

Company Registration No. 03758404 (England and Wales)

**RWE RENEWABLES UK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

# RWE RENEWABLES UK LIMITED

## COMPANY INFORMATION

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**Directors**

A Greenslade  
A Chatterton  
B Freeman  
J Lees  
T Glover

**Secretary**

P Sainsbury

**Company number**

03758404

**Registered office**

Greenwood House Westwood Way  
Westwood Business Park  
Coventry  
United Kingdom  
CV4 8PB

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
United Kingdom  
WC2N 6RH

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# RWE RENEWABLES UK LIMITED

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# RWE RENEWABLES UK 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 provide funding to, and sell power and ROCs on behalf of its subsidiary companies. The company also continues to act as an investment company for the RWE group's UK renewables business.

#### Purchase of Rampion Renewables Limited

On the 1 April 2021, the company acquired the remaining shareholding in Rampion Renewables Limited from E.ON UK plc for £422,500k.

#### Formation of RWE Renewables UK Dogger Bank entities

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

#### ScotWind auction

The company entered into the ScotWind auction for new offshore wind farm sites off the coast of Scotland. Due to a very competitive tender process the company was unsuccessful. This auction highlights the increasingly competitive market for new renewable energy sites within the UK.

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

	<b>2021</b>	
	<b>£000</b>	<b>£000</b>
Revenue	383,354	411,269
Profit for the financial year	330,806	508,846
Net assets	477,154	461,348

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 15 of the financial statements.

The company has seen a decrease in revenue during the year due to a poor wind yield year compared to a particularly strong wind yield year in 2020.

There has also been a significant decrease in profits due to high power prices having negative impacts on the traded positions, linked to poor wind volumes. 2021 has seen a significant increase in dividend income from subsidiaries which has largely offset the 2020 one-off profit on disposal of a part-divestment in RWE Renewables UK Humber Wind Limited.

The company continues to maintain a strong net asset position.

#### Principal risks and uncertainties

The principal risks and uncertainties facing the business are:

- 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.

# **RWE RENEWABLES UK LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

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

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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.

The COVID-19 pandemic, which has persisted for more than two years, continues to expose the company and its subsidiaries 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 subsidiaries' service providers have not materially affected their operational activities and availability levels. As a result of comprehensive preventive measures and contingency plans, the company's subsidiaries and their service providers have been able to continue operating effectively and profitably, and the directors consider that there are no current indicators of impairment arising as a result of COVID-19.

Further details can be found in the Directors' report on pages 5 - 9.

#### **Risks related to climate change**

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

#### **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 together with its subsidiaries and associates have no business relationships with Russian or Ukrainian companies and are not exposed to direct risks to their 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 company's power generating subsidiaries 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 predictions downgraded compared to the end of 2021. There is a risk that an economic recession will put downward pressure on electricity prices later in 2022 and into 2023. The directors monitor the impact of the electricity prices on the company's dividend earnings 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's subsidiaries procure goods and services, including through index-linked contracts, and have factored this into the business plan and forecasts.

# RWE RENEWABLES UK LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Brexit**

Risks to the company's subsidiaries and associates 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. 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 cash flow and dividend forecasts, as well as the assessment of the carrying amount of its subsidiaries with no impact determined.

### **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 investment in companies that operate and maintain wind farm sites and the development of consented renewable power generation sites. As described further in the fair review of the business above the directors have continued with this business strategy by: approving the purchase of the additional 39.93% shareholding in Rampion Renewables Limited; supporting the development in offshore wind by approving investment of 50.00% in two new offshore wind farm companies, RWE Renewables UK Dogger Bank South (East) Limited and RWE Renewables UK Dogger Bank South (West) Limited, following the approval of the budget and round 4 bid success; supporting the development and funding of Rampion Extension Development Limited. The Board reviewed the short-term and long-term cashflows to ensure these projects were economically viable, will become cash generating assets, and are therefore in accordance with the primary business activity.
- The directors have also approved the budget for 2022 and the plan for the following years. In doing so the Board has ensured the business can meet the company's cashflow requirements ensuring prompt supplier payments and other liabilities are met as they fall due.
- The directors, having taken into consideration the interest of its members and the future funding requirements of the business, have approved a dividend of £315,000k.

#### ***Employee engagement***

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

#### ***Business relationships***

- When dealing with suppliers, the company follows the code of conduct of its service provider, RWE Renewables Management UK Limited, and expects business partners to accept the principles set out in that Code. Private interests should remain separate to those of the company and no representative should solicit or accept monetary benefits from third parties.
- The health and safety of employees and contractors on the company's sites is vitally important. Contractors working on wind farm sites are therefore expected to sign up to and follow the service provider's HSE Requirements. The Board regularly reviews Health and Safety reporting during the company Board meetings and takes action as required.
- The company supports suppliers by paying promptly in line with the terms agreed between the parties.
- The company sells its electrical output to E.ON UK plc under Route To Market Agreements, Power Purchase Agreements, and other relevant agreements. There is also a power swap arrangement in place with RWE Supply and Trading GmbH to hedge seasonal volume. The company strictly follows these agreements in order to maintain good business relations.

# RWE RENEWABLES UK LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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



B Freeman

**Director**

7 September 2022

# RWE RENEWABLES UK 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.

#### **Principal activities**

The principal activity of the company continued to be that of an investment company for the RWE group's UK renewables business including providing funding to, and selling power and ROCs on behalf of its subsidiary companies.

#### **Results and dividends**

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

Ordinary dividends were paid amounting to £315,000k (2020: £110,000k). 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:

A Greenslade

A Chatterton

B Freeman

J Lees

R Sandford

(Resigned 31 December 2021)

T Glover

M Andre-Ferreira

(Appointed 3 March 2022 and resigned 31 March 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***

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***

RWE Renewables International Participants B.V. continues to provide funding and support to the company to enable the continued operating activities of the business and to meet all liabilities as they fall due.

##### ***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.



# RWE RENEWABLES UK LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### **Currency risk**

The company has no significant exposure to currency risk.

#### **Credit risk**

The company continues to provide financial support to subsidiary undertakings that are being used to construct and operate designated wind farm projects. The company does not seek repayment of amounts due from subsidiary undertakings prior to completion of construction and commencement of commercial operations.

#### **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.

#### **Future developments**

The company intends to continue to invest in renewable energy companies, and further invest in those companies already owned. The company will also continue to sell power and ROCs on behalf of its subsidiary companies.

#### **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.

#### **Energy and carbon report**

##### **Introduction**

RWE Renewables UK Limited (the company) holds shares in various onshore and offshore wind farms. The greenhouse gas (GHG) emissions and energy consumption associated with UK activities included in this report are from sources that are owned or controlled by the company. In line with our methodology, only fuels purchased by the company are reported.

In this report you will note emissions and energy consumption associated with purchased fuel for transport at Rampion Offshore Wind Farm as this is purchased by the company. All other emissions and energy consumption within assets, of which the company owns a share, are reported in Directors' Reports for the associated company, as appropriate.

##### **Energy Consumption and GHG Emissions**

The tables below show the company's total UK 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 1,610.04 tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) in the year ended 31 December 2021 – an increase of 19.81% tCO<sub>2</sub>e when compared to the baseline year, 2020.

##### **Energy Consumed**

<b>Name &amp; Description</b>	<b>Units</b>	<b>2020</b>	<b>2021</b>
Fuel used for transport & power (Vessels & generators)	kWh	4,889,331	5,973,063
Total Energy Consumed	kWh	4,889,331	5,973,063

Energy consumption increased by 22.17% compared to the baseline year, this is due to the increase in fuel consumption.

# RWE RENEWABLES UK LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### GHG Emissions Breakdown

Summary of Scope 1 (Direct) GHG emissions for the year ended 31 December 2020.

Name & Description	Units	2020	2021
Fuel used for transport & power (Vessels & generators)	tCO2e	1343.83	1,610.04
Total Scope 1 emissions	tCO2e	1343.83	1,610.04

Scope 1 emissions increased by 19.81% compared to the baseline year, this is due to the increase in fuel consumption.

Marine gas oil is used for transportation (vessels) and the same source feeds generators used to generate power at Rampion Offshore Wind Farm, therefore data is combined. These are emissions associated with the fuel purchased by the company, which provides a service to Rampion Offshore Wind Farm.

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

Scope 2 emissions and energy consumption associated with Rampion Offshore Wind Farm are reported within the Rampion Offshore Wind Farm Limited Directors' Report. There are no other scope 2 emissions associated with RWE Renewables UK Limited.

Scope 3 emissions have not been reported.

#### Carbon Intensity Ratio

For the year ended 31 December 2021, the company reports a carbon intensity ratio of 4.20 gCO2e per £ revenue – An increase of 28.53% compared to the baseline year. This is likely due to the combination of a 6.79% decrease in revenue and 19.81% increase in tCO2e. The revenue generated by RWE Renewables UK Limited for the year ended 31 December 2021 was £383,355k.

The most appropriate metric for calculation of the carbon intensity ratio, is the revenue generated by the company (£). To calculate the energy intensity ratio (gCO2e/£), the company's scope 1 and 2 GHG emissions have been divided by the revenue generated for the year ended 31 December 2021. In reports produced by other RWE Renewables entities, the intensity ratio used was gCO2e/kWh, however in this case there was no electricity generation by the company. Electricity generated for Rampion Offshore Wind Farm was reported within the Rampion Offshore Wind Farm Limited Directors' Report.

#### Baseline Year

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

#### Energy Efficiency Measures

Currently the company is researching the potential use of alternative fuels and vessels to reduce emissions associated with vessels which operate at RWE operated offshore wind farms.

#### 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 an operating company under RWE AG. RWE AG has set Science-based Targets, including a commitment to Net Zero emissions by 2040 and a reduction of specific Scope 1 and 2 emissions by 2030. RWE Renewables is currently developing a strategy for its offshore operational portfolio to ensure alignment with these targets. As part of the RWE portfolio, RWE Renewables UK Limited will be actively seeking to reduce emissions to contribute to these targets.

# RWE RENEWABLES UK LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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

#### ***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.

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

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

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

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

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

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

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

### **Directors' confirmations**

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

# RWE RENEWABLES UK 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, including the company's commitment to provide support to its subsidiary and joint venture undertakings in accordance with the respective joint operation agreements for each entity.

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

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

### **COVID-19**

The COVID-19 pandemic, which has persisted for more than two years, continues to expose the company and its subsidiaries and associates 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 subsidiaries' service providers have not materially affected their operational activities and availability levels. As a result of comprehensive preventive measures and contingency plans, the company's subsidiaries and associates and their service providers have been able to continue operating effectively and profitably, and the directors consider that there are no current indicators of impairment arising as a result of COVID-19.

On behalf of the board



**B Freeman**  
**Director**

7 September 2022

# **RWE RENEWABLES UK LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF RWE RENEWABLES UK LIMITED**

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

##### **Opinion**

In our opinion, RWE Renewables UK 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 and the Statement of changes in equity as at 31 December 2021; the Income statement and the Statement of comprehensive income for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

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

##### **Independence**

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

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.

# **RWE RENEWABLES UK LIMITED**

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

### **TO THE MEMBERS OF RWE RENEWABLES UK LIMITED**

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

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

#### **Strategic report and Directors' report**

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

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

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

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

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

#### **Auditors' responsibilities for the audit of the financial statements**

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

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

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

# RWE RENEWABLES UK LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF RWE RENEWABLES UK LIMITED

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- 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  
7 September 2022

# RWE RENEWABLES UK LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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	Notes	2021 £000	2020 £000
<b>Revenue</b>		383,354	411,269
Cost of sales		(415,915)	(405,091)
		<hr/>	<hr/>
<b>Gross (loss)/profit</b>		(32,561)	6,178
Administrative expense		(29,817)	(21,461)
Other operating income		2,077	4,582
		<hr/>	<hr/>
<b>Operating loss</b>	<b>5</b>	(60,301)	(10,701)
Finance income	<b>9</b>	523,645	21,739
Finance costs	<b>10</b>	(20,656)	(11,636)
Other gains and losses	<b>11</b>	(163,707)	3,700
Profit on disposal/(impairment) of investments	<b>4</b>	-	498,545
		<hr/>	<hr/>
<b>Profit before taxation</b>		278,981	501,647
Tax on profit	<b>12</b>	51,825	7,199
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<u>330,806</u>	<u>508,846</u>

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



# RWE RENEWABLES UK LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

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	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
<b>Profit for the financial year</b>	330,806 <u>          </u>	508,846 <u>          </u>
<b>Other comprehensive income/(expense):</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Actuarial gain/(loss) on defined benefit pension schemes	- <u>          </u>	(3,200) <u>          </u>
<b>Total comprehensive income for the year</b>	330,806 <u>          </u>	505,646 <u>          </u>

# RWE RENEWABLES UK LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021		2020	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Property, plant and equipment	14		557		1,411
Investments	15		1,156,193		733,691
			<u>1,156,750</u>		<u>735,102</u>
<b>Current assets</b>					
Trade and other receivables falling due after more than one year	18	-		422,500	
Deferred tax asset	23	31,884		8	
Trade and other receivables falling due within one year	18	659,098		1,020,499	
Cash and cash equivalents		322		7,075	
			<u>691,304</u>	<u>1,450,082</u>	
<b>Current liabilities</b>					
Borrowings	19	47,670		637,984	
Trade and other payables	20	221,667		151,773	
Taxation and social security		-		182	
Derivative financial instruments	21	91,435		-	
Lease liabilities	22	387		560	
			<u>361,159</u>	<u>790,499</u>	
<b>Net current assets</b>			330,145		659,583
<b>Total assets less current liabilities</b>			<u>1,486,895</u>		<u>1,394,685</u>
<b>Non-current liabilities</b>					
Borrowings	19	973,403		932,437	
Derivative financial instruments	21	36,070		-	
Lease liabilities	22	98		730	
			<u>(1,009,571)</u>	<u>(933,167)</u>	
<b>Provisions for liabilities</b>					
Other provisions	24		(170)		(170)
<b>Net assets</b>			<u>477,154</u>		<u>461,348</u>
<b>Equity</b>					
Called up share capital	26		14,435		14,435
Retained earnings			462,719		446,913
<b>Total equity</b>			<u>477,154</u>		<u>461,348</u>

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



B Freeman  
Director

Company Registration No. 03758404

# RWE RENEWABLES UK LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

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	Notes	Called up share capital £000	Retained earnings £000	Total £000
<b>Balance at 1 January 2020</b>		14,435	51,667	66,102
<b>Year ended 31 December 2020:</b>				
Profit for the year		-	508,846	508,846
Other comprehensive income:				
Actuarial gains on defined benefit plans		-	(3,200)	(3,200)
Total comprehensive income for the year		-	505,646	505,646
Dividends	<b>13</b>	-	(110,000)	(110,000)
Bulk transfer in of pension scheme assets and past service liabilities		-	(400)	(400)
<b>Balance at 31 December 2020</b>		14,435	446,913	461,348
<b>Year ended 31 December 2021:</b>				
Profit and total comprehensive income for the year		-	330,806	330,806
Dividends	<b>13</b>	-	(315,000)	(315,000)
<b>Balance at 31 December 2021</b>		14,435	462,719	477,154

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# RWE RENEWABLES UK 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 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 the Companies Act 2006, as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

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

The financial statements have been prepared under the historical cost convention. 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 29.

# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group. Following Brexit the same exemption is available under section 401 of the Companies Act 2006 for companies included in non-UK group accounts of a larger group.

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

#### 1.2 Going concern

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

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

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

#### COVID-19

The COVID-19 pandemic, which has persisted for more than two years, continues to expose the company and its subsidiaries and associates 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 subsidiaries' service providers have not materially affected their operational activities and availability levels. As a result of comprehensive preventive measures and contingency plans, the company's subsidiaries and associates and their service providers have been able to continue operating effectively and profitably, and the directors consider that there are no current indicators of impairment arising as a result of COVID-19.

#### 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 Group.

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

Revenue is generated entirely within the United Kingdom.

#### Other operating income

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

# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### 1.4 Property, plant and equipment

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

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

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

Leasehold land and buildings	8 years
Motor vehicles	1-4 years

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

Right-of-use assets capitalised under the asset classifications above have the same depreciation policy applied.

##### 1.5 Non-current investments

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

##### 1.6 Impairment of tangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated 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.

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.

##### 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.

# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 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 appropriate line item depending on the nature of the asset within the income statement for the reporting period in which it arises. Derivative movements in the year are included in other gains and losses in note 11.

##### ***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 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.

For trade receivables and contract assets, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables – see note 18.

##### **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.



# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### 1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

##### 1.11 Taxation

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

###### **Current tax**

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

###### **Deferred tax**

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

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

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

##### 1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event and it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### 1.13 Retirement benefits

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

The company also contributed to a funded group defined benefit pension scheme, the assets of which are invested in a separate trustee-administered fund.

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

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

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

The company participated in such plans until 1 July 2020.

##### 1.14 Leases

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

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

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

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

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

# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

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.

#### 1.15 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.

#### Renewable 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.

#### Impairment of investments

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

# RWE RENEWABLES UK 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.

#### 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. 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 Exceptional items

	2021 £000	2020 £000
Profit on disposal of investments	-	498,545

### 5 Operating (loss)/profit

	2021 £000	2020 £000
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	644	50
Depreciation of property, plant and equipment	556	443

### 6 Auditors' remuneration

	2021 £000	2020 £000
Fees payable to the company's auditors and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	57	37
Audit of the financial statements of the company's subsidiaries	267	283
	324	320

# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 7 Employees

The average monthly number of employee (including directors) employed by the company during the year was none (2020: 280).

	2021 Number	2020 Number
Production	-	157
Administration	-	103
Other departments	-	20
	<u>          </u>	<u>          </u>
Total	-	280
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2021 £000	2020 £000
Wages and salaries	-	5,992
Social security costs	-	701
Other pension costs	-	1,244
	<u>          </u>	<u>          </u>
	-	7,937
	<u>          </u>	<u>          </u>

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

#### 8 Directors' remuneration

	2021 £000	2020 £000
Remuneration for qualifying services	-	324
	<u>          </u>	<u>          </u>

The Directors do not receive emoluments specifically for their services to this company. Due to the complexity of the company structure in the UK and how the Directors spend their time, Directors' emoluments have not been specifically allocated to the company and have been paid out of another related entity, RWE Renewables Management UK Limited. Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	-	144
	<u>          </u>	<u>          </u>

The highest paid director has not exercised share options during the year.

# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 8 Directors' remuneration

(Continued)

No director has participated in a defined benefit pension scheme during the year as the scheme was moved to RWE Renewables Management UK Limited from 1 July 2020. The amount of their accrued pension and accrued lump sum at the end of the period was as follows:

Accrued pension at the end of the year	-	59
Accrued lump sum at the end of the year	-	176
	<u>          </u>	<u>          </u>

#### 9 Finance income

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Interest income</b>		
Interest on the defined benefit asset	-	400
Interest receivable from group companies	1,820	6,382
	<u>          </u>	<u>          </u>
Total interest income	1,820	6,782
<b>Other income from investments</b>		
Dividends received from subsidiary undertakings	521,825	14,957
	<u>          </u>	<u>          </u>
Total income	<u>523,645</u>	<u>21,739</u>

#### 10 Finance costs

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable to group undertakings	20,644	11,227
<b>Interest on other financial liabilities:</b>		
Interest on lease liabilities	12	9
Interest on the defined benefit liability	-	400
	<u>          </u>	<u>          </u>
Total interest expense	<u>20,656</u>	<u>11,636</u>

#### 11 Other gains and losses

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Loss on transfer of defined benefit pension scheme assets - Former E.ON section	-	(59,600)
Gain on transfer of defined benefit pension scheme liabilities - Former E.ON section	-	63,300
Losses on derivative financial instruments	(163,707)	-
	<u>          </u>	<u>          </u>
	<u>(163,707)</u>	<u>3,700</u>

# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 12 Tax on profit/(loss)

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax</b>		
Group relief receivable	(19,949)	(4,287)
Adjustments in respect of prior periods	-	(2,931)
	<u>(19,949)</u>	<u>(7,218)</u>
<b>Total UK current tax</b>	<u>(19,949)</u>	<u>(7,218)</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(24,225)	60
Changes in tax rates	(7,651)	(1)
Adjustment in respect of prior periods	-	(40)
	<u>(31,876)</u>	<u>19</u>
<b>Total tax credit</b>	<u>(51,825)</u>	<u>(7,199)</u>

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

The credit 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	<u>278,981</u>	<u>501,647</u>
Expected tax charge based on a corporation tax rate of 19.00% (2020: 19.00%)	53,006	95,313
Effect of expenses not deductible in determining taxable profit	1,967	-
Income not taxable	(99,147)	(4,810)
Current tax adjustment in respect of prior years	-	(2,931)
Effect of change in UK corporation tax rate	(7,651)	(1)
Deferred tax adjustments in respect of prior years	-	(40)
Income not taxable - profit on disposal of investments in subsidiaries	-	(94,723)
Difference between current and deferred tax rate	-	(7)
	<u>(51,825)</u>	<u>(7,199)</u>
<b>Taxation credit for the year</b>	<u>(51,825)</u>	<u>(7,199)</u>

#### 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%.

# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 13 Dividends

Amounts recognised as distributions:	2021 per share £	2020 per share £	2021 Total £000	2020 Total £000
<b>Ordinary shares</b>				
Interim dividend paid	21.83	7.62	315,000	110,000

#### 14 Property, plant and equipment

	Leasehold land and buildings £000	Motor vehicles £000	Total £000
<b>Cost</b>			
At 31 December 2020	1,211	768	1,979
Additions	25	237	262
Disposals	-	(1,005)	(1,005)
At 31 December 2021	1,236	-	1,236
<b>Accumulated depreciation and impairment</b>			
At 31 December 2020	249	319	568
Charge for the year	430	126	556
Eliminated on disposal	-	(445)	(445)
At 31 December 2021	679	-	679
<b>Carrying amount</b>			
At 31 December 2021	557	-	557
At 31 December 2020	962	449	1,411

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

Right-of-use assets	2021 £000	2020 £000
<b>Net values</b>		
Property	557	962
Motor vehicles	-	449
	557	1,411
<b>Depreciation charge for the year</b>		
Property	430	159
Motor vehicles	126	284
	556	443



# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 15 Investments

	Non-current	
	2021	2020
	£000	£000
Investments in subsidiaries	1,147,268	183,945
Investments in associates	8,925	549,746
	<u>1,156,193</u>	<u>733,691</u>

### Movements in non-current investments

	Shares in group undertakings and participating interests £000
<b>Cost or valuation</b>	
At 1 January 2020	35,952
Additions	853,647
Disposals	(149,610)
At 31 December 2020	<u>739,989</u>
<b>Impairment</b>	
At 1 January 2020 & 31 December 2020	(6,298)
<b>Carrying amount</b>	
At 31 December 2020	<u>733,691</u>
At 31 December 2019	<u>29,654</u>

# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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15 Investments	(Continued)
	<b>Shares in group undertakings and participating interests £000</b>
<b>Cost or valuation</b>	
At 1 January 2021	739,989
Additions	422,502
	<hr/>
At 31 December 2021	1,162,491
	<hr/>
<b>Impairment</b>	
At 1 January 2021 & 31 December 2021	(6,298)
	<hr/>
<b>Carrying amount</b>	
At 31 December 2021	1,156,193
	<hr/> <hr/>
At 31 December 2020	733,691
	<hr/> <hr/>

On 1 April 2021, the company acquired the remaining shareholding in Rampion Renewables Limited from E.ON UK plc for £422,500k. This change in an entity control resulted as Rampion Renewables Limited being an associate entity to become its fully owned subsidiary. Refer to Note 16 for further details.

# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 16 Subsidiaries

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

Name of undertaking	Registered office	Principal activities	Class of shares held	% Held	
				Direct	Voting
RWE Renewables UK Blyth Limited	England & Wales	Offshore wind farm owner	Ordinary £0.0002 shares	100.00	100.00
RWE Renewables UK Onshore Wind Limited	England & Wales	Wind farm development and operation	Ordinary £1 shares	100.00	100.00
RWE Renewables UK Humber Wind Limited	England & Wales	Offshore wind farm operation	Ordinary A and B £1 shares	51.00	51.00
RWE Renewables UK London Array Limited	England & Wales	Offshore wind farm operation	Ordinary £1 shares	100.00	100.00
RWE Renewables UK Scroby Sands Limited	England & Wales	Offshore wind farm operation	Ordinary £1 shares	100.00	100.00
RWE Renewables UK Operations Limited	England & Wales	Onshore wind farm operation and investment holding company	Ordinary £1 shares	100.00	100.00
RWE Renewables UK Robin Rigg East Limited	England & Wales	Offshore wind farm operation	Ordinary £1 shares	100.00	100.00
RWE Renewables UK Robin Rigg West Limited	England & Wales	Offshore wind farm operation	Ordinary £1 shares	100.00	100.00
RWE Renewables UK Wind Services Limited	England & Wales	Operations, maintenance and management service provider	Ordinary £1 shares	100.00	100.00
RWE Renewables UK Zone Six Limited	England & Wales	Dormant	Ordinary £1 shares	100.00	100.00
Camster II Wind Farm Limited (formerly Lorg Wind Farm Limited)*	England & Wales	Dormant	Ordinary £1 share	100.00	100.00
Storage Facility 1 Limited	England & Wales	Distribution of electricity	Ordinary £1 shares	100.00	100.00
Rampion Renewables Limited	England & Wales	Holding entity	Ordinary £1 shares	100.00	100.00

\* indirect investment

All subsidiaries except for those noted below, have the same registered address as the company as disclosed in note 1. All entities above are incorporated in the United Kingdom.

The subsidiaries with a different registered address to the company are Camster II Wind Farm Limited (formerly Lorg Wind Farm Limited) and Storage Facility 1 Limited. The registered address of these entities are at Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, United Kingdom, SN5 6PB.

Changes to the proportion of direct % held during the year were as follows; Rampion Renewables Limited 100.00% (2020: 60.07%) and Storage Facility 1 Limited 100.00% (2020: nil%).

# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 17 Associates

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

Name of undertaking	Registered office	Principal activities	Class of shares held	% Held	
				Direct	Voting
Rampion Extension Development Limited	England & Wales	Offshore wind farm development	Ordinary £1 shares	50.10	50.10
RWE Renewables UK Dogger Bank South (East) Limited (formerly RWE Renewables UK Dogger Bank South One Limited)	England & Wales	Site preparation	Ordinary £1 shares	50.00	50.00
Scarweather Sands Limited	England & Wales	Dormant	Ordinary A £1 shares	50.00	50.00
RWE Renewables UK Dogger Bank South (West) Limited (formerly RWE Renewables UK Dogger Bank South Two Limited)	England & Wales	Site preparation	Ordinary £1 shares	50.00	50.00
TPG Wind Limited*	England & Wales	Offshore wind farm operation	Ordinary B £1 shares	50.00	50.00
Rampion Offshore Wind Limited*	England & Wales	Offshore wind farm development	Ordinary £1 shares	50.10	50.10
London Array Limited*	England & Wales	Offshore wind farm operation	Ordinary £1 shares	30.00	30.00

\* indirect investment

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

The only associates and joint ventures with a different registered address to the company are Scarweather Sands Limited and London Array Limited. The registered address of Scarweather Sands Limited is C/O Bishop Fleming LLP, 10 Temple Back, Bristol, BS1 6FL. The registered address of London Array Limited is Number 22 Mount Ephraim, Tunbridge Wells, Kent, England, TN4 8AS. RWE Renewables UK Dogger Bank South (East) Limited (formerly RWE Renewables UK Dogger Bank South One Limited) and RWE Renewables UK Dogger Bank South (West) Limited (formerly RWE Renewables UK Dogger Bank South Two Limited) are registered in Windmill Hill business Park, Whitehill Way, Swindon, Wiltshire, United Kingdom, SN5 6PB.

Changes to the proportion of direct % held during the year were as follows; RWE Renewables UK Dogger Bank South (East) Limited (formerly RWE Renewables UK Dogger Bank South One Limited) 50.00% (2020: nil%) and RWE Renewables UK Dogger Bank South (West) Limited (formerly RWE Renewables UK Dogger Bank South Two Limited) 50.00% (2020: nil%). Changes to the proportion of indirect % held during the year were as follows; Rampion Offshore Wind 50.10% (2020: 30.10%).

# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 18 Trade and other receivables

	Current		Non-current	
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade receivables	1,243	16,087	-	-
Corporation tax recoverable	62,826	22,280	-	-
VAT recoverable	319	405	-	-
Amount owed by parent undertaking	440	453,492	-	-
Amounts owed by fellow group undertakings	458,576	413,432	-	-
Other receivables	38	-	-	422,500
Prepayments and accrued income	135,656	114,803	-	-
	<u>659,098</u>	<u>1,020,499</u>	<u>-</u>	<u>422,500</u>
Deferred tax asset	-	-	31,884	8
	<u>659,098</u>	<u>1,020,499</u>	<u>31,884</u>	<u>422,508</u>

Within the amount owed by parent undertaking is an unsecured loan of £nil (2020: £410,258k), which interest is charged at the monthly EONIA average less 10 basis points except where the interest rate is negative and then it is fixed to a rate of 0.00% (from 1 January 2022 at SONIA monthly average less 10 basis points). On 1 July 2021 the loan agreements in place with the immediate parent undertaking, RWE Renewables International Participants BV, were replaced with loan agreements with the ultimate parent undertaking, RWE AG.

Within the amounts owed by fellow group undertakings is an unsecured loan of £78,415k (2020: £nil), which interest is charged at the monthly EONIA average less 10 basis points except where the interest rate is negative and then it is fixed to a rate of 0.00% (from 1 January 2022 at SONIA monthly average less 10 basis points).

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

- £248,857k (2020: £nil) with RWE Renewables UK London Array Limited maturing on 30 June 2022 with interest charged at 0.74%
- £61,951k (2020: £nil) with RWE Renewables UK Dogger Bank South (East) Limited maturing on 31 December 2024 with interest charged at 2.20%
- £61,951k (2020: £nil) with RWE Renewables UK Dogger Bank South (West) Limited maturing on 31 December 2024 with interest charged at 2.20%

The remaining amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Trade receivables, contract assets and amounts owed by group undertakings are stated after expected credit loss (ECL) of £3,437k (2020: £nil). The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivable except loan amount owed by group undertaking for which full expected credit loss approach under IFRS 9 applied.

Prepayment and accrued income comprise £135,656k (2020: £114,803k) accrued in respect of contract assets for the sale of Renewables Obligation Certificates ("ROC").

# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 19 Borrowings

	Current		Non-current	
	2021	2020	2021	2020
	£000	£000	£000	£000
<b>Borrowings held at amortised cost:</b>				
Loans from parent undertaking	47,670	491,552	973,403	932,437
Loans from subsidiary undertakings	-	146,432	-	-
	<u>47,670</u>	<u>637,984</u>	<u>973,403</u>	<u>932,437</u>
	<u><u>47,670</u></u>	<u><u>637,984</u></u>	<u><u>973,403</u></u>	<u><u>932,437</u></u>

Included in loans from parent undertaking is an unsecured loan repayable within one year of £35k (2020: £448,552k). Interest was charged at the monthly EONIA average (comparable rate for other currencies) of the respective month plus 50 basis points except where interest rate is negative and then it is fixed to a rate of 0.50% (from 1 January 2022 at SONIA monthly average plus 50 basis points). On 1 July 2021 these loan agreements in place with the immediate parent undertaking, RWE Renewables International Participants BV, were replaced with loan agreements with the ultimate parent undertaking, RWE AG.

Also included in borrowings are three loans owed to RWE Renewables International Participants BV with a maturity date and fixed interest rate as follows:

£248,703k (2020: £nil) maturing on 28 November 2031 with interest charged at 3.51% (2020: 3.51%).  
 £420,814k (2020: £545,437k) maturing on 30 June 2032 with interest charged at 1.88% (2020: 1.88%).  
 £346,886k (2020: £430,000k) maturing on 31 December 2034 with interest charged at 1.89% (2020: 1.89%).

#### 20 Trade and other payables

	2021	2020
	£000	£000
Trade payables	470	624
Amounts owed to fellow group undertakings	216,854	147,459
Accruals and deferred income	4,158	3,504
Other payables	185	186
	<u>221,667</u>	<u>151,773</u>
	<u><u>221,667</u></u>	<u><u>151,773</u></u>

Amounts owed to fellow group undertakings are unsecured, interest free and repayable on demand. The amount owed by fellow group undertakings also includes £11,000k (2020: £nil) relating to derivative settlement payable to RWE Supply and Trading (RWEST).

# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 21 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value and subsequently remeasured at fair value at each reporting date. Changes in fair values are recorded in the period they arise, in either the profit and loss account or other comprehensive income depending on the applicable accounting standards. Where the fair value of a derivative is positive it is carried as a derivative asset, and where negative as a derivative liability.

All derivative financial instruments relate to energy commodity swaps. These energy commodity swaps are used to hedge anticipated dividend cash flows from Rampion Offshore Wind Farm Limited.

The carrying amount of the derivative financial instruments equates to their fair value which is derived from forward power curves.

#### 22 Lease liabilities

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Maturity analysis</b>		
Within one year	390	574
In two to five years	98	737
	<u>488</u>	<u>1,311</u>
<b>Total undiscounted liabilities</b>	488	1,311
Future finance charges and other adjustments	(3)	(21)
	<u>485</u>	<u>1,290</u>
<b>Lease liabilities in the financial statements</b>	<u>485</u>	<u>1,290</u>

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

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Current liabilities	387	560
Non-current liabilities	98	730
	<u>485</u>	<u>1,290</u>
	<u>485</u>	<u>1,290</u>
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	12	9
	<u>12</u>	<u>9</u>

Other leasing information is included in note 27.

# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 23 Deferred tax assets

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 capital allowances	Other timing differences (financial derivatives)	Pensions and other schemes	Total
	£000	£000	£000	£000
Deferred tax asset at 1 January 2020	8	-	18	26
<b>Deferred tax movements in prior year</b>				
Credit/(Charge) to profit or loss	(1)	-	(18)	(19)
Effect of change in tax rate - profit or loss	1	-	-	1
	<u>8</u>	<u>-</u>	<u>-</u>	<u>8</u>
Deferred tax asset at 31 December 2020	8	-	-	8
<b>Deferred tax movements in current year</b>				
Credit/(Charge) to profit or loss	(1)	24,226	-	24,225
Effect of change in tax rate - profit or loss	1	7,650	-	7,651
	<u>8</u>	<u>31,876</u>	<u>-</u>	<u>31,884</u>
Deferred tax asset at 31 December 2021	<u>8</u>	<u>31,876</u>	<u>-</u>	<u>31,884</u>

#### 24 Provisions for liabilities

	2021 £000	2020 £000
Other provisions	170	170
	<u>170</u>	<u>170</u>
Movements on provisions:		<b>Other provisions £000</b>
At 1 January 2021 and 31 December 2021		170
		<u>170</u>

The company has recognised a provision in respect of certain future contractual obligations to third parties which are due to be settled during 2042.



# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 25 Retirement benefit schemes

##### Defined contribution schemes

This company was not the employing entity during the year ended 2021. The total cost charged to the profit and loss account was £nil (2020: £201k), which represents contributions payable to the DC section at rates specified in the rules of the plan.

##### Defined benefit scheme

The present value of defined benefit obligations balances of £nil (2020: £63,300k) and the fair value of the plan assets balance of nil (2020: £59,600k).

	2021	2020
	£000	£000
<i>Amounts recognised in the income statement</i>		
Current service cost	-	1,200
Past service cost	-	300
	<u>-</u>	<u>1,500</u>
Total costs	<u>-</u>	<u>1,500</u>
	2021	2020
	£000	£000
<i>Amounts recognised in other comprehensive income</i>		
Actuarial losses arising from changes in financial assumptions	-	2,200
Return on plan assets (excluding amounts included in interest income)	-	1,000
	<u>-</u>	<u>3,200</u>
Total costs	<u>-</u>	<u>3,200</u>
	2021	2020
	£000	£000
<i>Amounts recognised in equity</i>		
Actuarial losses arising from bulk transfer of assets and past service liabilities	-	400
	<u>-</u>	<u>400</u>
At 1 January	-	800
Current service cost	-	1,200
Past service cost	-	300
Benefits paid	-	(200)
Contributions from scheme members	-	300
Actuarial losses arising from changes in financial assumptions	-	2,200
Interest cost	-	400
Bulk transfer of past service liabilities into the section - 3 March 2020	-	58,300
Liability transferred to RWE Renewables Management UK Limited - 1 July 2020	-	(63,300)
	<u>-</u>	<u>-</u>
At 31 December	-	-

# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

25 Retirement benefit schemes	(Continued)	
	2021 £000	2020 £000
<i>Movements in the fair value of plan assets:</i>		
At 1 January	-	500
Interest income	-	400
Return on plan assets (excluding amounts included in interest income)	-	(1,000)
Benefits paid	-	(200)
Contributions by the employer	-	1,700
Contributions by scheme members	-	300
Bulk transfer of assets into the section - 3 March 2020	-	57,900
Fair value of assets transferred to RWE Renewables Management UK Limited - 1 July 2020	-	(59,600)
At 31 December	-	-

The actual return on the plan assets was £nil (2020: £(600)k).

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

26 Share capital	2021 Number	2020 Number	2021 £000	2020 £000
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	14,434,850	14,434,850	14,435	14,435

## 27 Other leasing information

### Lessee

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

	2021 £000	2020 £000
Expense relating to short-term leases	-	11

The expenses above are included in the cost of sales. Leases include leases of buildings and vehicles.

The total cash outflow for leases was £153k (2020: £626k).

Information relating to lease liabilities is included in note 22.

# RWE RENEWABLES UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 28 Related party transactions

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

	Purchase of goods	
	2021 £000	2020 £000
Subsidiaries	173,441	-
	<hr/>	<hr/>
	173,441	-
	<hr/> <hr/>	<hr/> <hr/>

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2021	2020
	£000	£000
Subsidiaries	70,318	-
	<hr/>	<hr/>
	70,318	-
	<hr/> <hr/>	<hr/> <hr/>

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

### 29 Controlling party

The company's immediate parent is RWE Renewables International Participations BV.

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, RWE Platz 1 45141 Essen, Germany.