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Lightsource Radiate 2 Limited

Annual report and financial statements

for the year ended 31 December 2022

Registered number 09122666

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Lightsource Radiate 2 Limited
Annual report and financial statements
for the year ended 31 December 2022
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Lightsource Radiate 2 Limited

Directors and advisers

Directors

O J Fricot	(Appointed 17 May 2022)
A S DeSouza	(Appointed 17 May 2022)
C J Love	(Appointed 17 May 2022)

Company number
09122666

Registered office
7th Floor
33 Holborn
London
EC1N 2HU

Bankers
Barclays Bank
1 Churchill Place
London
E14 5HP

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

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Lightsource Radiate 2 Limited

Strategic report
For the year ended 31 December 2022

The Directors present their strategic report and the audited consolidated financial statements for the year ended 31 December 2022.

Review of the business and future developments
Turnover for the year ended 31 December 2022 was £29.9 million (31 December 2021: £25.2 million). Loss before tax was £9.0 million (31 December 2021: £2.8 million). Total net liabilities at 31 December 2022 were £72.2 million (31 December 2021: £65.5 million).

The Directors expect the portfolio to continue to generate healthy returns from its generation in the future, as demonstrated by the net cash generated from operating activities of £7.0m (31 December 2021: £20.4m).

Principal risks and uncertainties
The most significant risks to which the Group and Company are exposed to are described below:

Principal risks
Financial Instruments
The Group does not actively engage in the trading of financial assets or the entering into of financial instruments.

Operational risk
By nature of its business, the Group is exposed to a risk of mechanical breakdowns and electrical failures. This is mitigated by the appointment of experienced and appropriately trained staff to monitor the state of the production system at each site and implement a maintenance plan following the industry's best practices guidelines. The Group also has a number of key staff within the business and maintains key man insurance to mitigate any risk.

Energy resource risk
The Group's revenue is dependent on the amount of energy (solar irradiation) received on the sites where its power stations are located. As such the Group is exposed to an energy resource risk. This is measured by precise on-site as well as satellite-based monitoring and assessed against long term forecasts procured from independent advisors. The geographical spread of generation sites provides mitigation against natural weather variances.

Government support risk
The solar industry is dependent on regulatory support from the government. Changes to this support could have a material impact on the Group. The Group is mitigating this risk by looking to diversify its business activities and believes that future cost reductions in the supply chain will reduce the dependency on the government support mechanisms.

Financial risks
Credit risk
The Group's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit rating agencies. The principal credit risk arises therefore from its trade debtors.

The Group has no significant concentration of credit risk, with exposure spread over many customers. The risk on these customers is rated as very low, with each being supported by significant cash reserves and all invoices issued being on immediate payment terms.

Lightsource Radiate 2 Limited

Strategic report (continued)
For the year ended 31 December 2022

Cash flow risk
The Group seeks to manage risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Indemnity provision
As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Future developments
There have been no events subsequent to the year end that would be expected to impact the Group of Company's future developments. The primary focus and business activity of the Group and Company is not expected to change.

Key performance indicators
The Group considers generation to be the key KPI:

	Year ended 31 December 2022	**Year ended 31 December 2021**
Electricity generation (MWh)	107,008	99,835

The 7.2% improvement was driven by increased irradiance across the UK and reduced downtime on the solar sites.

Approved and signed on behalf of the board

Olivier Fricot

Olivier Fricot

Director

Date. 26 September 2023

Lightsource Radiate 2 Limited

Directors' report
For the year ended 31 December 2022

The Directors present their report and audited consolidated financial statements for the year ended 31 December 2022.

Principal activities
The principal activity of the Group is the operation of solar plants and the generation of solar power. The Company's principal activity is to act as a holding company.

Results and dividends
The loss for the year, after taxation, amounted to £6,662,443 (2021: £2,137,388).

No dividends were paid in the year (31 December 2021: £nil). The Directors do not recommend payment of a final dividend (31 December 2021: £nil).

Directors
The Directors who served during the year and up to the date of signing the financial statements were:

O J Fricot	(Appointed 17 May 2022)
A S DeSouza	(Appointed 17 May 2022)
C J Love	(Appointed 17 May 2022)
J Lingard	(Resigned 10 June 2022)
P McCartie	(Resigned 10 June 2022)

Going concern
The directors consider that it is appropriate to prepare the accounts on a going concern basis. The accounts do not include any adjustments that would result if financial support were withdrawn.

The directors have considered the funding requirements of the Group and Company for a period of 12 months from the date of approval of these accounts which indicates that the Group and Company will have sufficient funds, through its bank facility and funding from its ultimate parent company, Lightsource bp Renewable Energy Investments Limited, to meet its liabilities as they fall due for that period.

The Group and Company are being managed for exit from the Lightsource bp Renewable Energy Investments Limited group. Whilst management considers the Group and Company to be a going concern for the reasons set out above, should any sale complete within 12 months of approval of the financial statements the directors would not have visibility over any new shareholder's plans for the Group and Company, its funding arrangements or intentions. While the directors do not have any reason to believe that an acquirer would not continue to support the Group and Company or would materially change its activities in the next 12 months, they are not party to the detailed intentions or funding plans of any potential acquirer. As a result, this constitutes a material uncertainty that may cast significant doubt over the Group and Company's ability to continue as a going concern. The financial statements to not include the adjustments that would result if the Group and Company was unable to continue as a going concern.

Financial risk management
The financial risks are disclosed in the Strategic Report.

Disabled employees
Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with the particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Group may continue. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

Lightsource Radiate 2 Limited

Directors' report (continued)
For the year ended 31 December 2022

Employee involvement
The Group has continued its practice of keeping employees informed of matters affecting them as employees and factors affecting the performance of the Group.

Directors' indemnities and future developments
The indemnity provisions and likely future developments are disclosed in the Strategic Report.

Statement of Directors' responsibilities in respect of the financial statements
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Group and Company and of the profit or loss of the Group and 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 102, 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 Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure of information to auditors
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's auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors
The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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Lightsource Radiate 2 Limited

Directors' report (continued)
For the year ended 31 December 2022

This report was approved by the board on 26/09/2023.................. and signed on its behalf.

Olivier Fricot

Olivier Fricot

Director
Date 26 September 2023

Independent auditors' report to the members of Lightsource Radiate 2 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Lightsource Radiate 2 Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Consolidated and Company balance sheets as at 31 December 2022; the Consolidated profit and loss account, the Consolidated and Company statements of changes in equity and the Consolidated statement of cash flows 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 group 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the group's and the company's ability to continue as a going concern. The ultimate parent company, Lightsource bp Renewable Energy Investments Limited, are currently managing the exit from the group and company. As a result and should the divestment complete within the going concern period, the group and company's directors have limited knowledge of the prospective purchaser's plans, funding arrangements or intentions for the group and company. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a 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.

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

Independent auditors' report to the members of Lightsource Radiate 2 Limited (continued)

Reporting on other information

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

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Independent auditors' report to the members of Lightsource Radiate 2 Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

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

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of board minutes;
- Review of legal expenditure in the year to identify potential non-compliance with laws and regulation;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Challenging assumptions and judgements made by management in their significant accounting estimates.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Other matter

The financial statements for the year ended 31 December 2021, forming the corresponding figures of the financial statements for the year ended 31 December 2022, are unaudited.

Toni Alderson

Toni Alderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
26 September 2023

Lightsource Radiate 2 Limited

Consolidated profit and loss account

For the year ended 31 December 2022

	Note	2022 £	2021 Unaudited £
Turnover	3	**29,930,918**	25,213,709
Cost of sales		**(9,277,034)**	(10,379,220)
Gross profit		**20,653,884**	14,834,489
Administrative expenses		**(1,285,244)**	(3,656,072)
Other operating income		**87,655**	203,050
Operating profit	4	**19,456,295**	11,381,467
Interest receivable and similar income	5	**120,577**	3,004
Interest payable and similar expenses	6	**(28,583,642)**	(14,136,068)
Loss before taxation		**(9,006,770)**	(2,751,597)
Tax on loss	7	**2,344,327**	614,209
Loss for the financial year		**(6,662,443)**	(2,137,388)

All results relate to continuing activities.

There are no other items of other comprehensive income for the current year or prior year. Therefore, no separate statement of other comprehensive income has been prepared.

The notes on pages 15 to 37 form part of these financial statements.

Lightsource Radiate 2 Limited

Consolidated balance sheet
As at 31 December 2022

	Note	2022 £	2021 Unaudited £
Fixed assets			
Intangible assets	8	**26,642,176**	28,785,712
Tangible assets	9	**101,270,559**	110,700,837
		127,912,735	139,486,549
Current assets			
Stock	11	-	109,791
Debtors	12	**26,490,277**	4,964,982
Cash at bank and in hand		**6,083,258**	19,824,980
		32,573,535	24,899,753
Creditors: amounts falling due within one year	13	**(43,223,812)**	(43,754,315)
Net current liabilities		**(10,650,277)**	(18,854,562)
Total assets less current liabilities		**117,262,458**	120,631,987
Creditors: amounts falling due after more than one year	14	**(180,321,441)**	(170,725,338)
Provisions for liabilities	16	**(9,138,403)**	(15,441,592)
Net liabilities		**(72,197,386)**	(65,534,943)
Capital and reserves			
Called up share capital	17	**5,004**	5,004
Accumulated losses		**(72,202,390)**	(65,539,947)
Total shareholders' deficit		**(72,197,386)**	(65,534,943)

These consolidated financial statements on pages 10 to 37 were approved by the board of directors on .26/09/2023......... are signed on their behalf by:

Olivier Fricot

Olivier Fricot
Director

Lightsource Radiate 2 Limited

Company balance sheet
As at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	10	**61,721,270**	56,919,818
		61,721,270	56,919,818
Current assets			
Stock	11	-	109,791
Debtors	12	**109,972,215**	109,128,149
Cash at bank and in hand		**5,423,258**	19,164,980
		115,395,473	128,402,920
Creditors: amounts falling due within one year	13	**(40,557,722)**	(50,418,347)
Net current assets		**74,837,751**	77,984,573
Total assets less current liabilities		**136,559,021**	134,904,391
Creditors: amounts falling due after more than one year	14	**(180,321,441)**	(170,725,338)
Net liabilities		**(43,762,420)**	(35,820,947)
Capital and reserves			
Called up share capital	17	**5,004**	5,004
Special distribution reserve		**3,502,287**	3,502,287
Accumulated losses		**(47,269,711)**	(39,328,238)
Total shareholders' deficit		**(43,762,420)**	(35,820,947)

The company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The company's loss and total comprehensive loss for the financial year is £7,941,473 (31 December 2021: £15,679,157).

These financial statements on pages 10 to 37 were approved by the board of directors on 26/09/2023 and are signed on their behalf by:

Olivier Fricot

Olivier Fricot

Director

Registered number 09122666

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Lightsource Radiate 2 Limited

Consolidated statement of changes in equity
For the year ended 31 December 2022

	Called up share capital £	Accumulated losses £	Total shareholders' deficit £
Balance at 1 January 2021 (unaudited)	**5,004**	**(63,402,559)**	**(63,397,555)**
Loss and total comprehensive loss for the year (unaudited)	-	(2,137,388)	(2,137,388)
Balance at 31 December 2021 (unaudited)	**5,004**	**(65,539,947)**	**(65,534,943)**
Loss and total comprehensive loss for the year	-	**(6,662,443)**	(6,662,443)
Balance at 31 December 2022	**5,004**	**(72,202,390)**	**(72,197,386)**

Company statement of changes in equity
For the year ended 31 December 2022

	Called up share capital £	Special distribution reserve £	Accumulated losses £	Total shareholders' deficit £
Balance at 1 January 2021	**5,004**	**3,502,287**	**(23,649,081)**	**(20,141,790)**
Loss and total comprehensive loss for the year	-	-	(15,679,157)	(15,679,157)
Balance at 31 December 2021	**5,004**	**3,502,287**	**(39,328,238)**	**(35,820,947)**
Loss and total comprehensive loss for the year	-	-	(7,941,473)	(7,941,473)
Balance at 31 December 2022	**5,004**	**3,502,287**	**(47,269,711)**	**(43,762,420)**

Lightsource Radiate 2 Limited

Consolidated statement of cash flows
For the year ended 31 December 2022

	Note	2022 £	2021 Unaudited £
Net cash generated from operating activities	18	**6,961,181**	20,347,623
Cash flow from investing activities			
Purchase of tangible fixed assets		**(576,384)**	(191,153)
Net cash used in investing activities		**(576,384)**	(191,153)
Cash flow from financing activities			
Repayment of bank loans		**(14,111,853)**	(12,722,232)
Receipt from group undertakings		**3,499,426**	3,144,188
Repayment of group undertakings		**(8,053,301)**	(8,847,822)
Interest received		**120,577**	3,004
Interest paid		**(1,581,368)**	(1,494,946)
Net cash used in financing activities		**(20,126,519)**	(19,917,808)
(Decrease)/increase in cash in the year		**(13,741,722)**	238,662
Cash and cash equivalents at the start of the year		**19,824,980**	19,586,318
Cash and cash equivalents at the end of the year		**6,083,258**	19,824,980

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1. General information

Lightsource Radiate 2 Limited is a private company, limited by shares, incorporated in and domiciled in the United Kingdom, registered number 09122666. The registered office is 7th Floor, 33 Holborn, London, EC1N 2HU.

The principal activity of the Group is the construction and operation of solar plants and the generation of solar power. The Company's principal activity is to act as a holding company.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation
The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in policy "Judgements in applying accounting policies and key sources of estimation uncertainty" within this note.

2.2 Exemptions for qualifying under FRS 102
FRS 102 allows qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Group's shareholders.

The Group has taken advantage of the following exemptions:

- from disclosing the Group's key management personnel compensation as required by FRS 102 para 33.7;
- from disclosing related party transactions that are wholly owned within the same group; and
- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.

2.3 Going concern
The directors consider that it is appropriate to prepare the accounts on a going concern basis. The accounts do not include any adjustments that would result if financial support were withdrawn.

The directors have considered the funding requirements of the Group and Company for a period of 12 months from the date of approval of these accounts which indicates that the Group and Company will have sufficient funds, through its bank facility and funding from its ultimate parent company, Lightsource bp Renewable Energy Investments Limited, to meet its liabilities as they fall due for that period.

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2 Summary of significant accounting policies (continued)

2.3 Going concern (continued)

The Group and Company are being managed for exit from the Lightsource bp Renewable Energy Investments Limited group. Whilst management considers the Group and Company to be a going concern for the reasons set out above, should any sale complete within 12 months of approval of the financial statements the directors would not have visibility over any new shareholder's plans for the Group and Company, its funding arrangements or intentions. While the directors do not have any reason to believe that an acquirer would not continue to support the Group and Company or would materially change its activities in the next 12 months, they are not party to the detailed intentions or funding plans of any potential acquirer. As a result, this constitutes a material uncertainty that may cast significant doubt over the Group and Company's ability to continue as a going concern. The financial statements to not include the adjustments that would result if the Group and Company was unable to continue as a going concern.

2.4 Basis of consolidation

The consolidated financial statements include the results of Lightsource Radiate 2 Limited and all its subsidiary undertakings drawn up to 31 December 2022. No profit and loss account for the Company has been presented as permitted by Section 408 of the Companies Act 2006. In preparing the consolidated financial statements uniform accounting policies have been adopted across the Group and profits/losses on intra group transactions have been eliminated.

2.5 Foreign currency

(i) Functional and presentation currency

The Group's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated profit and loss account within administrative expenses.

2.6 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts, intra-group sales and rebates allowed by the Group and value added taxes. Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

Lightsource Radiate 2 Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

2 Summary of significant accounting policies (continued)

2.6 Turnover (continued)
The Group recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of turnover can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Group's sales channels have been met.

Turnover is derived from income receivable from the energy generated by solar plants owned during the year and is recognised as energy is generated or services are provided with appropriate accruals/deferrals depending on the timing of invoicing.

2.7 Tangible assets
Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

2.7 Tangible assets (continued)
The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively. Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Long-term leasehold property	- over the period of the lease
Plant and machinery	- 10 and 35 years straight line

2.8 Decommissioning provision
Liabilities for decommissioning costs are recognised when the Group has an obligation to dismantle and remove the Solar PV equipment and restore the land on which it is located. Liabilities may arise upon construction of such facilities, upon acquisition or through a subsequent change in legislation or regulations. The amount recognised is the estimated present value of expenditure determined in accordance with local conditions and requirements. A corresponding tangible item of property, plant and equipment equivalent to the provision is also created.

Any changes in the present value of the estimated expenditure are added or deducted from the cost of the asset to which it relates. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. The unwinding of the discount on the decommissioning provision is included as a finance cost.

Lightsource Radiate 2 Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

2 Summary of significant accounting policies (continued)

2.9 Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical judgements in applying the Company and Group's accounting policies

The main critical judgements in applying the Company and Group's accounting policies are as follows:

Impairment of goodwill (Group)

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.11. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates and are explained in further detail in note 2.10.

Impairment of fixed assets (Group)

In assessing impairment, judgement is required to establish whether there have been any indicators of impairment either internal or external for all amortising and depreciating non-current assets. Once the need for a review of the carrying value of an asset has been determined, valuation requires estimation techniques similar to these used for acquiring assets and is therefore subject to similar estimates and judgements.

Impairment of debtors (Company)

The Company makes an estimate of the recoverable value of amounts owed by group undertakings. See note 2.19 for the net carrying amounts owed by group undertakings and associated impairment provision.

Impairment of investments (Company)

The Company tests annually whether investments have suffered any impairment, in accordance with the accounting policy stated in note 2.14. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates and are explained in further detail in note 2.10.

(ii) Critical accounting estimates and assumptions

Measurement of decommissioning costs (Group)

As part of the measurement and recognition of assets and liabilities, the Group has recognised a provision for decommissioning obligations associated with the solar parks. In determining the fair value of the provision, assumptions and estimates are made in relation to the expected cost to dismantle and remove the plant from the site, the expected timing of these costs, and the discount rate. The decommissioning provision is revalued annually following a review of the present value of the estimated future expenditure. In determining the present value of the estimated future costs, the following assumptions were used:

Expected cost to dismantle and remove the plant from the site

An estimated dismantling cost of £112,410 per MWh was used in assessing the present value of the estimated future expenditure. The cost has been assessed by an external evaluator and reflects the current market conditions. If the MW/H dismantling cost was to change by +/-5% the provision would change by +/-£445,838.

Inflation

Inflation of 3.3% was used in assessing the present value of the estimated future expenditure. Inflation has been calculated using market data obtained from external specialists. If inflation were to change by +/-0.5%, then the impact on the present value of the estimated future expenditure would be +£1,132,381 -£1,009,005.

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2 Summary of significant accounting policies (continued)

2.9 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Discount rate

A discount rate of 3.75% was used in assessing the present value of the estimated future expenditure. The discount rate has been calculated based on inflation. If the discount rate were to change by +/-0.5%, then the impact on the present value of the estimated future expenditure would be -£1,000,448/+£1,133,110.

Expected timing

The expected timing of the costs has been determined as the remaining useful life of the assets. On average this is approximately 25 years across the portfolio.

Any changes in the present value of the estimated expenditure are added or deducted from the costs of the related decommissioning asset. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. The unwinding of the discount on the decommissioning provision is included as a finance cost.

2.10 Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

2.11 Goodwill

Goodwill arising on acquisition is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or charges in circumstances indicate that the carrying value may not be recoverable. Goodwill is amortised over 20 years.

Lightsource Radiate 2 Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

2 Summary of significant accounting policies (continued)

2.12 Leasing and hire purchase
Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.13 Operating leases
Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

2.14 Investments
Investments held as fixed assets are shown at cost less provision for impairment.

2.15 Taxation
Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Lightsource Radiate 2 Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

2 Summary of significant accounting policies (continued)

2.16 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such on the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

2.16 Financial instruments (continued)

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

The Group has chosen to adopt the sections 11 and 12 of FRS 102 in respect of financial instruments.

2.17 Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

2.18 Contingent liabilities

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resource is remote.

2.19 Impairment of debtors

The Company makes an estimate of the recoverable value of Group debtors. When assessing impairment of Group debtors, management considers the present value of the future cash flows before interest and tax obtainable as a result of the group company. These cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset. See note 12 for the net carrying amount of the debtors and associated impairment provision.

The Group has a constructive obligation to return the land on which solar sites are built to its original condition, at the end of the lease. The Directors believe that given the nature of the assets, the lessor may wish to either take title of the assets for either continued use or to realise value through selling the assets and as such the Directors do not believe that an outflow is probable to settle this restoration obligation. The Directors will continue to monitor this situation at each balance sheet date.

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3 Turnover

All turnover arose within the United Kingdom and related to the sale of electricity.

4 Operating profit

This is stated after charging/(crediting):

	Year ended 31 December 2022	Year ended 31 December 2021 Unaudited
	£	£
Depreciation of tangible assets – owned by the Group	**4,832,154**	5,813,366
Impairment of tangible assets – owned by the Group	**(1,477,463)**	831,718
Auditors' remuneration – fees payable to the Group's auditor and its associates for the audit of the financial statements (Company: 2022: £119,320; 2021: £14,832)	**119,320**	101,624
Amortisation of goodwill	**2,143,536**	2,143,536
Operating lease charge	**1,232,462**	1,092,296

The Group and Company has no employees other than the Directors. The Directors' remuneration was borne by another group entity (2021: £nil). Their services to the Group and Company are of a non-executive nature and their remuneration is deemed to be wholly attributable to their services to the parent company. Accordingly, the above details include no remuneration in respect of the Directors.

5 Interest receivable and similar income

	Year ended 31 December 2022	Year ended 31 December 2021 Unaudited
	£	£
Interest on bank deposits	**120,577**	3,004
	120,577	3,004

Lightsource Radiate 2 Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

6 Interest payable and similar expenses

	Year ended 31 December 2022 £	Year ended 31 December 2021 Unaudited £
On bank loans and overdrafts	**27,035,631**	12,345,852
Loan cost amortisation	**260,586**	260,586
Bank charges	**5,322**	8,631
Accretion expense	**183,091**	31,156
On group undertakings	**1,099,012**	1,489,843
	28,583,642	14,136,068

7 Tax on loss

(a) Analysis of credit in year

	Year ended 31 December 2022 £	Year ended 31 December 2021 Unaudited £
Corporate taxation:		
Corporation tax credit – current year	**(1,026)**	-
Corporation tax credit – adjustment in respect of prior year	**(2,853)**	-
Total corporate taxation credit	**(3,879)**	-
Deferred taxation:		
Deferred tax credit – current year	**(2,437,261)**	(358,157)
Deferred tax charge/(credit) – adjustment in respect of prior	**96,813**	(256,052)
Total deferred taxation credit	**(2,340,448)**	(614,209)
Tax on loss (note 7(b))	**(2,344,327)**	(614,209)

Lightsource Radiate 2 Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

7 Tax on loss (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year is higher than (31 December 2021: lower than) the standard rate of corporation taxation in the UK of 19% (31 December 2021: 19%). The differences are explained below:

	Year ended 31 December 2022 £	Year ended 31 December 2021 Unaudited £
Loss before taxation	**(9,006,770)**	(2,751,597)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (31 December 2021: 19%)	**(1,711,287)**	(522,803)
Expenses not deductible for tax purposes	**(598,982)**	1,930,972
Income not taxable	**1,059,310**	(1,502,387)
Effect of changes in tax rates	**(584,941)**	(264,643)
Adjustment in respect of prior year	**93,960**	(256,050)
Group relief not paid for	**(602,387)**	702
Total tax credit for the year (note 7(a))	**(2,344,327)**	(614,209)

(c) Factors that may affect future tax charge

The Finance Act 2021 was substantively enacted in May 2021 and has increased the corporation tax rate to from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

Lightsource Radiate 2 Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

8 Intangible assets

Group

	Goodwill
	£
Cost	
As at 1 January 2022 (unaudited) and 31 December 2022	**42,870,723**
Accumulated amortisation	
As at 1 January 2022 (unaudited)	14,085,011
Charge for the year	2,143,536
At 31 December 2022	**16,228,547**
Net book value	
At 31 December 2022	**26,642,176**
At 31 December 2021 (unaudited)	28,785,712

Goodwill is being amortised over 20 years.

Lightsource Radiate 2 Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

9 Tangible assets

Group

	Long-term leasehold property £	Plant and machinery £	Total £
Cost			
At 1 January 2022 (unaudited)	831,950	185,845,199	186,677,149
Additions	-	1,637,656	1,637,656
Disposals	-	(299,680)	(299,680)
Other movements	-	(7,808,204)	(7,808,204)
At 31 December 2022	**831,950**	**179,374,971**	**180,206,921**
Accumulated depreciation			
At 1 January 2022 (unaudited)	292,070	75,684,242	75,976,312
Charge for the year	21,464	4,810,690	4,832,154
Impairment	-	(1,477,463)	(1,477,463)
Disposals	-	(394,641)	(394,641)
At 31 December 2022	**313,534**	**78,622,828**	**78,936,362**
Net book value			
At 31 December 2022	**518,416**	**100,752,143**	**101,270,559**
At 31 December 2021 (unaudited)	539,880	110,160,957	110,700,837

The Company does not hold any tangible assets. The total value of fixed assets is held as a security against the bank debt.

Other movements relate to a change in the present value of the estimated decommissioning costs of the Solar PV equipment included within plant and machinery.

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Notes to the financial statements (continued)
For the year ended 31 December 2022

10 Investments

Company

	Investment in subsidiary undertakings £
Cost	
As at 1 January 2022 (unaudited) and 31 December 2022	**88,262,910**
Impairment	
As at 1 January 2022 (unaudited)	31,343,092
Impairment reversal in year	(4,801,452)
As at 31 December 2022	**26,541,640**
Net book value	
At 31 December 2022	**61,721,270**
At 31 December 2021 (unaudited)	56,919,818

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Lightsource Radiate 2 Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

10 Investments (continued)

Subsidiary undertakings
The following were the subsidiary undertakings of the Company at 31 December 2022 and 31 December 2021, all ordinary shares, all have a registered address of 7th Floor, 33 Holborn, London, EC1N 2HU.

Aashman Power Limited
Burnthouse Solar Limited
Chittering Solar Limited
Donoma Power Limited
Ffos Las Solar Developments Limited
Gnowee Power Limited
Howbery Solar Park Limited
Kala Power Limited
Lora Solar Limited
Manor Farm (Solar Power) Limited
Meri Power Limited
MTS Trefinnick Solar Limited
Nextpower Trevemper Limited
Nima Power Limited
Palk Power Limited
Pont Andrew Limited
Lightsource SPV 5 Limited
Lightsource SPV 8 Limited
Lightsource SPV 26 Limited
Lightsource SPV 32 Limited
Lightsource SPV 49 Limited
Lightsource SPV 50 Limited
Lightsource SPV 69 Limited
Lightsource SPV 76 Limited
Lightsource SPV 79 Limited
Lightsource SPV 106 Limited
Shakti Power Limited
Sula Power Limited
Sun & Soil Renewable 12 Limited
TGC Solar 91 Limited
TGC Solar 106 Limited
Tonatiuh Trading 1 Limited
Tuwale Power Limited

The principal activities of subsidiary undertakings are the construction and operation of solar plants and the generation of solar power.

11 Stock

Group and Company

	31 December 2022	31 December 2021 Unaudited
	£	£
Raw materials and consumables	-	109,791
	-	109,791

Lightsource Radiate 2 Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

12 Debtors

Amounts falling due within one year:

	Group 31 December 2022 £	Group 31 December 2021 Unaudited £	Company 31 December 2022 £	Company 31 December 2021 £
Trade debtors	**1,079,431**	217,745	-	-
Amounts owed by group undertakings	-	-	**99,625,585**	108,758,668
Other debtors	**10,239,945**	62,832	**9,930,000**	-
Other taxation and social security	-	-	**3,236**	10,524
Corporation tax receivable	**338,333**	334,454	**338,333**	338,333
Prepayments and accrued income	**11,400,673**	3,258,504	**75,061**	20,624
	23,058,382	3,873,535	**109,972,215**	109,128,149

Amounts owed by group undertakings are unsecured, attract interest from 7.5% to 10% and have no fixed date of repayment.

Amounts owed by group undertakings are stated after provision of doubtful debts of £6,618,099 (2021: £5,204,069).

Prepayments and accrued income for the Group, are stated after provision of doubtful debts of £2,000 (2021: £nil).

Amounts falling due after more than one year:

	Group 31 December 2022 £	Group 31 December 2021 Unaudited £	Company 31 December 2022 £	Company 31 December 2021 £
Deferred taxation asset	**3,431,895**	1,091,447	-	-
Total debtors	**26,490,277**	4,964,984	**109,972,215**	109,128,149

Deferred taxation for the Group is detailed in Note 15.

Lightsource Radiate 2 Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

13 Creditors: amounts falling due within one year

	Group 31 December 2022 £	Group 31 December 2021 Unaudited £	**Company 31 December 2022 £**	Company 31 December 2021 £
Other creditors	**99,146**	458,133	-	-
Trade creditors	**14,429**	174,852	**5,905**	685
Accruals and deferred income	**3,040,022**	1,665,024	**823,215**	12,665,376
Other taxation and social security	**60,064**	3,508	-	-
Amounts owed to group undertakings	**24,665,344**	28,120,206	**24,383,795**	24,419,694
Bank loans and overdrafts	**15,344,807**	13,332,592	**15,344,807**	13,332,592
	43,223,812	43,754,315	**40,557,722**	50,418,347

The amounts owed to group undertakings are unsecured and have no fixed date of repayment. Interest is charged at a rate of 8.0%.

Bank loans are secured on the assets of the group, interest is charged at a rate of 0.776% plus RPI. The bank loan payment terms are installed biannually.

Lightsource Radiate 2 Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

14 Creditors: amounts falling due after more than one year

	Group 31 December 2022 £	Group 31 December 2021 Unaudited £	**Company 31 December 2022 £**	Company 31 December 2021 £
Bank loans and overdrafts	**180,321,441**	170,725,338	**180,321,441**	170,725,338
	180,321,441	170,725,338	**180,321,441**	170,725,338

Bank loans are payable as follows:

	Group 31 December 2022 £	Group 31 December 2021 Unaudited £	**Company 31 December 2022 £**	Company 31 December 2021 £
Less than one year	**15,344,807**	13,332,592	**15,344,807**	13,332,592
Between one and two years	**15,393,493**	14,483,964	**15,393,493**	14,483,964
Between two and five years	**45,629,463**	48,282,403	**45,629,463**	48,282,403
More than five years	**123,120,407**	112,041,478	**123,120,407**	112,041,478
	199,488,170	188,140,437	**199,488,170**	188,140,437

The bank loan is shown net of loan costs of £7,126,276 (31 December 2021: £7,126,276) which are amortised over the life of the loan. Net amortised costs as at 31 December 2022 were £3,304,354 (31 December 2021: £4,082,508). Amortisation charged in the year was £260,586 (31 December 2021: £260,586). The gross value of the bank loan due after more than one year is £199,488,170 (31 December 2021: £188,140,437).

Bank loans are secured on the assets of the group, interest is charged at a rate of 0.776% plus inflation. The bank loan payment terms are installed biannually, with a final payment date of 31 August 2037.

Lightsource Radiate 2 Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

15 Deferred taxation

Group

	Unaudited £
Balance at 1 January 2022	1,091,447
Deferred tax credit to profit and loss	2,340,448
Balance at 31 December 2022	**3,431,895**

Deferred tax assets recognised at 25 percent:

	31 December 2022 Unaudited £
Accelerated capital allowances	817,842
Losses	2,614,053
	3,431,895

There are no unrecognised deferred tax assets.

Lightsource Radiate 2 Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

16 Provisions for liabilities

	Decommissioning £	Other £	Total £
Balance at 1 January 2022 (unaudited)	15,385,648	55,944	15,441,592
Unwinding of discount	183,091	-	183,091
Additions in the year	1,061,157	165,692	1,226,849
Releases in the year	(7,713,129)	-	(7,713,129)
Balance at 31 December 2022	**8,916,767**	**221,636**	**9,138,403**

Decommissioning
Any changes in the present value of the estimated expenditure are added to or deducted from the cost of the asset to which it relates. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. The unwinding of the discount on the decommissioning provision is included as a finance cost at 1.19% (2021: 5.5%).

Following a review of the present value of the estimated future expenditure, the discount rate is assessed annually against recent market data and adjusted accordingly through revaluation of the decommissioning asset and provision.

Other
Other provisions relate to bad debt provisions, in line with the Group policy.

17 Called up share capital

Group and Company

	31 December 2022 £	31 December 2021 Unaudited £
Allotted, called-up and fully paid		
50,048 (31 December 2021 (unaudited): 50,048) ordinary share of £0.10 each	**5,004**	5,004

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Notes to the financial statements (continued)
For the year ended 31 December 2022

18 Net cash flow from operating activities

	Year ended 31 December 2022 £	Year ended 31 December 2021 Unaudited £
Loss for the year	(6,662,443)	(2,137,388)
Tax on loss	(2,344,327)	(614,209)
Net interest expenses	28,463,065	14,133,064
Operating profit	19,456,295	11,381,467
Depreciation of tangible assets	4,832,153	5,813,366
Amortisation of goodwill	2,143,536	2,143,536
Fixed asset impairment	(1,477,463)	831,718
Provisions	165,692	30,410
Decrease/(increase) in stock	109,791	(109,791)
(Increase)/decrease in debtors	(19,180,966)	1,263
Decrease in creditors	912,143	255,654
Net cash inflow from operating activities	6,961,181	20,347,623

19 Operating lease commitments

At 31 December the group had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings 31 December 2022	Land and Buildings 31 December 2021 Unaudited
	£	£
Payment due:		
Within 1 year	**1,002,473**	881,535
Between 2 and 5 years	**4,009,891**	3,526,139
More than 5 years	**10,636,016**	10,257,944
	15,648,380	14,665,618

20 Contingent liabilities

There are obligations on the Group to remove the solar assets upon expiry of the contractual terms. In the event that no agreement is reached with the property owners to transfer ownership in lieu of any decommissioning obligations, it is the intention of the Directors to fulfil those obligations. At balance sheet date the Directors reassessed the accounting judgement and recognised £8.9m decommissioning provisions for 27 solar sites where it was determined that residual values will not be sufficient to cover future restoration obligations.

For the remaining sites, the Directors believe that it is more probable than not that the property owners will wish to take title of the assets for continued use, and that an agreement will be reached to transfer ownership. As such, the Directors do not believe that an outflow will be probable to settle the decommissioning obligation and a provision has therefore not been recognised for those entities. The Directors will continue to monitor this situation at each balance sheet date.

Details of the decommissioning provision are disclosed in Note 16.

21 Related party transactions

During the year the Group and Company entered into transactions, in the ordinary course of business, with related parties. The Group and Company have taken advantage of the exemption under paragraph 33.1A of FRS 102 not to disclose transactions with fellow subsidiaries under common ownership. There are no other related party transactions noted in the year.

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Notes to the financial statements (continued)
For the year ended 31 December 2022

22 Parent company guarantees

The following companies have taken the advantage of the exemption from audit under S479A of the Companies Act 2006. Accordingly, as the immediate parent undertaking to prepare consolidated financial statements, Lightsource Radiate 2 Limited has consented to the exemption and in accordance with S479C of the Companies Act 2006, has guaranteed all outstanding liabilities of the following companies as at 31 December 2022 until they are satisfied in full:

Registration	Company
07447165	Aashman Power Limited
08898821	Burnthouse Solar Limited
07676618	Chittering Solar Limited
07447342	Donoma Power Limited
07605959	Ffos Las Solar Developments Limited
07447559	Gnowee Power Limited
07488025	Howbery Solar Park Limited
07447594	Kala Power Limited
07932140	Lora Solar Limited
07624543	Manor Farm (Solar Power) Limited
07447712	Meri Power Limited
08096294	MTS Trefinnick Solar Limited
07601777	Nextpower Trevemper Limited
07447574	Nima Power Limited
07447512	Palk Power Limited
08000303	Pont Andrew Limited
07738865	Lightsource SPV 5 Limited
07738953	Lightsource SPV 8 Limited
07743783	Lightsource SPV 26 Limited
07743912	Lightsource SPV 32 Limited
07957102	Lightsource SPV 49 Limited
07957055	Lightsource SPV 50 Limited
07985092	Lightsource SPV 69 Limited
07985119	Lightsource SPV 76 Limited
07985100	Lightsource SPV 79 Limited
08752608	Lightsource SPV 106 Limited
07447080	Shakti Power Limited
07447573	Sula Power Limited
08813095	Sun & Soil Renewable 12 Limited
07521274	TGC Solar 91 Limited
07521286	TGC Solar 106 Limited
07367379	Tonatiuh Trading 1 Limited
07447518	Tuwale Power Limited

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23 Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Lightsource Radiate 1 Limited. The Company's ultimate parent undertaking and controlling party is Lightsource BP Renewable Energy Investments Limited, which is the smallest and largest group of undertakings to consolidate these financial statements. The consolidated financial statements can be obtained from the following address: 7th Floor, 33 Holborn, London, EC1N 2HU.