

Registered number: 08268408

ADDISON ENERGY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2023



ADDISON ENERGY LIMITED

COMPANY INFORMATION

Directors	D Gudgin K W Yu
Registered number	08268408
Registered office	1 Benjamin Street London EC1M 5QL
Independent auditors	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD

ADDISON ENERGY LIMITED

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ADDISON ENERGY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2023

The directors present their report and the financial statements for the year ended 31 January 2023.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Directors

The directors who served during the year were:

D Gudgin
K W Yu

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

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

ADDISON ENERGY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2023**

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 5 October 2023 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'K W Yu', is written over a horizontal line.

K W Yu
Director

ADDISON ENERGY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADDISON ENERGY LIMITED

Opinion

We have audited the financial statements of Addison Energy Limited (the 'Company') for the year ended 31 January 2023, which comprise the Statement of Comprehensive Income, the Balance Sheet and the related notes, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 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.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

ADDISON ENERGY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADDISON ENERGY LIMITED (CONTINUED)

Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- 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 and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

ADDISON ENERGY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADDISON ENERGY LIMITED (CONTINUED)

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:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from Companies Act 2006, United Kingdom Generally Accepted Accounting Practice (UK GAAP) FRS 102, GDPR Legislation 2018, and the Money Laundering and Terrorist Financing (Amendment) Regulations 2019.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
 - Enquires of management; and
 - Review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in relation to the depreciation of assets and we addressed this by challenging the assumptions and judgements made by management when auditing that accounting estimate.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

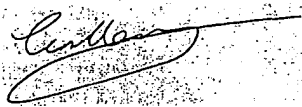
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

ADDISON ENERGY LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADDISON ENERGY LIMITED
(CONTINUED)**

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 Auditors' 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.



Timothy Harris (Senior Statutory Auditor)

for and on behalf of
PKF Littlejohn LLP

Statutory Auditor

15 Westferry Circus
Canary Wharf
London
E14 4HD

5 October 2023

ADDISON ENERGY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JANUARY 2023

	2023 £	2022 £
Turnover	563,209	396,367
Gross profit	563,209	396,367
Administrative expenses	(268,443)	(272,061)
Other income	34,988	-
Operating profit	329,754	124,306
Interest receivable and similar income	501	14
Profit before tax	330,255	124,320
Tax on profit	(84,458)	(43,064)
Profit for the financial year	245,797	81,256

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 9 to 15 form part of these financial statements.

ADDISON ENERGY LIMITED
REGISTERED NUMBER: 08268408

BALANCE SHEET
AS AT 31 JANUARY 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	5	2,294,415	2,499,776
		<u>2,294,415</u>	<u>2,499,776</u>
Current assets			
Debtors: amounts falling due within one year	6	94,032	2,112,043
Bank and cash balances		205,032	221,287
		<u>299,064</u>	<u>2,333,330</u>
Creditors: amounts falling due within one year	7	(56,416)	(61,298)
Net current assets		<u>242,648</u>	<u>2,272,032</u>
Total assets less current liabilities		<u>2,537,063</u>	<u>4,771,808</u>
Provisions for liabilities			
Deferred tax	9	(129,411)	(44,953)
		<u>(129,411)</u>	<u>(44,953)</u>
Net assets		<u>2,407,652</u>	<u>4,726,855</u>
Capital and reserves			
Called up share capital		100	4,704,097
Profit and loss account		2,407,552	22,758
		<u>2,407,652</u>	<u>4,726,855</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 October 2023.



Ka Wai Yu
Director

The notes on pages 9 to 15 form part of these financial statements.

ADDISON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

1. General information

Addison Energy Limited ("the Company") is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is 1 Benjamin Street, London, England EC1M 5QL.

The principal activity is the production of electricity.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of 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 in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have at the time of approving the financial statements a reasonable expectation that the Company has adequate resources to continue operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

As such, the financial statements have continued to be prepared on the going concern basis.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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.

2.4 Revenue

Revenue related to power generation contracts is recognised in line with contracts. Estimates of revenue and costs to be incurred on contracts are regularly reviewed and revised. Any revisions are recognised in the period that caused the revision in estimate to occur. Revenue is recognised in the Statement of Comprehensive Income.

2.5 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

ADDISON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

2. Accounting policies (continued)

2.6 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery - Inverter	-	10%
Plant and machinery - Other	-	5%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

ADDISON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

2. Accounting policies (continued)

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Company's Balance Sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of

ADDISON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

2. Accounting policies (continued)

2.11 Financial instruments (continued)

the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

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 Company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

Derecognition of financial instruments

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

ADDISON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

2. Accounting policies (continued)

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Employees

The average monthly number of employees, including directors, during the year was 2 (2022 - 2).

4. Dividends

	2023 £	2022 £
Dividends paid	2,565,000	-
	<u>2,565,000</u>	<u>-</u>

5. Tangible fixed assets

	Plant and machinery £
Cost or valuation	
At 1 February 2022	3,735,992
At 31 January 2023	<u>3,735,992</u>
Depreciation	
At 1 February 2022	1,236,216
Charge for the year on owned assets	205,361
At 31 January 2023	<u>1,441,577</u>
Net book value	
At 31 January 2023	<u>2,294,415</u>
At 31 January 2022	<u>2,499,776</u>

ADDISON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

6. Debtors

	2023 £	2022 £
Trade debtors	363	362
Amounts owed by group undertakings	-	2,085,000
Prepayments and accrued income	93,669	26,681
	<u>94,032</u>	<u>2,112,043</u>

7. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	12,579	10,470
Amounts owed to group undertakings	296	296
Other taxation and social security	34,495	41,828
Accruals and deferred income	9,046	8,704
	<u>56,416</u>	<u>61,298</u>

8. Financial instruments

	2023 £	2022 £
Financial assets		
Financial assets measured at amortised cost. Financial assets are calculated as trade debtors, intercompany debtors, accrued income and cash.	<u>295,023</u>	<u>2,331,638</u>
Financial liabilities		
Financial liabilities measured at amortised cost. Financial liabilities are calculated as trade creditors, accruals and loan stock.	<u>21,922</u>	<u>19,470</u>

ADDISON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2023

9. Deferred taxation

	2023 £
At beginning of year	(44,953)
Charged to profit or loss	(84,458)
At end of year	(129,411)

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(129,411)	(155,507)
Short term timing differences	-	110,554
	(129,411)	(44,953)

10. Controlling party

As at 31 January 2023, the immediate parent company is ACP Ordinary Shareco Limited. Albion Community Power LP is regarded as the Company's ultimate controlling party.

11. Reserves

On 26 July 2022, a special resolution was passed to reduce the Company's share capital from £4,704,097.30 to £100 by cancelling and extinguishing 47,039,973 of the issued Ordinary shares of £0.10 each in the Company, each of which is fully paid up. This resulted in the creation of a reserve which is distributable and included within the profit and loss account on the Balance Sheet.