AIP Acquisitions II Limited

Annual Report and Financial Statements
For the year ended 31 December 2021

Registered number 09431123

Contents

Company Information

Directors:	J Skinner N Hildyard
Registered Office:	15 Diddenham Court, Lambwood Hill, Grazeley England RG7 1JQ
Auditor:	Deloitte LLP 2 New Street Square London EC4A 3BZ
Bankers:	Royal Bank of Scotland Plc 36 St Andrew Square Edinburgh EH2 2YB

GROUP STRATEGIC REPORT

Introduction

'The Group' is defined as AIP Acquisitions II Limited ('the Company') together with its direct and indirect subsidiaries (see note 10 for further details).

These financial statements are for the year ended 31 December 2021. The Group's principal activity is the operation of ground mounted solar photo-voltaic installations in the UK. The Group's strategy is to operate these installations efficiently and optimise generation revenues, whilst maintaining the installations to maximise generation of electricity over the installation's economic life. The Group operates a lean business model to assist achieving this objective.

Business review

On 1st June 2021, the external debt within the Company was refinanced. On the same date, the directors decided to undertake a group re-organisation.

As a result of the re-organisation, the ownership of Arjun Infrastructure Partners III Ltd and AIP Acquisitions VI Ltd was transferred to Arjun Infrastructure Partners II Ltd, who further transferred the ownership to the Company. Therefore, Arjun Infrastructure Partners III Ltd and AIP Acquisitions VI Ltd (together with their subsidiaries) are now fully-owned subsidiaries of the Company and members of the Group.

As part of the re-organisation, capital reductions were undertaken which created c£89m of additional distributable reserves for the Group.

The refinancing and reorganisations noted above are discussed in further detail in notes 15 & 20 in the financial statements.

The Group has recorded consolidated revenue of £13,137,837 (2020: £6,503,433) and profit before tax of £3,457,678 (2020: loss before tax of £1,652,605) for the year ended 31 December 2021.

The consolidated statement of financial position on page 15 shows the group's financial position at the year end. As at 31 December 2021, the Group had net assets of £84,528,740 (2020: net liabilities of £3,653,988).

The significant increase in revenue/profit and movements from the 2020 net liabilities position to 2021 net assets position were as a result of the reorganisation mentioned above.

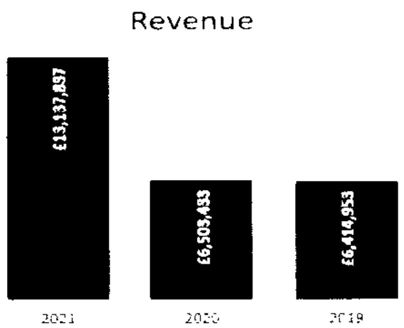
In addition, fair value movements of interest rate swaps went from a loss of £1,664,024 in 2020 to a profit of £2,143,843 in 2021.

Key performance indicators

Revenue:

FY 2021 revenue increased by 102% over FY 2020 figures primarily due to the group reorganisation and acquisitions of AIP Acquisitions VI Limited and Arjun Infrastructure Partners III Limited (together with their underlying subsidiaries) in June 2021.

The corresponding like-for-like revenue for the original 'UK Solar' group in FY 2021 was £6,644,014; representing a 2%



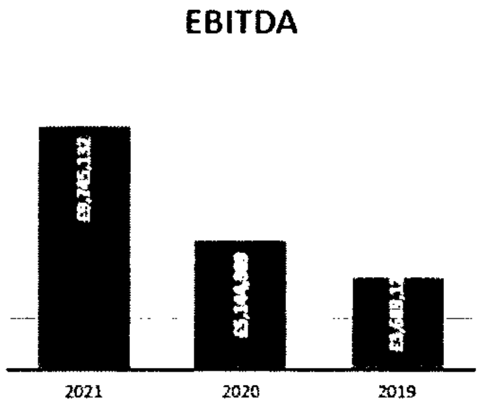
GROUP STRATEGIC REPORT (CONTINUED)

Key performance indicators (continued)

EBITDA:

FY 2021 Earnings before interests, taxes, depreciation, and amortization (EBITDA) increased by 89% over FY 2020 figures primarily due to the group reorganisation and acquisitions of AIP Acquisitions VI Limited and Arjun Infrastructure Partners III Limited (together with their underlying subsidiaries) in June 2021. The EBITDA % in 2021 was 74% (2020: 79%).

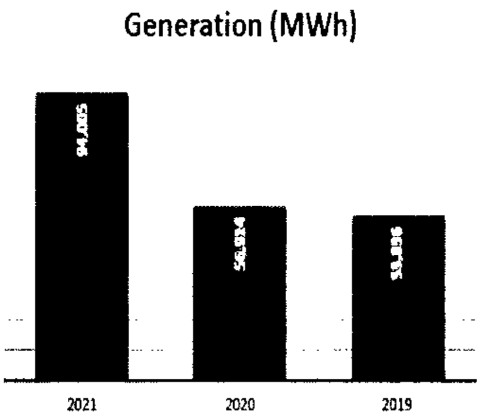
The corresponding like-for-like EBIDTA for the original 'UK Solar' group in FY 2021 was £4,797,800 (72%); representing a 7% decrease over FY 2020 figures.



Solar generation:

FY 2021 solar generation increased by 165% over FY 2020 figures primarily due to the group reorganisation and acquisitions of AIP Acquisitions VI Limited and Arjun Infrastructure Partners III Limited (together with their underlying subsidiaries) in June 2021.

The corresponding like-for-like solar generation for the original 'UK Solar' group in FY 2021 was 54,462 MWh representing a 4% decrease over FY 2020 figures.



Principal risks and uncertainties

The Board is committed to a continual process of improvement and embedment of the risk management framework within the Group. This ensures that the Group identifies both existing and emerging risks, and continues to develop appropriate mitigation strategies.

The COVID 19 pandemic, an ongoing event, has so far not directly impacted the Group, because the Operations & Maintenance engineers were classified as essential workers, hence tending to all faults that may impact the effective operations of the solar farms. Likewise, there has been no significant impact of Brexit to the Group because all of their businesses are conducted within UK.

The Board believes that there are a number of potential risks to the Group that could hinder the successful implementation of its strategy. These risks may arise from internal and external events, acts and omissions.

However, the Board is proactive in identifying, assessing and managing all risks facing the business.

The principal risks and uncertainties facing the Group are detailed below, along with the Directors' responses to those risks.

GROUP STRATEGIC REPORT (CONTINUED)

Principal risks and uncertainties (continued)

Strategic risk:

Market risk. The risk that the Group fails to remain competitive in its peer group due to competitor activity, and regulatory expectations. This risk is mitigated by the Group remaining closely aligned with trade and industry bodies, and other policy makers across our market.

Operational risk:

Performance risk. Performance of the installed equipment over the life of the lease. The risk is mitigated by the operations and maintenance agreement in place with an experienced O&M Contractor.

Energy yield risk. Variability of solar irradiance which affects the generation achieved by the installation. This risk is mitigated to a manageable level through performance guarantees.

Financial risk:

Liquidity risk. The risk that the Group suffers significant settlement default or otherwise suffers major liquidity problems which severely impact on the Company's reputation in the markets. This risk is mitigated by the Group being a highly cash-generative business and it maintains sufficient cash and standby banking facilities to fund its foreseeable trading requirements.

Price risk. The risk that the Group suffers significant reduction in power prices which can severely impact on the Group's ability to generate profits. This risk is mitigated by the Group entering into a hedge power price exposure for the next summer and winter.

Credit risk. The Group's financial assets are cash and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables and accrued income which are with one counterparty. The Group monitors the financial standing of that counterparty in order to manage its credit risk.

Inflation risks. Rising price inflation could mean that the group encounters increases to operating costs, which could erode operating margins and EBITDA. In addition, it could increase the cost of decommissioning activity and result in a higher decommissioning provision in the accounts going forward. This risk is mitigated by the group monitoring price inflation and the impact it has on forecasts cost, and entering into long term contracts such as O&M contracts where possible.

Interest Rate Risk:

The Group is exposed to interest rate risk through its banking facility which is priced as SONIA plus a fixed margin. The risk is mitigated by an interest rate swap which is in place to fix interest on the majority of the loan balance.

Future developments

Details of future developments can be found in the Directors' Report on page 7 and form part of this report by cross-reference.

This report was approved by the board on 30 June 2022 and signed on its behalf.

Nigel Hildyard
Director

DIRECTORS' REPORT

The Financial risk management objectives and policies has been included within the strategic report.

Directors

The directors, who served throughout the year and to the date of signing of the accounts were as follows:

Julian Skinner
Nigel Hildyard

Results and dividends

The profit for the year, after taxation, amounted to £2,511,723 (2020: loss of £1,994,270).

Dividends totalling £4,232,875 were paid during the year (2020: £Nil).

A dividend totalling £4,699,555 was declared and paid on 23 June 2022, prior to the sign off of these financial statements.

Director's indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Future developments

The Directors intend to continue operation of the ground mounted solar photovoltaic installations in a manner which maximises generation of electricity and the Group's profitability over the useful economic lives of the installations.

Going concern

The performance of the portfolio has not been impacted by the Covid-19 pandemic. The portfolio performed well during the year relative to the P50 generation target. The O&M providers, Anesco Limited and Belectric Solar Limited, continues to proactively monitor the asset performance.

The Russian invasion of Ukraine commenced in February 2022. Due to Europe's reliance on Russian commodities, the assault resulted in gas and coal prices recording new all-time highs. These high fuel prices fed into wholesale electricity prices, resulting in the historic high prices being maintained, despite an increase in renewable generation. The solar farm's revenue structure is largely fixed due to the Renewable Obligation Certificate and Power Purchase Agreement floor price, however as long-term power prices increased, the Group hedged power price exposure for until October 2025.

The directors are confident that, having reviewed the Group's budgets and forecasts, the Group and Company have adequate resources to continue in operation and to enable the Group and Company to pay their debts as they fall due for the foreseeable future. This review included an analysis of business operating plans, the availability of alternative sources of funding and associated cash flow projections.

AIP Acquisitions II Ltd, the sole subsidiary to Arjun Infrastructure Partners II Ltd, refinanced its external debts with Natwest bank which concluded on 1st June 2021. As a result of the re-organisation, the ownership of AIP Acquisitions VI Ltd and Arjun Infrastructure Partners III Ltd was initially transferred to Arjun Infrastructure Partners II Ltd from AIP Infrastructure LP, who further

Arjun Infrastructure Partners II Limited, the parent company, also confirmed that it will not be demanding repayment of the senior loan amount due from AIP Acquisitions II Limited for a period of not less than one year from the approval of these financial statements. Having regard to this intention, the directors believe it is appropriate to prepare these financial statements on a going concern basis.

DIRECTORS' REPORT (CONTINUED)

Post balance sheet events

There were no significant events that would require adjustment to the Group's financial statements.

During the year, the Company received dividends from two of its subsidiaries totalling £220,000 – AEE Renewables UK 33 Limited (£70,000) and Lumicity 4 Limited (£150,000). These dividends were deemed to be unlawful at the time of issue in accordance with the Companies Act 2006 on the basis that the subsidiaries did not have sufficient distributable reserves at the time the dividends were declared and paid. Notwithstanding the above, all creditors were paid and the Company and the subsidiaries have commenced the process to rectify this post year-end via full repayment of the unlawful dividends and offsetting this against the repayment of the same amount of pre-existing shareholder loans between the Company and the subsidiaries.

Furthermore, another dividend totalling £1,129,695 was declared and paid in February 2021 by a current subsidiary (AIP Acquisitions VI Limited) to its previous parent company (AIP Infrastructure LP) prior to the group reorganisation in June 2021. In accordance with the Companies Act 2006, part of this dividend was deemed unlawful on the basis that the subsidiary did not have sufficient distributable reserves at the time the dividend was declared and paid. After reviewing this matter, a partial repayment (c£605k) of the dividend is required by AIP Infrastructure LP, which represents the excess of the dividend paid over the available distributable reserves at the time it was declared (c£525k). Notwithstanding the above, all creditors were paid and AIP Infrastructure LP, the Company and the subsidiary have commenced the process to rectify this post year-end via a repayment of the unlawful part of the dividend and offsetting the repayment indirectly against the repayment of the same amount of pre-existing intercompany loans between AIP Infrastructure LP, the Company, AIP Infrastructure Partners II Limited and AIP Acquisitions VI Limited.

Please refer to 'Going concern' paragraphs above for discussion of the Company's response to the Russian invasion of Ukraine which commenced post year-end.

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:
- so far as the director is aware, there is no relevant audit information of which the Company and group's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte LLP have expressed their willingness to continue as auditors and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

Nigel Hildyard
Director
30 June 2022

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of AIP Acquisitions II Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of AIP Acquisitions II Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial positions;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company statements of cash flows;
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 group's and the parent 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.

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

Independent auditor's report to the members of AIP Acquisitions II Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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. This description forms part of our auditor's report.

Independent auditor's report to the members of AIP Acquisitions II Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group and the parent company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's and the parent company's ability to operate or to avoid a material penalty. These included the rules of Great Britain's independent energy regulator, Ofgem.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Presumed risk of fraud associated with revenue recognition: in response to this risk, we obtained an understanding of the revenue recognition process; performed a test of design of controls over revenue recognition; we also performed a 100% test of the revenue recognised to supporting invoices, including inspection of invoices received subsequent to year end and recalculation of income accruals.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent auditor's report to the members of AIP Acquisitions II Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

William Brooks FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

30 June 2022

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

	Notes	2021 £	2020 £
Turnover	4	**13,137,837**	6,503,433
Cost of sales		**(2,460,404)**	(1,096,567)
Gross profit		**10,677,433**	5,406,866
Administrative expenses		**(7,132,329)**	(3,083,900)
Fair value movements	5	**2,143,843**	(1,664,024)
Operating profit	6	**5,688,947**	658,942
Finance costs (net)	7	**(2,231,269)**	(2,311,547)
Profit/(loss) before taxation		**3,457,678**	(1,652,605)
Taxation	8	**(945,955)**	(341,665)
Profit/(loss) for the financial year		**2,511,723**	(1,994,270)
Profit/(loss) for the financial year attributable to:			
Equity shareholders of the parent		**2,511,723**	(1,994,270)
		2,511,723	(1,994,270)

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

There were no recognised gains and losses for 2021 or 2020 other than those included in the consolidated statement of comprehensive income.

The notes on pages 20 to 35 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Property, plant and equipment	9	**157,474,123**		57,757,549	
Debtors: amounts falling due after one year	11	**239,852**		64,850	
			157,713,975		57,822,399
Current assets					
Debtors: amounts falling due within one year	11	**3,297,693**		1,456,521	
Cash at bank and in hand	12	**7,419,647**		4,852,479	
		10,717,340		6,309,000	
Creditors: amounts falling due within one year	13	**(35,518,485)**		(60,950,470)	
Net current liabilities			**(24,801,145)**		(54,641,470)
Total assets less current liabilities			**132,912,830**		3,180,929
Creditors: amounts falling due after more than one year	14		**(32,688,922)**		(2,871,336)
Provision for liabilities	18		**(15,695,168)**		(3,963,581)
Net assets/(liabilities)			**84,528,740**		(3,653,988)
Capital and reserves					
Called up share capital	19		**102**		100
Share premium	19		**1,403,878**		-
Profit and loss account			**83,124,760**		(3,654,088)
Equity shareholders' funds			**84,528,740**		(3,653,988)

The notes on pages 20 to 35 form part of these financial statements.

The financial statements of AIP Acquisitions II Ltd were approved by the board of directors and authorised for issue on 30 June 2022. They were signed on its behalf by:

Hildyard Jun 30, 2022 14:55 GMT+1

Nigel Hildyard
Director

Company registered number: 09431123

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Investment in subsidiaries	10	**106,288,473**		16,384,593	
Loans to group undertakings	11	**44,108,091**		38,306,059	
			150,396,564		54,690,652
Current assets					
Debtors: amounts falling due within one year	11	**283,492**		79,154	
Cash at bank and in hand	12	**176,874**		2,326,314	
		460,366		2,405,468	
Creditors: amounts falling due within one year	13	**(33,266,923)**		(60,414,285)	
Net current assets/(liabilities)			**(32,806,557)**		(58,008,817)
Total assets less current liabilities			**117,590,007**		(3,318,165)
Creditors: amounts falling due after more than one year	14		**(32,139,950)**		(2,265,720)
Net assets/(liabilities)			**85,450,057**		(5,583,885)
Capital and reserves					
Called up share capital	19		**102**		100
Share premium	19		**1,403,878**		-
Profit and loss account			**84,046,077**		(5,583,985)
Equity shareholders' funds			**85,450,057**		(5,583,885)

The notes on pages 20 to 35 form part of these financial statements.

The profit for the financial year dealt with in the financial statements of the parent company was £5,362,937 (2020 loss: £2,739,929)

These financial statements were approved by the board of directors on 30 June 2022 and were signed on its behalf by:

Nigel Hildyard
Director

Company registered number: 09431123

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium	Retained Profit	Total equity
	£	£	£	£
At 1 January 2020	100	-	(1,659,818)	(1,659,718)
Loss for the year	-	-	(1,994,270)	(1,994,270)
	-	-	(1,994,270)	(1,994,270)
Balance at 31 December 2020	**100**	**-**	**(3,654,088)**	**(3,653,988)**
At 1 January 2021	100	-	(3,654,088)	(3,653,988)
Issue of shares	2	89,903,878	-	89,903,880
Capital reduction	-	(88,500,000)	88,500,000	-
Dividend paid	-	-	(4,232,875)	(4,232,875)
Profit for the year	-	-	2,511,723	2,511,723
	2	1,403,878	86,778,848	88,182,728
Balance at 31 December 2021	**102**	**1,403,878**	**83,124,760**	**84,528,740**

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium	Retained Profit	Total equity
	£	£	£	£
At 1 January 2020	100	-	(2,844,056)	(2,843,956)
Loss for the year	-	-	(2,739,929)	(2,739,929)
	-	-	(2,739,929)	(2,739,929)
Balance at 31 December 2020	**100**	**-**	**(5,583,985)**	**(5,583,885)**
At 1 January 2021	100	-	(5,583,985)	(5,583,885)
Comprehensive income/(expense) for the year:				
Issue of shares	2	89,903,878	-	89,903,880
Capital reduction	-	(88,500,000)	88,500,000	-
Dividend paid	-	-	(4,232,875)	(4,232,875)
Profit for the year	-	-	5,362,937	5,362,937
	2	1,403,878	89,630,062	91,033,942
Balance at 31 December 2021	**102**	**1,403,878**	**84,046,077**	**85,450,057**

The notes on pages 20 to 35 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit/(loss) for the financial year	2,511,723	(1,994,270)
Adjustments for:		
Depreciation and amortisation	6,179,392	2,821,411
Unwound discount on decommissioning	19,622	10,740
Upfront fee amortisation	165,740	445,694
Fair Value Movements - SWAP	(2,143,843)	1,664,024
Intercompany Loan Interest Payable	984,943	685,560
External Loan Interest Payable	1,060,963	1,169,565
Deferred Tax	(67,339)	341,665
Current tax	1,013,294	-
Operating cash flow before movement in working capital	9,724,495	5,144,389
Decrease/(increase) in debtors	2,346,951	(668,097)
Decrease in creditors	(1,566,002)	(337,757)
Net cash from operating activities	780,950	(1,005,854)
Cash flows from investing activities		
Cash acquired on acquisition of subsidiaries	2,422,834	-
Net cash used in investing activities	2,422,834	-
Cash flows from financing activities		
Dividends paid	(4,232,875)	-
External Loan - capital repayment	(2,248,375)	(1,806,900)
External Loan - interest repayment	(1,097,932)	(1,169,154)
Shareholder Loan payable - capital repayment	(437,261)	(794,810)
Shareholder Loan payable - interest repayment	(869,831)	(1,477,933)
Capitalised loan costs	(1,474,837)	-
Net cash used in financing activities	(10,361,111)	(5,248,797)
Net increase/(decrease) in cash and cash equivalents	2,567,168	(1,110,262)
Cash and cash equivalents at the beginning of the year	4,852,479	5,962,741
Cash and cash equivalents at the end of the year	**7,419,647**	**4,852,479**

The notes on pages 20 to 35 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	£	£
Cash flows from operating activities		
Profit/(loss) for the financial year	5,362,937	(2,739,929)
Adjustments for:		
Upfront fee amortisation	165,740	445,694
Fair Value Movements - SWAP	(2,143,843)	1,664,024
Intercompany Loan Interest Payable	984,943	685,560
Intercompany Loan Interest Receivable	(1,416,325)	(1,187,802)
Dividend income	(4,029,019)	-
External Loan Interest Payable	1,060,963	1,169,565
Operating cash flow before movement in working capital	(14,604)	37,112
(Increase)/decrease in debtors	(204,335)	37,223
(Decrease)/increase in creditors	(142,666)	129,206
Net cash from operating activities	(347,001)	166,429
Cash flows from investing activities		
Dividend income	4,029,019	-
Net cash used in investing activities	4,029,019	-
Cash flows from financing activities		
Dividends paid	(4,232,875)	-
External Loan - capital repayment	(2,248,375)	(1,806,900)
External Loan - interest repayment	(1,097,932)	(1,169,154)
Shareholder Loan payable - capital repayment	(437,261)	(794,810)
Shareholder Loan payable - interest repayment	(869,831)	(1,477,933)
Shareholder Loan receivable - capital repayment	3,361,968	3,406,411
Shareholder Loan receivable - interest repayment	1,182,289	1,256,934
Capitalised loan costs	(1,474,837)	-
Net cash used in financing activities	(5,816,854)	(585,452)
Net decrease in cash and cash equivalents	(2,149,440)	(381,911)
Cash and cash equivalents at the beginning of the year	2,326,314	2,708,225
Cash and cash equivalents at the end of the year	**176,874**	**2,326,314**

The notes on pages 20 to 35 form part of these financial statements.

Notes
(forming part of the financial statements)

1 General information

AIP Acquisitions II Limited (the "Company") is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 3.

2 Accounting policies

2.1 *Basis of preparation*

These Group and parent company financial statements were prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with section 1A of Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014 (2020 amendments have also been applied). The presentation currency of these financial statements is pound sterling. The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2.2 *Basis of consolidation*

The consolidated financial statements presents the results of the Company and its own subsidiaries (as listed in note 10) as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The subsidiaries in note 10 have taken the exemption from audit for the year ended 31 December 2021 by virtue of s479A of Companies Act 2006.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In the parent company financial statements, investments in subsidiaries are carried at cost less impairment.

2.3 *Going concern*

The performance of the portfolio has not been impacted by the Covid-19 pandemic. The portfolio performed well during the year relative to the P50 generation target. The O&M providers, Anesco Limited and Belectric Solar Limited, continues to proactively monitor the asset performance.

The Russian invasion of Ukraine commenced in February 2022. Due to Europe's reliance on Russian commodities, the assault resulted in gas and coal prices recording new all-time highs. These high fuel prices fed into wholesale electricity prices, resulting in the historic high prices being maintained, despite an increase in renewable generation. The solar farm's revenue structure is largely fixed due to the Renewable Obligation Certificate and Power Purchase Agreement floor price, however as long-term power prices increased, the Group hedged power price exposure for until October 2025.

2 Accounting policies *(continued)*

2.3 *Going concern (continued)*

The directors are confident that, having reviewed the Group's budgets and forecasts, the Group and Company have adequate resources and bank funding to continue in operation and to enable the Group and Company to pay their debts as they fall due for the foreseeable future. This review included an analysis of business operating plans, the availability of alternative sources of funding and associated cash flow projections.

AIP Acquisitions II Ltd, the sole subsidiary to Arjun Infrastructure Partners II Ltd, refinanced its external debts with Natwest bank which was concluded on 1st June 2021. As a result of the re-organisation, the ownership of AIP Acquisitions VI Ltd and Arjun Infrastructure Partners III Ltd was initially transferred to Arjun Infrastructure Partners II Ltd from AIP Infrastructure LP, who further transferred the same number of shares to AIP Acquisitions II Ltd. As part of the re-organisation, capital reductions were undertaken which created c£89m of additional distributable reserves for the Group.

Arjun Infrastructure Partners II Limited, the parent company, also confirmed that it will not be demanding repayment of the loan amount due from AIP Acquisitions II Limited for a period of not less than one year from the approval of these financial statements. Having regard to this intention, the directors believe it is appropriate to prepare these financial statements on a going concern basis.

2.4 *Turnover*

Revenue

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

Revenue on the generation of energy comprises the value of units supplied during the year. Units are determined by energy volumes recorded on the solar park meters and market settlement systems.

Under the terms of its Power Purchase Agreements with customers, ROC's are immediately transferable to the customer. Revenue in relation to ROC's is recognised in line with the generation of energy.

Accrued income represents the sales value of energy (and related ROC's) which is yet to be invoiced and is based upon the value of units supplied with respect to energy and quantity of units supplied with respect to ROC's.

The company recognises revenue when:

- The amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the company's activities.

Sales of services: The Company provides management services to its subsidiaries in the form of asset management, corporate services and financing coordination services. These are charged by the Company to subsidiaries in the form of management service charges.
There is only one operating activity and all revenue is generated within the United Kingdom.

2.5 *Financial instruments*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

2 Accounting policies *(continued)*

2.5 *Financial instruments (continued)*

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

In the Company balance sheet, investments in subsidiaries and associates are measured at cost less impairment.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of transaction costs.

(iv) Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting 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.

2 Accounting policies *(continued)*

2.5 *Financial instruments (continued)*

(v) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

2.6 *Tangible fixed assets*

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include the costs of site preparation, installation and assembly, and testing of functionality.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Solar photovoltaic (PV) facilities: 25 years

The estimated useful life of the asset is based on the life the Solar PV facilities are expected to be in operation.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

2.7 *Impairment excluding stocks and deferred tax assets*

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2 Accounting policies *(continued)*

2.7 *Impairment excluding stocks and deferred tax assets (continued)*

Property, plant and equipment

Property, plant and equipment are recorded in the financial statements at no more than their recoverable amount. Any resulting impairment loss is measured and recognised on a consistent basis and sufficient information is disclosed in the financial statements to enable users to understand the impact of the impairment on the financial position and performance of the reporting entity.

Recoverable amount is defined as the higher of fair value less costs of disposal and the amount that could be obtained through using the asset (value in use). Value in use is calculated by forecasting the cash flows that the asset is expected to generate and discounting them to their present value. Where individual assets do not generate independent cash flows, a group of assets (an income-generating unit) is tested for impairment.

Impairment tests are only required when there has been some indication that an impairment has occurred.

2.8 *Provisions*

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Decommissioning provision

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 or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to plant and equipment. The unwinding of the discount on the decommissioning provision is included as a finance cost.

2.9 *Expenses*

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case, the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable

Interest payable and similar expenses includes interest payable, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss.

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

2 Accounting policies *(continued)*

2.10 *Taxation*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

3 Staff numbers and costs

The Company and Group had no employees during the period. There are 2 directors, whom are not paid by the group (2020: no employees), (2020: 2 directors)

4 Turnover and revenue

An analysis of the Group's turnover by class of business is set out below.

	2021	2020
	£	£
Turnover:		
PPA	**5,215,797**	1,964,014
ROC	**7,779,443**	4,455,590
Battery	**19,509**	-
Other income	**123,088**	83,829
	13,137,837	6,503,433

An analysis of the Group's turnover by geographical market is set out below.

	2021	2020
	£	£
Turnover:		
Geographical market - UK	**13,137,837**	6,503,433

An analysis of the Group's revenue (including turnover) by category is as follows:

	2021	2020
	£	£
Provision of electricity	**13,137,837**	6,503,433
Total revenue	**13,137,837**	6,503,433

5 Derivative financial instruments

Derivative financial instruments measured at fair value through profit or loss are represented by the SWAP instrument which mitigates the risk around the volatility of interest rates against bank loans. The maturity date of the financial instruments is 31 March 2037.

The Group has the following derivative financial instrument:

	Group		**Company**	
	2021	2020	**2021**	2020
Derivative (liabilties)/assets:	**£**	£	**£**	£
Fair value of interest rate swaps at start of period	(2,265,720)	(601,696)	(2,265,720)	(601,696)
Fair value movement through profit or loss	2,143,843	(1,664,024)	2,143,843	(1,664,024)
Fair value of interest rate swaps at end of period	**(121,877)**	(2,265,720)	**(121,877)**	(2,265,720)

6 Operating profit

Profit before taxation is stated after charging:

	2021	2020
	£	£
Depreciation of tangible fixed assets	**6,179,392**	2,821,411
Auditor remuneration - audit annual financial statements	**342,526**	67,000
Other operating lease rentals	**654,608**	326,593

There is no non-audit fees included in the auditor's remuneration for the year (2020: £Nil).

7 Finance costs (net)

	2021	2020
	£	£
Bank interest received	-	13
Shareholder's loan interest payable	**(984,944)**	(685,560)
Bank loan interest payable	**(1,060,963)**	(1,169,566)
Amortisation of capitalised loan costs	**(54,316)**	(445,694)
Write off of capitalised loan costs	**(111,424)**	-
Unwinding discount on decommissioning provision	**(19,622)**	(10,740)
	(2,231,269)	(2,311,547)

8 Taxation

(a) The tax (credit) / charge is made up as follows:

	2021	2020
	£	£
Current tax		
UK corporation tax	**1,013,294**	-
Tax under/(over) provided in previous years	-	-
Total current tax	**1,013,294**	-
Deferred tax		
Origination and reversal of timing differences	**(359,650)**	41,295
Adjustments in respect of prior periods	**(468,761)**	1,684
Effect of changes in tax rates	**761,072**	298,686
Total deferred tax (see note 18)	**(67,339)**	341,665
Total per income statement	**945,955**	341,665

(b) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2021	2020
	£	£
Profit/(loss) on ordinary activities before tax	**3,457,678**	(1,652,605)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (PY 19%)	**656,959**	(313,995)
Effects of:		
- Expenses not deductible	**673,624**	20,639
- Tax rate changes	**674,756**	298,686
- Prior year adjustments	**(468,761)**	1,684
- Reactivated CIR interest	**(317,456)**	-
- Deferred tax not provided	**5,656**	334,651
- Utilisation of losses on which deferred tax has not previously been recognised	**(278,823)**	-
Total tax charge for the year	**945,955**	341,665

Deferred tax not provided relates to unused tax loss for the year and unwinding discount on decommissioning cost.

Deferred taxes have been measured at 25% (2020 - 19%) which represents future corporation tax that was enacted at the balance sheet date. The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the COVID-19 pandemic. These included increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were substantively enacted on 24 May 2021.

9 Property, plant and equipment

Group	**Solar photovoltaic installations**
	£
Cost	
Balance at 1 January 2021	72,104,590
Additions on acquisition	105,895,966
Balance at 31 December 2021	**178,000,556**
Depreciation	
Balance at 1 January 2021	(14,347,041)
Depreciation charge for the year	(6,179,392)
Balance at 31 December 2021	**(20,526,433)**
Net book value	
At 1 January 2021	57,757,549
At 31 December 2021	**157,474,123**

Security

A charge has been registered against all fixed assets in favour of RBS in respect of loans made to the company.

10 Fixed asset investments

Company	**Investments in subsidiary companies**
	£
Cost or valuation	
At 1 January 2021	16,384,593
Additions on acquisition (see note 20)	89,903,880
Net book value	
At 31 December 2021	**106,288,473**

Subsidiaries at 31 December 2021, and the Company's percentage of share capital and class of shares are set out below. All subsidiary undertakings are included in the consolidation.

Direct:

Name	Principal activities	Registered office	Class and Percentage of shares acquired	Company House Number
AEE Renewables UK 18 Limited	Solar (PV) farm	15 Diddenham Court, Lambwood Hill, Grazeley, RG7 1JQ	Ordinary 100%	07453115
AEE Renewables UK 33 Limited	Solar (PV) farm	15 Diddenham Court, Lambwood Hill, Grazeley, RG7 1JQ	Ordinary 100%	07506801
Lumicity 4 Limited	Solar (PV) farm	15 Diddenham Court, Lambwood Hill, Grazeley, RG7 1JQ	Ordinary 100%	08014634
Ashton Solar Farm Limited	Solar (PV) farm	15 Diddenham Court, Lambwood Hill, Grazeley, RG7 1JQ	Ordinary 100%	09093372
Blackwell Grange Solar Farm Ltd	Solar (PV) farm	15 Diddenham Court, Lambwood Hill, Grazeley, RG7 1JQ	Ordinary 100%	08656598
Hyde Farm Solar Limited	Solar (PV) farm	15 Diddenham Court, Lambwood Hill, Grazeley, RG7 1JQ	Ordinary 100%	09839926
Rochester 006 Limited	Solar (PV) farm	15 Diddenham Court, Lambwood Hill, Grazeley, RG7 1JQ	Ordinary 100%	09210610
Spring Lane Solar Farm Limited	Solar (PV) farm	15 Diddenham Court, Lambwood Hill, Grazeley, RG7 1JQ	Ordinary 100%	09988933
Ollerton Solar Limited	Solar (PV) farm	15 Diddenham Court, Lambwood Hill, Grazeley, RG7 1JQ	Ordinary 100%	09047281

10 Fixed asset investments (continued)

Direct:

Verto Energy Developments Ltd	Solar (PV) farm	15 Diddenham Court, Lambwood Hill, Grazeley, RG7 1JQ	Ordinary 100%	09400230
Moss Thorn Solar Limited	Solar (PV) farm	15 Diddenham Court, Lambwood Hill, Grazeley, RG7 1JQ	Ordinary 100%	09358746
AIP Acquisitions VI Limited*	Solar (PV) farm	15 Diddenham Court, Lambwood Hill, Grazeley, RG7 1JQ	Ordinary 100%	12087644
Arjun Infrastructure Partners III Limited*	Solar (PV) farm	15 Diddenham Court, Lambwood Hill, Grazeley, RG7 1JQ	Ordinary 100%	10638294

Indirect*:

Name	Principal activities	Registered office	Class and Percentage of shares acquired	Company House Number
McEwan Solar Topco (1) Limited	Holding Company	15 Diddenham Court Lambwood Hill, Grazeley, Reading, RG7 1JQ	Ordinary 100%	08738816
McEwan Solar Holdco (1) Limited	Holding Company	15 Diddenham Court Lambwood Hill, Grazeley, Reading, RG7 1JQ	Ordinary 100%	08409534
McEwan Shelswell Holdco Limited	Holding Company	15 Diddenham Court Lambwood Hill, Grazeley, Reading, RG7 1JQ	Ordinary 100%	08409591
McEwan Skylark Holdco Limited	Holding Company	15 Diddenham Court Lambwood Hill, Grazeley, Reading, RG7 1JQ	Ordinary 100%	08409593
McEwan Owls Lodge Holdco Limited	Holding Company	15 Diddenham Court Lambwood Hill, Grazeley, Reading, RG7 1JQ	Ordinary 100%	08409648
Wadebridge Belectric Solar Limited	Solar (PV) farm	15 Diddenham Court Lambwood Hill, Grazeley, Reading, RG7 1JQ	Ordinary 100%	07852613
AEE Renewables UK 14 Limited	Solar (PV) farm	15 Diddenham Court Lambwood Hill, Grazeley, Reading, RG7 1JQ	Ordinary 100%	07424419
Shelswell Solar Park limited	Solar (PV) farm	15 Diddenham Court Lambwood Hill, Grazeley, Reading, RG7 1JQ	Ordinary 100%	07464048
UK Solar Parks Limited	Solar (PV) farm	15 Diddenham Court Lambwood Hill, Grazeley, Reading, RG7 1JQ	Ordinary 100%	07286021
Haslingfield Solar Park Limited	Solar (PV) farm	15 Diddenham Court Lambwood Hill, Grazeley, Reading, RG7 1JQ	Ordinary 100%	07471797
McEwan Solar Topco (2) Limited	Holding Company	15 Diddenham Court Lambwood Hill, Grazeley, Reading, RG7 1JQ	Ordinary 100%	08863367
McEwan Solar Holdco (2) Limited	Holding Company	15 Diddenham Court Lambwood Hill, Grazeley, Reading, RG7 1JQ	Ordinary 100%	08738818
Anesco Energy Services One Limited	Solar (PV) farm	15 Diddenham Court Lambwood Hill, Grazeley, Reading, RG7 1JQ	Ordinary 100%	08105007
Blackdown Solar Power Limited	Solar (PV) farm	15 Diddenham Court Lambwood Hill, Grazeley, Reading, RG7 1JQ	Ordinary 100%	07413460
Photon Power Limited	Solar (PV) farm	15 Diddenham Court Lambwood Hill, Grazeley, Reading, RG7 1JQ	Ordinary 100%	07918653
Holton Solar Farm Limited	Solar (PV) farm	15 Diddenham Court Lambwood Hill, Grazeley, Reading, RG7 1JQ	Ordinary 100%	08283473
Weston Longville Solar Farm Limited	Solar (PV) farm	15 Diddenham Court Lambwood Hill, Grazeley, Reading, RG7 1JQ	Ordinary 100%	08083349
AIP Acquisitions III Limited	Holding Company	15 Diddenham Court Lambwood Hill, Grazeley, Reading, RG7 1JQ	Ordinary 100%	10533056
Chesterfield Community Energy Limited	Solar (PV) farm	15 Diddenham Court Lambwood Hill, Grazeley, Reading, RG7 1JQ	Ordinary 100%	09616638

**Newly acquired subsidiaries during the year*

AIP Acquisitions II Limited has provided the necessary guarantees under Section 479A of the Companies Act entitling all the direct and indirect subsidiaries noted above to an audit exemption for the year ended 31 December 2021.

11 Debtors

	Group		Company	
	2021	2020	**2021**	2020
	£	£	**£**	£
Due within one year:				
Trade debtors	243,147	318,000	-	55,635
Other debtors	3,336	-	3,336	-
Prepayments	351,091	153,186	-	7,500
Accrued income	2,699,893	977,454	-	-
VAT Receivable	-	-	155,921	2,506
Amounts owed by group undertakings	226	7,881	124,235	13,513
	3,297,693	**1,456,521**	**283,492**	**79,154**
Due after more than one year:				
Other debtors	239,852	64,850	-	-
Loans receivable from subsidiaries	-	-	44,108,091	38,306,059
	239,852	64,850	**44,108,091**	38,306,059

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Loans receivable from subsidiaries are made on normal commercial terms and conditions at interest rates of 3% and 9.5% p.a. The loans are repayable on demand but the directors have given an undertaking that they will not recall any of the loans within one year of when the financial statements are signed.

12 Cash and cash equivalents

	Group		Company	
	2021	2020	**2021**	2020
	£	£	**£**	£
Cash at bank and in hand	7,419,647	4,852,479	176,874	2,326,314

13 Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	**2021**	2020
	£	£	**£**	£
Bank loans (see note 15)	2,285,636	37,898,150	2,285,636	37,898,150
VAT Payable	621,788	264,608	-	-
Corporation tax payable	695,997	-	-	-
Trade creditors	430,156	155,387	74,400	107,306
Accruals and deferred income	570,880	261,295	25,451	37,800
Amounts owed to group undertakings	192,821	268,720	171,310	268,720
Loans payable to parent company	30,721,207	22,102,310	30,710,126	22,102,309
	35,518,485	60,950,470	**33,266,923**	60,414,285

A refinancing of the bank loan of £36.6m with Natwest took place in June 2021. During the remaining period to 31 December 2021, repayments of £1.13m were made leaving an amount of £35.47m principal outstanding at the year-end.

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Loans payable to the parent company are made on normal commercial terms and conditions at interest rates of either 3% or 9.5% p.a. The loans are repayable on demand but the directors of the parent company have given an undertaking that they will not recall any of the loan within one year of when this financial statements are signed.

14 Creditors: amounts falling due after more than one year

	Group		Company	
	2021	2020	**2021**	2020
	£	£	**£**	£
Bank loans (see note 15)	32,018,073	-	32,018,073	-
Deferred consideration	548,972	605,616	-	-
Derivative financial instruments (see note 5)	121,877	2,265,720	121,877	2,265,720
	32,688,922	2,871,336	**32,139,950**	2,265,720

Included in the bank loans balance are amounts totaling £23.4m (2020: £nil) which are due for repayment after more than five years.

15 Interest-bearing loans and borrowings

	Group		Company	
	2021	2020	**2021**	2020
Creditors falling due more than one year	**£**	£	**£**	£
Secured bank loans	33,345,445	-	33,345,445	-
Less: Borrowing costs	(1,327,372)	-	(1,327,372)	-
	32,018,073	-	**32,018,073**	-

	Group		Company	
	2021	2020	**2021**	2020
Creditors falling due within one year	**£**	£	**£**	£
Secured bank loans	2,378,785	38,009,574	2,378,785	38,009,574
Less: Borrowing costs	(93,149)	(111,424)	(93,149)	(111,424)
	2,285,636	37,898,150	**2,285,636**	37,898,150

The total bank loan is secured with charges over the share capital and assets of the Group and its subsidiaries.

The senior loan matures on 31 March 2037 and bears a floating interest rate of SONIA plus margin ranging from 1.65%-2.05% during the life of the loan.

As part of the refinancing, borrowing costs of £1.47m have been capitalised. Borrowing costs are amortised using effective interest rate method over the life of the loan and a charge of £54,316 was recognised during the period. Remaining unamortised borrowing costs relating to the previous loan totaling £111,424 were written off during the year.

16 Operating leases

The lease payment for the year including profit share uplift was £654,608 (2020: £326.593)

Non-cancellable operating lease rentals are payable as follows:

	Group	Group
	2021	2020
	£	£
Less than one year	871,597	326,593
Between one and five years	3,486,389	1,306,371
More than five years	11,991,000	5,271,205
	16,348,986	6,904,169

17 Related parties

Subsidiaries

Interest in subsidiaries is set out in note 10.

Transaction with subsidiaries and parent

	Company 2021 £	Company 2020 £
Provision of management services to subsidiaries	92,400	92,400
Interest income on loans to subsidiaries	1,416,325	1,187,802
Interest expense on loan from parent	(984,943)	(685,560)
Dividend income received from subsidiaries	4,029,019	-

Outstanding balances arising on transactions with subsidiaries and parent

	Company 2021 £	Company 2020 £
Loans to subsidiaries	44,108,091	38,306,059
Loan from parent	(30,508,583)	(22,102,310)
Interest payable to parent	(201,543)	(315,375)
Management service/other fees due from subsidiaries	124,235	13,513
Other amounts due to subsidiaries	(350)	(350)
Other amounts due to parent	(170,960)	(268,370)

18 Provisions for liabilities

	Deferred taxation £	**Decomm. Provision £**	Total £
Group			
At 1 January 2021	(2,878,822)	(1,084,759)	(3,963,581)
Deferred tax charged to Income Statement in the period	67,339	-	67,339
Adjustment in respect of prior years	-	-	-
Additions on acquisition	(10,249,433)	(1,529,871)	(11,779,304)
Unwind of discount on decommissioning provision	-	(19,622)	(19,622)
At 31 December 2021	(13,060,916)	(2,634,252)	(15,695,168)
At 1 January 2020	(2,537,157)	(1,074,019)	(3,611,176)
Deferred tax charged to Income Statement in the period	(339,981)	-	(339,981)
Adjustment in respect of prior years	(1,684)	-	(1,684)
Unwind of discount on decommissioning provision	-	(10,740)	(10,740)
At 31 December 2020	(2,878,822)	(1,084,759)	(3,963,581)

A provision has been recognised for decommissioning costs associated with the solar farms owned by the group. The group is committed to decommissioning the solar farms as a result of the construction of the solar farms for the production of power.

The provision has been discounted at a rate of 1% (2020: 1%) and this discount will be unwound and charged to the profit and loss account. The estimated date of decommissioning would commence in December 2041.

Deferred tax

Deferred tax is provided as follows:

	2021 £	2020 £
Group		
Fixed asset timing differences	(13,200,589)	(2,904,205)
Losses	139,673	25,383
Provision for deferred tax	(13,060,916)	(2,878,822)

19 Called-up share capital and reserves

	2021	2020
	£	£
Allotted, called-up and fully-paid		
102 ordinary shares of £1 each (2020: 100 ordinary shares of £1 each)	102	100

	Number of shares	Share capital	Share premium
		£	£
At 1 January 2021	100	100	-
Issue of shares	2	2	89,903,878
Capital reduction			(88,500,000)
At 31 December 2021	**102**	**102**	**1,403,878**

The issue of shares and capital reduction noted above were enacted as part of the group reorganisation undertaken in June 2021 - see note 20 for further details.

20 Acquisition of subsidiary undertaking

On 1st June 2021, the external debt within the Company was refinanced. On the same date, the directors decided to undertake a group re-organisation.

As a result of the re-organisation, the ownership of Arjun Infrastructure Partners III Ltd and AIP Acquisitions VI Ltd was transferred to Arjun Infrastructure Partners II Ltd, who further transferred the ownership to the Company. Therefore, Arjun Infrastructure Partners III Ltd and AIP Acquisitions VI Ltd (together with their subsidiaries) are now fully-owned subsidiaries of the Company and members of the Group.

As part of the re-organisation, capital reductions were undertaken which created c£89m of additional distributable reserves for the Group.

On 1 June 2021 the Company acquired 100% of the issued share capital of AIP Acquisitions VI Limited ('AIP Acq VI') and Arjun Infrastructure Partners III Limited ('AIP III'). Together with their underlying subsidiaries, these companies form groups whose primary activity is the production of electricity.

The acquisition has been accounted for under the acquisition method. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book value AIP Acq VI*	Book value AIP III*	Fair Value Adjustment	Fair value to Group
	£	£	£	£
Fixed assets				
Tangible	103,695,215	3,632,996	(4,098,510)	103,229,701
Current assets				
Trade debtors	1,195,197	27,360		1,222,557
Other debtors	3,654,560	152,732		3,807,292
Cash	2,357,555	65,279		2,422,834
Total assets	**110,902,527**	**3,878,367**	**(4,098,510)**	**110,682,384**
Creditors				
Trade creditors	890,155	6,838		896,993
Other creditors	1,211,443	33,452		1,244,895
Accruals	323,562	62,146		385,708
Loan from parent	4,508,357	4,426,190		8,934,547
Provisions				
Deferred Tax	8,507,694	(66,820)	(654,384)	7,786,490
Decommissioning Provision	1,444,884	84,987		1,529,871
Total liabilities	**16,886,095**	**4,546,793**	**(654,384)**	**20,778,504**
Net assets	**94,016,432**	**(668,426)**	**(3,444,126)**	**89,903,880**
Fair value of assets and liabilities acquired				**89,903,880**

20 Acquisition of subsidiary undertaking (continued)

Satisfied by	**£**
Consideration for AIP Acquisitions VI Limited	89,903,880
Consideration for Arjun Infrastructure Partners III Limited	-
	89,903,880

**Consolidated sub-group figures*

In the 7-month period ended 31 December 2021, turnover of £6,089,772/£309,744 and profit of £1,116,202/£45,191 was included in the consolidated profit and loss account in respect of AIP Acquisitions VI Limited and Arjun Infrastructure Partners III Limited (and their subsidiaries), respectively, since the acquisition date.

The fair value adjustment adjusts the book value of assets and liabilities acquired to their fair value at the acquisition date. The useful economic life of the tangible assets acquired ranges between 17-21 years.

21 Accounting estimates and judgements

In the preparation of the financial statements, management makes certain judgements and estimates that impact the financial statements. While these judgements are continually reviewed, the facts and circumstances underlying these judgements may change, resulting in a change to the estimates that could impact the results of the Group.

The main estimates and judgements considered in preparing the consolidated financial statements are as follows:

Key sources of estimation uncertainty:

a) *Useful lives of property, plant and equipment*

The determination of useful lives of property, plant and equipment requires assessment of the assets' level of use. Assumptions regarding the level of use and the impact of continuing maintenance regimes, based on which the useful lives are determined entail a degree of judgement.

b) *Carrying value / impairment of property, plant and equipment*

The carrying value of PPE is the higher of fair value less costs of disposal and the amount that could be obtained through using the asset (value in use). Value in use is calculated by forecasting the cash flows that the asset is expected to generate and discounting them to their present value. Impairment tests are only required when there has been some indication that an impairment has occurred.

c) *Carrying value of investments*

Determining whether investments in subsidiaries are impaired requires an assessment of impairment indicators and, if indicators exist, the estimation of their recoverable amounts. The calculation of recoverable amount requires the entity to estimate the future cash flows expected to arise from the investments and select a suitable discount rate in order to calculate present value.

d) *Accrued income*

Estimates must be made in respect of elements of the accrued income including the ROC revenue and ROC Recycling revenue. These are based on management's best estimate of the price at the time based on previous history of settled prices. As a result, there is a change in the accounting estimate for ROC recycling revenue. Whilst it was previously not considered possible to reliably estimate ROC recycling revenue, a track record of more reliable information is now available, meaning that an accrual for April to December 2021 revenue can be made, and has been recorded, based on volumes generated in 2021 and the rates applicable for the April 2020 to March 2021 cycle.

e) *Decommissioning provision*

Decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergency of new technology or experience at other assets. The expected timing, work scope and amount of expenditure may also change. Therefore significant estimates and assumptions are made in determining the provision for decommissioning.

22 Post balance sheet events

There were no significant events that would require adjustment to the Group's financial statements.

During the year, the Company received dividends from two of its subsidiaries totalling £220,000 – AEE Renewables UK 33 Limited (£70,000) and Lumicity 4 Limited (£150,000). These dividends were deemed to be unlawful at the time of issue in accordance with the Companies Act 2006 on the basis that the subsidiaries did not have sufficient distributable reserves at the time the dividends were declared and paid. Notwithstanding the above, all creditors were paid and the Company and the subsidiaries have commenced the process to rectify this post year-end via full repayment of the unlawful dividends and offsetting this against the repayment of the same amount of pre-existing shareholder loans between the Company and the subsidiaries.

Furthermore, another dividend totalling £1,129,695 was declared and paid in February 2021 by a current subsidiary (AIP Acquisitions VI Limited) to its previous parent company (AIP Infrastructure LP) prior to the group reorganisation in June 2021. In accordance with the Companies Act 2006, part of this dividend was deemed unlawful on the basis that the subsidiary did not have sufficient distributable reserves at the time the dividend was declared and paid. After reviewing this matter, a partial repayment (c£605k) of the dividend is required by AIP Infrastructure LP, which represents the excess of the dividend paid over the available distributable reserves at the time it was declared (c£525k). Notwithstanding the above, all creditors were paid and AIP Infrastructure LP, the Company and the subsidiary have commenced the process to rectify this post year-end via a repayment of the unlawful part of the dividend and offsetting the repayment indirectly against the repayment of the same amount of pre-existing intercompany loans between AIP Infrastructure LP, the Company, AIP Infrastructure Partners II Limited and AIP Acquisitions VI Limited.

The Russian invasion of Ukraine commenced in February 2022. Due to Europe's reliance on Russian commodities, the assault resulted in gas and coal prices recording new all-time highs. These high fuel prices fed into wholesale electricity prices, resulting in the historic high prices being maintained, despite an increase in renewable generation. The solar farm's revenue structure is largely fixed due to the Renewable Obligation Certificate and Power Purchase Agreement floor price, however as long-term power prices increased, the Group hedged power price exposure for until October 2025.

23 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Arjun Infrastructure Partners II Limited.

The Company is ultimately controlled by AIP Infrastructure LP. As AIP Infrastructure LP does not prepare consolidated accounts for public use, the smallest and largest group which prepares consolidated accounts is AIP Acquisitions II Limited.

The registered address of AIP Infrastructure LP is at: c/o Brodies LLP, Capital Square, 58 Morrison Street, Edinburgh, EH3 8BP.