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5 Auditors' remuneration

|  | 2021<br>£000 | 2020<br>£000 |
|--|--------------|--------------|
| Fees payable to the company's auditors and associates: |              |              |

#### For audit services

|  |           |           |
|--|-----------|-----------|
| Audit of the financial statements of the company | 37        | 33        |
|  | <u>37</u> | <u>33</u> |

The audit fees are borne by another group company and not recharged.

### 6 Employees

The company has no employees for the year under review (2020: none).

### 7 Directors' remuneration

The directors did not receive any emoluments in respect of their services to the company (2020: £nil).

### 8 Finance costs

|  | 2021<br>£000 | 2020<br>£000 |
|--|--------------|--------------|
| <b>Interest on financial liabilities measured at amortised cost:</b> |              |              |
| Interest payable to group undertakings                               | 363          | 778          |
| <b>Interest on other financial liabilities:</b>                      |              |              |
| Interest on lease liabilities  | 456          | 456          |
| Total interest expense   | <u>819</u>   | <u>1,234</u> |
| <b>Other finance costs:</b>  |              |              |
| Unwinding of discount on provisions                                  | 41           | 152          |
| Total finance costs  | <u>860</u>   | <u>1,386</u> |

### 9 Other gains and losses

|   | 2021<br>£000 | 2020<br>£000 |
|---|--------------|--------------|
| Gain on disposal of financial assets at fair value through profit or loss | 8,034        | -            |
|   | <u>8,034</u> | <u>-</u>     |

During the year under review, the company sold its 100% investment in Benbrack Wind Farm Limited for a profit of £8,034k as part of the strategic exercise to focus on the principal activities.

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 10 Tax on profit/ (loss)

|  | <b>2021</b>         | <b>2020</b>         |
|--|---------------------|---------------------|
|  | <b>£000</b>         | <b>£000</b>         |
| <b>Current tax</b>                                 |                     |                     |
| UK corporation tax on profits for the current year | -                   | 5,283               |
| Adjustments in respect of prior periods            | (236)               | 34                  |
| Group relief payable                               | 4,236               | -                   |
|  | <u>4,000</u>        | <u>5,317</u>        |
| <b>Deferred tax</b>                                |                     |                     |
| Origination and reversal of temporary differences  | (206)               | 233                 |
| Changes in tax rates                               | 5,047               | 1,704               |
| Adjustment in respect of prior periods             | (3)                 | (23)                |
|  | <u>4,838</u>        | <u>1,914</u>        |
|  | <u><u>8,838</u></u> | <u><u>7,231</u></u> |

The tax charge for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The difference are explained below:

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

|  | <b>2021</b>         | <b>2020</b>         |
|--|---------------------|---------------------|
|  | <b>£000</b>         | <b>£000</b>         |
| Profit before taxation   | 17,771              | 24,991              |
|  | <u>17,771</u>       | <u>24,991</u>       |
| Expected tax charge based on a corporation tax rate of 19.00% (2020: 19.00%) | 3,376               | 4,748               |
| Effect of expenses not deductible in determining taxable profit              | 643                 | 795                 |
| Income not taxable   | 11                  | -                   |
| Current tax adjustments in respect of prior years                            | (236)               | 34                  |
| Effect of change in UK corporation tax rate                                  | 5,047               | 1,704               |
| Deferred tax adjustments in respect of prior years                           | (3)                 | (23)                |
| Difference between current and deferred tax rates                            | -                   | (27)                |
|  | <u>8,838</u>        | <u>7,231</u>        |
| <b>Taxation charge for the year</b>  | <u><u>8,838</u></u> | <u><u>7,231</u></u> |

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 10 Tax on profit/ (loss)

(Continued)

#### Factors that may affect future tax charges:

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 and therefore the deferred tax has been measured at 25.00%.

#### Group relief:

The taxation and social security liability, as seen on the statement of financial position, represents amounts due to fellow group undertakings in relation to group relief payable.

### 11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

|                   | 2021<br>£000 | 2020<br>£000 |
|-------------------|--------------|--------------|
| In respect of:    |              |              |
| Intangible assets | -            | 65           |
|                   | ==           | ==           |
| Recognised in:    |              |              |
| Cost of sales     | -            | 65           |
|                   | ==           | ==           |

During the year, an impairment charge of £nil (2020: £65k) was made against one onshore wind farm development project as there is uncertainty over the project's future viability.

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 12 Intangible assets

|                                    | Development costs<br>£000 |
|------------------------------------|---------------------------|
| <b>Cost</b>                        |                           |
| At 31 December 2020                | 34,929                    |
| Additions                          | 3,682                     |
| Disposals                          | (2,936)                   |
|                                    | <hr/>                     |
| At 31 December 2021                | 35,675                    |
|                                    | <hr/>                     |
| <b>Amortisation and impairment</b> |                           |
| At 31 December 2020                | 16,271                    |
| Charge for the year                | 220                       |
|                                    | <hr/>                     |
| At 31 December 2021                | 16,491                    |
|                                    | <hr/>                     |
| <b>Carrying amount</b>             |                           |
| At 31 December 2021                | 19,184                    |
|                                    | <hr/> <hr/>               |
| At 31 December 2020                | 18,658                    |
|                                    | <hr/> <hr/>               |

More information on impairment movements in the year is given in note 11.

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 13 Property, plant and equipment

|  | Wind farms | Decommission<br>asset | Total   |
|--|------------|-----------------------|---------|
|  | £000       | £000                  | £000    |
| <b>Cost</b>                                    |            |                       |         |
| At 31 December 2020                            | 265,334    | 17,592                | 282,926 |
| Additions                                      | 2,017      | -                     | 2,017   |
| Disposals                                      | -          | (1,533)               | (1,533) |
| At 31 December 2021                            | 267,351    | 16,059                | 283,410 |
| <b>Accumulated depreciation and impairment</b> |            |                       |         |
| At 31 December 2020                            | 94,870     | 1,270                 | 96,140  |
| Charge for the year                            | 12,769     | 1,397                 | 14,166  |
| At 31 December 2021                            | 107,639    | 2,667                 | 110,306 |
| <b>Carrying amount</b>                         |            |                       |         |
| At 31 December 2021                            | 159,712    | 13,392                | 173,104 |
| At 31 December 2020                            | 170,464    | 16,322                | 186,786 |

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

| <b>Right-of-use assets</b>              | <b>2021</b> | <b>2020</b> |
|---|-------------|-------------|
|   | <b>£000</b> | <b>£000</b> |
| <b>Net values</b>                       |             |             |
| Wind farms                              | 11,517      | 10,700      |
| <b>Additions</b>                        | 1,787       | 27          |
| <b>Depreciation charge for the year</b> |             |             |
| Wind farms                              | 970         | 850         |

Wind farms includes capitalised finance costs of £322k (2020: £529k).

Wind farms also includes the net book value of assets in the course of construction of £603k (2020: £371k). There are no material differences between the market value and the net book value of freehold land and buildings.

Additions and disposals of the decommission asset represent a change in estimate of the costs to decommission the wind farms at the end of their useful economic life (see note 18).

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 Trade and other receivables

|   | <b>2021</b>   | <b>2020</b>   |
|---|---------------|---------------|
|   | <b>£000</b>   | <b>£000</b>   |
| Trade receivables                         | 1,337         | -             |
| VAT recoverable                           | 286           | 399           |
| Amount owed by parent undertaking         | 16,038        | 17,416        |
| Amounts owed by fellow group undertakings | 87            | 13            |
| Other receivables                         | 482           | -             |
| Prepayments and accrued income            | 1,355         | 1,000         |
|   | <u>19,585</u> | <u>18,828</u> |

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

### 15 Borrowings

|   | <b>Current</b> |               |
|---|----------------|---------------|
|   | <b>2021</b>    | <b>2020</b>   |
|   | <b>£000</b>    | <b>£000</b>   |
| <b>Borrowings held at amortised cost:</b> |                |               |
| Loans from parent undertaking             | 54,642         | 86,685        |
|   | <u>54,642</u>  | <u>86,685</u> |

The loan from parent undertakings is an unsecured loan repayable within one year. Interest was charged at the monthly EONIA average (comparable rate for other currencies) of the respective month plus 50 basis points except where the interest rate is negative and then it is a fixed rate of 0.50% (from 1 January 2022 at SONIA monthly average plus 50 basis points). On 1 July 2021 the loan agreements in place with the immediate parent undertaking, RWE Renewables UK Limited, were replaced with loan agreements with the ultimate parent undertaking, RWE AG.

### 16 Trade and other payables

|   | <b>2021</b>  | <b>2020</b>  |
|---|--------------|--------------|
|   | <b>£000</b>  | <b>£000</b>  |
| Trade payables                            | 763          | 778          |
| Amount owed to parent undertaking         | 3,402        | -            |
| Amounts owed to fellow group undertakings | 2,521        | 511          |
| Accruals and deferred income              | 2,677        | 2,787        |
|   | <u>9,363</u> | <u>4,076</u> |

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

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

| 17 Lease liabilities                                 | 2021          | 2020          |
|--|---------------|---------------|
| Maturity analysis                                    | £000          | £000          |
| Within one year                                      | 1,164         | 977           |
| In two to five years                                 | 4,659         | 3,846         |
| In over five years                                   | 9,249         | 9,446         |
| <b>Total undiscounted liabilities</b>                | <b>15,072</b> | <b>14,269</b> |
| Future finance charges and other adjustments         | (2,997)       | (3,123)       |
| <b>Lease liabilities in the financial statements</b> | <b>12,075</b> | <b>11,146</b> |

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          | 2020          |
|-------------------------|---------------|---------------|
|                         | £000          | £000          |
| Current liabilities     | 653           | 611           |
| Non-current liabilities | 11,422        | 10,535        |
|                         | <u>12,075</u> | <u>11,146</u> |

| Amounts recognised in profit or loss include the following: | 2021 | 2020 |
|---|------|------|
|   | £000 | £000 |
| Interest on lease liabilities                               | 456  | 456  |

Other leasing information is included in note 22.

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 18 Deferred taxation

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

|   | Accelerated<br>capital<br>allowances<br>£000 | Other<br>timing<br>differences<br>£000 | Total<br>£000 |
|---|--|--|---------------|
| Deferred tax liability at 1 January 2020      | 14,283                                       | (7)                                    | 14,276        |
| <b>Deferred tax movements in prior year</b>   |  |  |               |
| Charge/(Credit) to profit or loss             | 203  | 7                                      | 210           |
| Effect of change in tax rate - profit or loss | 1,704  | -                                      | 1,704         |
| Deferred tax liability at 31 December 2020    | 16,190                                       | -                                      | 16,190        |
| <b>Deferred tax movements in current year</b> |  |  |               |
| Charge to profit or loss                      | (209)  | -                                      | (209)         |
| Effect of change in tax rate - profit or loss | 5,047  | -                                      | 5,047         |
| Deferred tax liability at 31 December 2021    | <u>21,028</u>                                | <u>-</u>                               | <u>21,028</u> |

#### 19 Other provisions

|                                 | 2021<br>£000        | 2020<br>£000           |
|---------------------------------|---------------------|------------------------|
| Decommission                    | 16,253              | 17,745                 |
| Grid connection                 | 355                 | 355                    |
|                                 | <u>16,608</u>       | <u>18,100</u>          |
| <b>Movements on provisions:</b> | <b>Decommission</b> | <b>Grid connection</b> |
|                                 | <b>£000</b>         | <b>£000</b>            |
| At 31 December 2020             | 17,745              | 355                    |
| Unwinding of discount           | 41                  | -                      |
| Change in estimate              | (1,533)             | -                      |
| At 31 December 2021             | <u>16,253</u>       | <u>355</u>             |

The provision of each wind farm has been discounted to its present value at 0.75% (2020: 0.00%) where the remaining useful economic life is less than 4 years, or 1.00% (2020: 0.25%) where the remaining useful economic life is 4 years or more. Grid connection provisions relate to grid connection liabilities that are payable if wind farm development projects do not proceed.

# RWE RENEWABLES UK ONSHORE WIND LIMITED (FORMERLY RWE RENEWABLES UK DEVELOPMENTS LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 20 Share capital

|   | 2021     | 2020     | 2021     | 2020     |
|---|----------|----------|----------|----------|
| Ordinary share capital<br>Issued and fully paid | Number   | Number   | £000     | £000     |
| Ordinary shares of £1 each                      | 2        | 2        | -        | -        |
|   | <u>2</u> | <u>2</u> | <u>-</u> | <u>-</u> |

### 21 Contingent liabilities

At 31 December 2021, the company had contingent liabilities of £6,768k (2020: £3,360k). These relate to potential grid connection costs for the wind farm sites currently under development and which will become payable if the company does not complete the development project. If the relevant project does proceed, then these costs are incorporated within the normal use of system charges.

### 22 Other leasing information

#### Lessee

The expenses below are included in the cost of sales. Leases include leases of land on which the RWE Renewables UK Onshore Wind Limited (Formerly RWE Renewables UK Developments 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.

|   | 2021         | 2020         |
|---|--------------|--------------|
|   | £000         | £000         |
| Expense relating to short-term leases   | 581          | 585          |
| Expense relating to leases of low-value assets                                | 3            | -            |
| Expense relating to variable lease payments not included in lease liabilities | 489          | 578          |
|   | <u>1,073</u> | <u>1,163</u> |

The total cash outflow for leases was £2,332k (2020: £2,395k).

Information relating to lease liabilities is included in note 17.

### 23 Controlling party

The company's immediate parent is RWE Renewables UK 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.