

Company Registration No. 07233491 (England and Wales)

**RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4  
LIMITED)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## COMPANY INFORMATION

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<b>Directors</b>	B Furlong J McKenzie C Forbes T Michel C Schrimpf	(Appointed 14 May 2019) (Appointed 20 January 2020) (Appointed 1 July 2020) (Appointed 1 July 2020) (Appointed 1 July 2020)
<b>Company secretary</b>	P Sainsbury	(Appointed 1 July 2020)
<b>Company number</b>	07233491	
<b>Registered office</b>	Windmill Hill Business Park Whitehill Way Swindon Wiltshire United Kingdom SN5 6PB	
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London United Kingdom WC2N 6RH	

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# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

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# **RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)**

## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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

### **RWE Renewables GYM 4 Limited (Formerly Innogy GYM 4 Limited) s172 Statement**

**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 RWE Renewables GYM 4 Limited (Formerly Innogy GYM 4 Limited) believe they have acted in the manner most likely to promote the success of the company for the benefit of its members as a whole having a regard to the matters set out in s172(1)(a-f) of the Act.

The following important matters have been directly addressed:

Likely consequence of long term decisions

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

Employee engagement

- Other than the directors there are no employees of the company.

*Business relationships*

- RWE Renewables GYM 4 Limited is a member of an unincorporated joint venture and its relationships are governed by a Joint Operating Agreement (JOA) that sets out the terms and conditions of its interaction with Gwynt Y Môr Offshore Wind Farm Limited, which acts as an agent within the unincorporated joint venture.
- Under the Management Services Deed, RWE Renewables UK Swindon Limited (Formerly known as Innogy Renewables UK Limited) provides services to RWE Renewables GYM 4 Limited.
- RWE Renewables GYM 4 Limited interacts with suppliers through the JOA as a member of the unincorporated joint venture with Gwynt Y Môr Offshore Wind Farm Limited acting as an agent.
- The company follows the service provider's code of conduct and expects business partners to accept the principles set out in that code. The company's goals must only be achieved by legal and ethical means. Private interests should remain separate to those of the company and employees should not solicit or accept monetary benefits from third parties.
- The health and safety of contractors on the company's sites is vitally important. Contractors are therefore expected to sign up to and follow the service provider's HSE Requirements for contractors working on offshore wind farm sites. The Board of Gwynt Y Môr Offshore Wind Farm Limited regularly review HSE reporting during the company Board meetings and take action as required.
- The company supports suppliers by paying promptly in line with the terms agreed between the parties.
- The company strictly follows a Power Purchase Agreement for the sale of its electrical output as agreed with its customer RWE Renewables UK Swindon Limited and thereby maintains good business relations.

# **RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### Community and the environment

- During 2019 the company contributed to Gwynt y Môr Community Fund which support community initiative across the North Wales Coast. The annual fund was set up following an extensive consultation to meet the needs of the local area and will be available each year of the operational lifetime of the project. The Board of Gwynt y Môr Offshore Wind Farm Limited has appointed Community and Voluntary Support Conwy (CVSC), a local professional grant maker as the independent administrator of the fund. They have also the decision making in the hands of local representatives – with a panel of local people (supported by CVSC) who make decisions about how their community is supported. The fund supports a wide range of projects such as building and maintaining community buildings, education and training projects that help people back into employment and to set up small businesses and social projects for example friendship groups, bereavement counselling and projects that support the homeless.
- The company looks to engage with local suppliers where possible and by doing so supports local businesses. As part of any new operation a lobby is held to give the local community a chance to ask questions, and also to provide a platform to demonstrate the economic benefit to the local communities.
- In 2019 the company also contributed to the Royal National Lifeboat Institute (RNLI) to fund the training for its volunteer crew at Llandudno, Conwy, Rhyl and Flint lifeboat stations. The Board of Gwynt y Môr Offshore Wind Farm Limited recognise the important role of the RNLI saving lives at sea, this was the final year of a five year partnership turning even more volunteers into lifesavers.

### *Operating Sites*

- 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 the protection and growth of the local ecology..

### *Maintaining high business standards*

- The Board are aware of their social role and responsibility towards customers, business partners, shareholders, employees and the wider stakeholder community. The company is committed to conducting business with integrity, being respectful to others and the environment, and in compliance with the law.

### *Act fairly between members*

- A Management Service Deed is in place that dictates how the service provider, RWE Renewables UK Swindon Limited, provides services to the company. This agreement is strictly followed in order to avoid conflicts of interest.

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### Review of the business

The Gwynt y Môr wind farm consists of 160 turbines which are situated in Liverpool Bay, off the North Wales coast. The project was initially funded by RWE Renewables UK Limited, in partnership with Stadtwerke München, and Siemens. Operationally, Gwynt y Môr has an installed capacity of 576MW, using Siemens 3.6MW wind turbine generators.

First electricity generation took place at Gwynt y Môr on 29 August 2013 and with generation levels increasing as more turbines were installed and commissioned. All turbines were commissioned by 31 May 2015.

The wind farm, including all 160 foundations, turbines, cabling, an onshore substation and 2 offshore substations was officially inaugurated on 18 June 2015.

To ensure appropriate operations and maintenance, a related party, Gwynt y Môr Offshore Wind Farm Limited, has built a dedicated base at Port of Mostyn, Flintshire. This facility will monitor and manage maintenance and repair of the wind farm, and operate Gwynt y Môr.

The company is a part of an unincorporated joint venture and the ownership of the assets are split across the special purpose vehicles in their respective percentages.

The position of the company at the end of the year is provided on page 12 of the financial statements.

The decrease in revenue is primarily due to lower power prices achieved in the year.

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Revenue	72,353,386	78,989,035
Profit/(loss) for the financial year	3,477,160	(1,455,890)
Net liabilities	30,749,982	34,227,142

### Principal risks and uncertainties

The principal risk and uncertainty facing the business are:

- average wind speeds falling significantly below expectations could have a negative impact on revenues and cash flows;
- low yield due to grid or turbine outages could also have a negative impact on revenues and cash flows;
- adverse changes in the regulatory and political environment in the renewable energy market place;

These risks are mitigated ensuring regulatory compliance. Availability and wind speed risk is managed using availability incentives and monitoring of operational efficiency of the wind farm, taking remedial action where required. Yield risk is managed using yield incentives to contractors and wind speed risk is monitored by measuring against long term averages.

# **RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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

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

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

On behalf of the board

B Furlong

**Director**

14 December 2020

# **RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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

#### **Principal activities**

The principal activity of the company is the operation of the Gwynt y Môr offshore wind farm which is situated off the coast of Rhyl in North Wales.

#### **Results and dividends**

The results for the year are set out on page 12.

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

#### **Directors**

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

P Cowling	(Resigned 20 January 2020)
C Mockl	(Resigned 1 July 2020)
R Sandford	(Resigned 1 July 2020)
B Furlong	(Appointed 14 May 2019)
J McKenzie	(Appointed 20 January 2020)
C Forbes	(Appointed 1 July 2020)
T Michel	(Appointed 1 July 2020)
C Schrimpf	(Appointed 1 July 2020)

#### **Directors' insurance**

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

#### **Change of name**

On 1 September 2020 the company name changed from Innogy GyM 4 Limited to RWE Renewables GyM 4 Limited.

#### **Financial instruments**

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

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

The operational wind farm assets generate sufficient positive cash flows to service the loans due to the parent company. The timing of cash flows in respect of the debt servicing is set out in the respective loan agreement.

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

The company's exposure to interest rate risk is limited to interest charged on loans from other group companies.

# **RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)**

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

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### ***Currency risk***

Most of the company's transactions and balances are denominated in sterling and the company therefore has limited exposure to currency fluctuations. The risk of significant currency movements on substantial known expenditure in foreign currency is mitigated through the use of foreign exchange forward contracts.

### ***Credit Risk***

The company's principle exposure to credit risk is a default by RWE Renewables UK Swindon Limited (formerly Innogy Renewables UK Limited) on the terms of the power price agreement.

### ***Price Risk***

The company's principle exposure to price risk is limited as the price achieved for electricity generation is set by reference to a market index under a separate long term power purchase agreement with Innogy Renewables UK Limited.

### ***Future developments***

The company will continue to participate in the operation of the Gwynt y Mor wind farm for the foreseeable future.

### ***Independent auditors***

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

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

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

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

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

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

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

# **RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)**

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

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **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.

### **COVID 19**

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

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

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

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

### **Going Concern**

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

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

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

# **RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)**

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

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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On behalf of the board

B Furlong  
**Director**

14 December 2020

# **RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)**

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

##### **Opinion**

In our opinion, RWE Renewables GyM 4 Limited (formerly Innogy GyM 4 Limited)'s financial statements:

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

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

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

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

##### *Independence*

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

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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

# **RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)**

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

### **TO THE MEMBERS OF RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)**

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#### **Reporting on other information**

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

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

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

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

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

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

# **RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)**

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

### **TO THE MEMBERS OF RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)**

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

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

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](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 received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



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

14 December 2020

United Kingdom

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# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
<b>Revenue</b>		72,353,386	78,989,035
Cost of sales		(44,590,624)	(52,799,366)
<b>Gross profit</b>		27,762,762	26,189,669
Administrative expenses		(23,804)	(13,230)
Other operating expenses		-	(1,179)
<b>Operating profit</b>	<b>4</b>	27,738,958	26,175,260
Finance income	<b>8</b>	280,408	263,469
Finance costs	<b>9</b>	(26,015,084)	(26,651,924)
<b>Profit/(loss) before taxation</b>		2,004,282	(213,195)
Tax on profit/(loss)	<b>10</b>	1,472,878	(1,242,695)
<b>Profit/(loss) and total comprehensive income/ (expense) for the financial year</b>		3,477,160	(1,455,890)

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



# **RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)**

## **STATEMENT OF FINANCIAL POSITION (CONTINUED)**

***AS AT 31 DECEMBER 2019***

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The financial statements were approved by the board of directors and authorised for issue on 14 December 2020 and are signed on its behalf by:

B Furlong  
**Director**

**Company Registration No. 07233491**

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

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	Share capital £	Retained earnings £	Total £
<b>Balance at 1 January 2018</b>	1	(32,771,253)	(32,771,252)
<b>Year ended 31 December 2018:</b>			
Loss and total comprehensive expense for the year	-	(1,455,890)	(1,455,890)
<b>Balance at 31 December 2018</b>	1	(34,227,143)	(34,227,142)
<b>Year ended 31 December 2019:</b>			
Profit and total comprehensive income for the year	-	3,477,160	3,477,160
<b>Balance at 31 December 2019</b>	1	(30,749,983)	(30,749,982)

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# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

#### Company information

RWE Renewables GyM 4 Limited (Formerly Innogy GyM 4 Limited) is a private company limited by shares incorporated and domiciled in England and Wales. The registered office is Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, United Kingdom, SN5 6PB. The company's principal activities and nature of its operations are disclosed in the directors' report.

#### 1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, except for the revaluation of land and buildings and derivative financial assets and financial liabilities measure at fair value through profit and loss. The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

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

Where required, equivalent disclosures are given in the group accounts of RWE AG. The group accounts of RWE AG are available to the public and can be obtained as set out in note 23.

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.2 Going concern

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

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

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

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

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

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

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

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

(Continued)

#### 1.3 Revenue

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

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

Revenue is generated entirely within the United Kingdom.

#### Other operating income

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

#### 1.4 Property, plant and equipment

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

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

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

Wind Farm	Straight line basis over 23 years
Decommission asset	Straight line basis over 23 years
Motor Vehicles	Straight line bases over 5 years

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

#### 1.5 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.

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

(Continued)

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 Inventories

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

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

#### 1.8 Cash and cash equivalents

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

#### 1.9 Financial assets

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

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

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

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

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

(Continued)

#### ***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.

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

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

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

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

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

### 1.10 Financial liabilities

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

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

---

#### 1 Accounting policies

(Continued)

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

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

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

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

##### **Other financial liabilities**

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

##### **Derecognition of financial liabilities**

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

#### 1.11 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.

#### 1.12 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.

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

(Continued)

#### **Deferred tax**

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

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

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

#### **1.13 Provisions**

A provision is made for the decommissioning of RWE Renewables GyM 4 Limited (Formerly Innogy GyM 4 Limited) based on an assessment of the current cost of decommissioning. Decommissioning is expected to take place in 2037.

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

#### **1.14 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.

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

(Continued)

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

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

#### 1.15 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

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

#### IFRS 16 Leases

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

The new accounting policies are disclosed in note 1.

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

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.

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

#### Measurement of lease liabilities

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

Initial application of IFRS 16: Reconciliation	
	£
Operating lease commitments disclosed as at 31 December 2018 under IAS 17	42,446,733
Adjustments for:	
Effect of discounting lease liabilities	(7,474,828)
Different treatment of extension and termination options	(25,294,969)
Finance lease liabilities recognised as at 1 January 2019	9,676,936

#### Measurement of right-of-use assets

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

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

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

Right-of-use assets (disclosed within property, plant and equipment) – increase by £9,676,936

Lease liabilities – increase by £9,676,936

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

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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

##### Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and an Associate or Joint Venture
IFRS 17	Insurance Contracts
Amendment to IFRS 3	Business Combinations
Amendments to IAS 1 and IAS 8	Definition of materiality
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest rate benchmark reform
Amendments to IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current

#### 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.

##### Critical judgements

##### Property, Plant and Equipment

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

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 3 Critical accounting estimates and judgements

(Continued)

#### Estimation of useful economic life

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

#### Decommissioning provision

Amounts used in recording a provision for decommissioning of wind farms are estimates based on current legal and constructive requirements. Due to changes in relation to these items, the future actual cash outflows in relation to decommissioning are likely to differ in practice. To reflect the effects due to changes in legislation, requirements and technology and price levels, the carrying amounts of decommissioning provisions are reviewed on a regular basis. The effects of changes in estimates do not give rise to prior year adjustments and are dealt with prospectively over the estimated remaining useful lives for each wind farm. While the company uses its best estimates and judgement, actual results could differ from these estimates. In estimating decommissioning provisions, the company applied an annual average inflation rates of 2.00% (2018: 2.00%) and an average annual discount rates of 0.46% (2018: 1.50%).

### 4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging:		
Exchange losses	16,031	7,618
Depreciation of property, plant and equipment	27,803,201	27,199,983
	<u>                    </u>	<u>                    </u>

### 5 Auditors' remuneration

	2019	2018
	£	£
Fees payable to the company's auditors and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	13,594	13,900
	<u>                    </u>	<u>                    </u>

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

### 6 Employees

The company had no employees for the year under review (2018: nil).

### 7 Directors' remuneration

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

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 8 Finance income

	2019 £	2018 £
<b>Interest income</b>		
Interest on bank deposits	10,378	5,806
Other interest income	270,030	257,663
Total interest income	<u>280,408</u>	<u>263,469</u>

Other finance income comprises imputed interest recognised in respect of an interest free loan made to a related company.

### 9 Finance costs

	2019 £	2018 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Other interest	8,143	54,737
Interest payable to group undertakings	24,827,599	26,055,258
	<u>24,835,742</u>	<u>26,109,995</u>
<b>Interest on other financial liabilities:</b>		
Interest on lease liabilities	629,285	-
Total interest expense	<u>25,465,027</u>	<u>26,109,995</u>
<b>Other finance costs:</b>		
Unwinding of discount on provisions	550,057	541,929
Total finance costs	<u>26,015,084</u>	<u>26,651,924</u>

### 10 Tax on profit/(loss)

	2019 £	2018 £
<b>Current tax</b>		
Group relief	(14,768,984)	5,698,064
Adjustments in respect of prior periods	72,248	(4,291,814)
<b>Total UK current tax</b>	<u>(14,696,736)</u>	<u>1,406,250</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	13,288,500	(3,963,555)
Adjustment in respect of prior periods	(64,642)	3,800,000
	<u>13,223,858</u>	<u>(163,555)</u>
<b>Total tax charge/(credit)</b>	<u>(1,472,878)</u>	<u>1,242,695</u>

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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

(Continued)

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

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

	2019 £	2018 £
Profit/(loss) before taxation	2,004,282	(213,195)
Expected tax charge/(credit) based on a corporation tax rate of 19% (2018: 19%)	380,814	(40,507)
Effect of expenses not deductible in determining taxable profit	708,110	1,357,671
Income not taxable	(1,006,056)	(48,956)
Adjustment in respect of prior periods	7,606	(491,814)
Effect of change in UK corporation tax rate	(1,563,352)	466,301
<b>Taxation (credit)/charge for the year</b>	<b>(1,472,878)</b>	<b>1,242,695</b>

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

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

On 11 March 2020 the UK Government announced that the previously enacted corporate tax rate reduction from 19% to 17% on 1 April 2020 would not go ahead. This change was not substantively enacted at the balance sheet date and therefore the deferred tax assets have continued to be measured at 17%. The effect of this change would be to increase the deferred tax asset at 31 December 2019 by £125,677.

#### 11 Property, plant and equipment

	Wind Farm asset £	Decommission asset £	Motor Vehicles £	Total £
<b>Cost</b>				
At 31 December 2018	597,828,945	32,751,483	6,208	630,586,636
Right-of-use assets on adoption of IFRS 16	9,676,936	-	-	9,676,936
At 1 January 2019	607,505,881	32,751,483	6,208	640,263,572
Additions	1,325,477	2,737,407	-	4,062,884
At 31 December 2019	608,831,358	35,488,890	6,208	644,326,456

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Property, plant and equipment	Wind Farm Decommission Motor Vehicles			Total
	asset	asset	asset	
	£	£	£	£
<b>Accumulated depreciation and impairment</b>				
At 1 January 2019	102,638,732	6,210,411	6,208	108,855,351
Charge for the year	26,244,472	1,558,729	-	27,803,201
At 31 December 2019	128,883,204	7,769,140	6,208	136,658,552
<b>Carrying amount</b>				
At 31 December 2019	479,948,154	27,719,750	-	507,667,904
At 31 December 2018	495,190,213	26,541,072	-	521,731,285

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

Right-of-use assets	2019	2018
	£	£
<b>Net values</b>		
Wind Farm	9,193,090	-
<b>Depreciation charge for the year</b>		
Wind Farm	483,846	-

## 12 Investments

	Current		Non-current	
	2019	2018	2019	2018
	£	£	£	£
Investments in joint ventures	-	-	-	1,563,456

### Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 12 Investments

(Continued)

The investment represents 30% of the ordinary share capital of Gwynt y Môr Offshore Wind Farm Limited ("GyM OWFL"), a company registered in England and Wales. This undertaking has the same registered address as the Company, as given on page 1.

GyM OWFL participates in the unincorporated joint venture which developed and operates the Gwynt y Môr offshore wind farm project.

The carrying value of the investment is nil at 31 December 2019 (2018: £1,563,456) which has been recognised as a capital contribution in respect of an interest free loan made by the company to GyM OWFL.

#### Impairment

During 2019 it was determined that the carrying value of the investment should be impaired to nil as Gwynt y Môr Offshore Wind Farm Limited had a net liability of £2,698,846 as at 31 December 2019.

#### Movements in non-current investments

	Shares in group undertakings and participating interests £
<b>Cost or valuation</b>	
At 1 January 2019 & 31 December 2019	1,563,456
<b>Impairment</b>	
At 1 January 2019	-
Impairment losses	(1,563,456)
At 31 December 2019	(1,563,456)
<b>Carrying amount</b>	
At 31 December 2019	-
At 31 December 2018	1,563,456

### 13 Inventories

	2019 £	2018 £
Spare parts	367,070	367,070

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 14 Trade and other receivables

	Current		Non-current	
	2019	2018	2019	2018
	£	£	£	£
Trade receivables	117,746	2,580	-	-
Corporation tax recoverable	8,998,672	-	-	-
VAT recoverable	1,468,077	1,212,362	-	-
Accrued income	22,705,338	26,572,449	-	-
Amounts owed by related parties	5,895,665	-	-	5,625,635
Prepayments	741,652	526,403	-	-
	<u>39,927,150</u>	<u>28,313,794</u>	<u>-</u>	<u>5,625,635</u>
Deferred tax asset	-	-	1,068,254	14,292,112
	<u>39,927,150</u>	<u>28,313,794</u>	<u>1,068,254</u>	<u>19,917,747</u>

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

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

The amounts owed by related parties is an interest free, unsecured loan and repayable on 2 June 2020. Following the transition to FRS 101 imputed interest income has been recognised for this loan.

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 15 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 forward foreign currency contracts. Forward foreign currency contracts are used to hedge anticipated and committed future currency cash flows.

On conversion to IFRS existing foreign exchange forward contracts were treated as cash flow hedges. Subsequently new foreign exchange forward contracts have been designated as fair value hedges and accounted for as fair value through profit and loss.

#### *Derivative liabilities accounted for as fair value hedges*

	Fair value of instrument at reporting date	Carrying value of instrument at reporting date
	£	£
2019	(75,617)	(75,617)
	<u>                    </u>	<u>                    </u>
	Fair value of instrument at reporting date	Carrying value of instrument at reporting date
	£	£
2018	(3,818)	(3,818)
	<u>                    </u>	<u>                    </u>

### 16 Trade and other payables

	2019	2018
	£	£
Trade payables	39,797	11,120
Amounts owed to undertakings in which the company has a participating interest	459,469	1,366,259
Amounts owed to related parties	523,393,942	548,352,092
Accruals and deferred income	6,411,733	4,828,722
Other payables	30,660	-
	<u>                    </u>	<u>                    </u>
	<u>530,335,601</u>	<u>554,558,193</u>

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 16 Trade and other payables

(Continued)

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Included in amounts owed to related parties is a loan of £523,393,942 (2018: £548,352,092) from the immediate parent company. The rate of interest on the loans is payable at 4.644% for the year ended 31 December 2019 (2018: 4.624%). The loan is repayable on demand.

Other amounts owed to parent and group companies are unsecured, interest free and repayable on demand.

#### 17 Lease liabilities

	2019 £	2018 £
<b>Maturity analysis</b>		
Within one year	886,008	-
In two to five years	3,544,032	-
In over five years	11,835,720	-
	<hr/>	<hr/>
<b>Total undiscounted liabilities</b>	16,265,760	-
Future finance charges and other adjustments	(6,845,546)	-
	<hr/>	<hr/>
<b>Lease liabilities in the financial statements</b>	9,420,214	-
	<hr/> <hr/>	<hr/> <hr/>

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

	2019 £	2018 £
Current liabilities	272,335	-
Non-current liabilities	9,147,879	-
	<hr/>	<hr/>
	9,420,214	-
	<hr/> <hr/>	<hr/> <hr/>
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	629,285	-
	<hr/> <hr/>	<hr/> <hr/>

The fair value of the company's lease obligations is approximately equal to their carrying amount.

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 17 Lease liabilities

(Continued)

### 18 Deferred tax asset

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

	Accelerated capital allowances	Tax losses	Fair value movements on financial instruments	Other items	Total
	£	£	£	£	£
Deferred tax asset at 1 January 2018	9,176,990	-	-	4,951,567	14,128,557
<b>Deferred tax movements in prior year</b> (Charge)/Credit to profit or loss	4,329,590	634,965	648	(4,801,648)	163,555
Deferred tax asset at 31 December 2018 and 1 January 2019	13,506,580	634,965	648	149,919	14,292,112
<b>Deferred tax movements in current year</b> (Charge)/Credit to profit or loss	(13,155,356)	64,643	12,207	(145,352)	(13,223,858)
Deferred tax asset at 31 December 2019	351,224	699,608	12,855	4,567	1,068,254

The deferred tax asset will be recovered against future taxable profits which are forecasted to be generated by the wind farm.

### 19 Provisions for liabilities

	2019 £	2018 £
Decommission provision	39,957,960	36,670,496
Other provisions	-	5,880,000
	<u>39,957,960</u>	<u>42,550,496</u>

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

19 Provisions for liabilities	(Continued)		
Movements on provisions:	Decommission provision £	Other provisions £	Total £
At 1 January 2019	36,670,496	5,880,000	42,550,496
Additional provisions in the year	2,737,407	-	2,737,407
Reversal of provision	-	(5,880,000)	(5,880,000)
Unwinding of discount	550,057	-	550,057
At 31 December 2019	<u>39,957,960</u>	<u>-</u>	<u>39,957,960</u>

A provision was recognised for the entities proportion of the damages claim and legal costs in an on-going case between Gwynt y Môr Offshore Wind Farm Limited and the OFTO (Offshore Transmission Owners) in the 2018 statutory accounts.

On 8 April 2020 the judge found Gwynt Y Môr Offshore Wind Farm Limited in favour. The claimant confirmed that no appeal will be sought and the provision that was recognised in 2018 has been released in full in the 2019 statutory accounts.

20 Called up Share capital	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

## 21 Other leasing information

### Lessee

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

	2019 £	2018 £
Expense relating to variable lease payments not included in lease liabilities	<u>207,099</u>	<u>-</u>

The expenses above are included in the cost of sales. In 2018, before the adoption of IFRS 16, all non-cancellable operating lease expenses amounted to £207,099 and are included in the cost of sales. Leases include leases of land on which the RWE Renewables GyM 4 Limited (Formerly Innogy GyM 4 Limited) wind farm is situated. These lease contracts include a fixed element which is subject to quarterly indexation, and a variable element, which is calculated based on the volume of generated electricity. The latter is excluded from the lease liability and expensed in the period to which it relates.

Information relating to lease liabilities is included in note 17.

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 22 Related party transactions

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

	Purchase of Fixed Assets		Purchase of services	
	2019	2018	2019	2018
	£	£	£	£
Gwynt y Môr Offshore Wind Farm Limited (acting as agent)	4,057,058	2,904,578	(15,435,706)	(13,054,955)
	<u>4,057,058</u>	<u>2,904,578</u>	<u>(15,435,706)</u>	<u>(13,054,955)</u>
	Provision of finance		Provision of finance as a loan	
	2019	2018	2019	2018
	£	£	£	£
Gwynt y Môr Offshore Wind Farm Limited	1,803,500	(130,094)	270,030	257,663
	<u>1,803,500</u>	<u>(130,094)</u>	<u>270,030</u>	<u>257,663</u>

The following amounts were outstanding at the reporting end date:

	2019	2018
	£	£
<b>Amounts due to related parties</b>		
Gwynt y Môr Offshore Wind Farm Limited - provision of finance as a loan	5,895,665	5,625,635
Gwynt y Môr Offshore Wind Farm Limited - provision of finance	(3,170,012)	(1,366,511)
	<u>2,725,653</u>	<u>4,259,124</u>

#### 23 Controlling party

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

The ultimate parent is RWE AG. The ultimate parent during the financial year was E.ON SE.

The most senior parent entity producing publicly available financial statements is RWE AG, a company incorporated in Germany. These financial statements are available upon request from RWE AG, RWE Platz 1, 45141 Essen, Germany, the ultimate parent's principal place of business.

The ultimate controlling party is RWE AG. The ultimate controlling party during the financial year was E.ON SE.

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

# RWE RENEWABLES GYM 4 LIMITED (FORMERLY INNOGY GYM 4 LIMITED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 24 Events after the reporting date

##### Important non-adjusting events after the reporting period

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

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

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

On 15 October 2020, a failure in one of the four Gwynt y Môr export cables that are owned and operated by an unrelated party, Gwynt y Môr OFTO - a consortium of Balfour Beatty Investments and Equitix - resulted in the wind farm being configured to 75% of capacity from that date until early 2021, at which time the cable is expected to be repaired and normal output resumed. At the date of signing, the cable failure is expected to lead to an estimated overall loss of revenue of between £1.3 million and £3.0 million, affecting the years ending 31 December 2020 and 31 December 2021. The company will seek to make insurance claims for these losses. The failure may also lead to additional transmission costs in future periods. Although the cable failure has been caused by a known manufacturing issue, it is considered by experts only to affect export cables relatively early in their asset lives. The cable failure and the risk of similar future failures is not expected to affect the overall profitability of the company or its ability to continue as a going concern.