

**NEXTPower HOPS ENERGY LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 1 JANUARY 2020 TO 31 MARCH 2021**



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## NEXTPower HOPS ENERGY LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	Sulwen Vaughan (appointed 26 February 2021) Enrico Corazza (appointed 26 February 2021) Kareen Boutonnat (resigned 26 February 2021) Ian Hardie (resigned 26 February 2021)
<b>Registered number</b>	08764094
<b>Registered office</b>	5th Floor North Side 7-10 Chandos Street Cavendish Square London W1G 9DQ
<b>Independent auditor</b>	KPMG Channel Islands Limited Gategny Court Gategny Esplanade St Peter Port Guernsey GY1 1WR
<b>Bankers</b>	Barclays Bank Plc 1 Churchill Place Leicester LE87 2BB

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**NEXTPOWER HOPS ENERGY LIMITED**

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## NEXTPower HOPS ENERGY LIMITED

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2021

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The directors present this report and the financial statements for the period from 1 January 2020 to 31 March 2021.

#### 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' ("FRS 102"). 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 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing as applicable matters related to going concern; and
- use the going concern basis of accounting unless they intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

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 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, and have the general responsibility for taking such steps as are reasonably open to them, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

#### Principal activities

The principal activities of the Company are the development of solar photovoltaic ("Solar PV") projects with the intention to generate and supply electricity from a solar photovoltaic site.

The Company is committed to project implementation excellence, the provision of long term clean energy projects, environmentally sensitive developments for the local community, and long term sustainable returns to investors. The Company is exposed to a variety of financial and operational risks as detailed in Note 16 of the notes to the financial statements.

#### Business review

##### Future Developments

The directors have planned developments to build a ground mounted solar park. The directors have a reasonable expectation that the Company will continue to invest in the construction of the solar park with the site being fully operational in the foreseeable future. For the detailed assessment refer to Note 2.3.

##### Results and Dividends

The profit for the period amounted to £30,416 (period from 1 January 2019 to 31 December 2019: £nil).

No dividends were paid and/or declared during the period (period from 1 January 2019 to 31 December 2019: £nil).

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## NEXTPower HOPS ENERGY LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2021

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#### Business review (continued)

##### Political donations and political expenditure

The Company did not make any disclosable political donations or political expenditure in the period.

##### Financial instruments

Refer to Note 16 for details of the Company's financial management objectives and policies; and its exposure to market risk, credit risk and liquidity risk.

##### Directors

The directors who served during the period, and up to the date of signing the financial statements unless otherwise stated, are as follows:

Sulwen Vaughan (appointed 26 February 2021)

Enrico Corazza (appointed 26 February 2021)

Kareen Boutonnat (resigned 26 February 2021)

Ian Hardie (resigned 26 February 2021)

On 26 February 2021, the shareholding of the Company was transferred from Lightsource Holdings 3 Limited to NextEnergy Solar Holdings III Limited.

There were no changes in shareholdings between 31 March 2021 and the date of signing the financial statements. Refer to Note 13 for more details.

##### COVID-19

The impact of COVID-19 has been considered as part of the directors' review of going concern. Refer to Note 2.3 for details.

##### Qualifying third-party and pension scheme indemnity provisions

The Company did not have any qualifying third-party indemnity provision and/or qualifying pension scheme indemnity provision for any of the directors, during the period and at the date of approval of the directors' report.

##### Unaudited comparatives

The comparatives of the financial statements for the period 1 January 2019 to 31 December 2019 are not audited, whereas the current period's figures are audited.

##### Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

##### Independent auditor

KPMG Channel Islands Limited were appointed as auditors on 28 June 2021 and have indicated their willingness to continue in office. A resolution concerning their re-appointment will be proposed at the Annual General Meeting.

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**NEXTPower HOPS ENERGY LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2021**

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**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 15 November 2021 and signed on its behalf.

*Sulwen Vaughan*

Sulwen Vaughan  
Director

# Independent Auditor's Report to the Member of NextPower Hops Energy Limited

## *Our opinion*

We have audited the financial statements of NextPower Hops Energy Limited (the "Company"), which comprise the statement of financial position as at 31 March 2021, the statements of comprehensive income, changes in equity and cash flows for the period from 1 January 2020 to 31 March 2021, and notes, comprising significant accounting policies and other explanatory information.

*In our opinion, the accompanying financial statements:*

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of the Company's profit for the period from 1 January 2020 to 31 March 2021;
- are properly prepared in accordance with United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## *Other matter - prior period financial statements*

We note that the prior period financial statements were not audited. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified in respect of this matter.

## *Going concern*

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

## *Fraud and breaches of laws and regulations – ability to detect*

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and

# Independent Auditor's Report to the Member of NextPower Hops Energy Limited

## (continued)

- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. We did not identify any additional fraud risks.

We performed procedures including

- Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of litigation or impacts on the Company's ability to operate. We identified company law as being the area most likely to have such an effect. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### *The directors' report*

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

### *Matters on which we are required to report by exception*

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



# Independent Auditor's Report to the Member of NextPower Hops Energy Limited

(continued)

- 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 take advantage of the small companies exemption from the requirement to prepare a strategic report

We have nothing to report in these respects.

## *Respective responsibilities*

### *Directors' responsibilities*

As explained more fully in their statement set out on page 1, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### *Auditor's responsibilities*

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### *The purpose of our audit work and to whom we owe our responsibilities*

This report is made solely to the Company's member, 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 member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its member, as a body, for our audit work, for this report, or for the opinions we have formed.



**David Alexander (Senior Statutory Auditor)**

**For and on behalf of KPMG Channel Islands Limited (Statutory Auditor)**

*Chartered Accountants*

Guernsey

16 November 2021

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**NEXTPower HOPS ENERGY LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2021**

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	Note	1 Jan 20 to 31 Mar 21 £	<i>Unaudited 1 Jan 19 to 31 Dec 19 £</i>
Operating expenses		(224)	-
Loan waiver	4	30,640	-
<b>Operating profit</b>		<u>30,416</u>	<u>-</u>
Tax on profit	8	-	-
<b>Total comprehensive income and profit for the period/year</b>		<u><u>30,416</u></u>	<u><u>-</u></u>

The notes on pages 11 to 22 form part of these financial statements.

**NEXTPower HOPS ENERGY LIMITED**  
**REGISTERED NUMBER:08764094**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

			31 March 2021 £	Unaudited 31 December 2019 £
	Note			
<b>Current assets</b>				
Debtors: amounts falling due within one year	9	237,811	-	
		<u>237,811</u>	<u>-</u>	
Creditors: amounts falling due within one year	10	(237,981)	(30,586)	
<b>Net current liabilities</b>			(170)	(30,586)
<b>Total assets less current liabilities</b>			(170)	(30,586)
<b>Net liabilities</b>			<u>(170)</u>	<u>(30,586)</u>
<b>Capital and reserves</b>				
Called up share capital	13	-	-	
Profit and loss account		(170)	(30,586)	
<b>Total equity</b>			<u>(170)</u>	<u>(30,586)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 November 2021.

*Sulwen Vaughan*

**Sulwen Vaughan**  
Director

The notes on pages 11 to 22 form part of these financial statements.

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**NEXTPOWER HOPS ENERGY LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2021**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 January 2019</b>	-	(30,586)	(30,586)
<b>At 1 January 2020</b>	-	(30,586)	(30,586)
<b>Comprehensive income for the period</b>			
Profit for the period	-	30,416	30,416
<b>At 31 March 2021</b>	-	(170)	(170)

The notes on pages 11 to 22 form part of these financial statements.

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**NEXTPower HOPS ENERGY LIMITED**

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**STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2021**

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	1 Jan 20 to 31 Mar 21	<i>Unaudited 1 Jan 19 to 31 Dec 19</i>
	£	£
<b>Cash flows from operating activities</b>		
Profit for the financial period/year	30,416	-
<b>Adjustments for:</b>		
Increase in debtors	(237,811)	-
Increase in creditors	207,395	-
<b>Net cash generated from operating activities</b>	<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	<u>-</u>	<u>-</u>
Cash and cash equivalents at beginning of period	-	-
<b>Cash and cash equivalents at the end of period</b>	<u><u>-</u></u>	<u><u>-</u></u>

The notes on pages 11 to 22 form part of these financial statements.

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## NEXTPOWER HOPS ENERGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

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#### 1. General information

NextPower Hops Energy Limited, previously Lightsource SPV 133 Limited, (the "Company") was incorporated with limited liability in England under the Companies Act 2006, on 6 November 2013 with registered number 08764094. The registered office and principal place of business of the Company is 5th Floor North Side, 7-10 Chandos Street, Cavendish Square, London, W1G 9DQ.

The principal activities of the Company are to be party to a corporate virtual power purchase agreement for the settlement of the generation and supply of electricity from solar photovoltaic sites owned by related parties.

#### 2. Accounting policies

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

##### 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 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 areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The Company's functional and presentation currency is the pound sterling. There are no foreign currency transactions and balances.

##### 2.2 Comparatives

The comparatives of the financial statements are for the year from 1 January 2019 to 31 December 2019, whereas the current period's figures are from 1 January 2020 to 31 March 2021. Both periods are therefore not comparable.

##### 2.3 Going concern

The directors believe that the Company is well placed to manage its business risks successfully. The directors have reviewed the Company's current position and are aware that the Company has net liabilities, however given the continued financial support provided by the parent company, NextEnergy Solar Holdings III Limited, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the directors' report and financial statements. The financial support is made available for a period of not less than 12 months and one day from the date of signing these financial statements. The directors have received confirmation of this support.

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## NEXTPower HOPS ENERGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

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#### 2. Accounting policies (continued)

##### 2.3 Going concern (continued)

###### COVID-19

Management have closely monitored the impact of COVID-19 and has business continuity plans in place that allow the Company to adapt to change as and when it arises. In considering the impact of COVID-19 at the date of signing of the accounts there has not been a material impact on the operations of the solar PV asset and minimal impact on cash flows. The solar PV asset has been performing at peak levels with no known or expected curtailment. The company built up a stock of spare parts and is currently not expecting any significant complications along its spare parts supply chain. The Company's key service providers being the operations and maintenance technical experts have continued to provide contracted services. The Company has a letter of financial support from the parent entity, NextEnergy Solar Holdings III Limited, which has sufficient liquidity to support the company's ability to continue as a going concern for the next 12 months from approval of the financial statements.

##### 2.4 Exemptions under Companies Act

The Company has also adopted the following disclosure exemptions:

- Strategic Report: Companies Act Strategic Report exemption for small companies under section 414B.

##### 2.5 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.

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## NEXTPower HOPS ENERGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

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#### 2. Accounting policies (continued)

##### 2.6 Financial instruments

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

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

A financial asset, or a portion of a financial asset, is derecognised when:

- the right to receive cash flows from the asset have expired; or
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred the rights to receive cash flows from the asset and either:
  - i. has transferred substantially all the risks and rewards of the assets; or
  - ii. has neither transferred nor retained substantially all the risks and rewards of the assets but has transferred control of the assets.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021

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2. Accounting policies (continued)

2.7 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

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

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

**Interest bearing loans and borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

**Derecognition of financial liabilities**

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

**Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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## NEXTPOWER HOPS ENERGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

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#### 2. Accounting policies (continued)

##### 2.8 Provisions and contingencies

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

In particular, a provision for decommissioning costs is not recognised as at reporting date. This is because the Solar PV project is in the early stages of development and hence no event has taken place as at reporting date that would require recognition of a provision for decommissioning costs.

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events 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 Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

##### 2.9 Current and deferred taxation

Tax is recognised in the Statement of Comprehensive Income, 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 reporting 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 Statement of Financial Position 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.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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## NEXTPower HOPS ENERGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

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#### 3. Critical judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts for assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values that are not readily apparent from other sources. Actual values may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The most critical accounting policies and estimates in determining the financial condition and results of the Company are those requiring a greater degree of subjective or complete judgment. These are discussed below:

##### **Deferred tax**

Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the net effect of future tax planning strategies.

#### 4. Loan waiver

During the prior year, a loan for £30,586 was made by the previous shareholder, Lightsource Holdings 3 Limited. The loan was unsecured, interest free and was repayable on demand. On 4 November 2020, the lender entered into a deed of loan forgiveness for the total value of the loan.

During the period, a related party Lightsource Xenium2 Limited settled subscription fees on behalf of the Company for the amount of £54. On 26 February 2021, the shareholding of the Company transferred to NextEnergy Solar Holdings III Limited, and the loan to Lightsource Xenium2 Limited was deemed to be waived.

#### 5. Auditor's remuneration

NextEnergy Solar Holdings III Limited will pay the audit fee of £4,000 (period from 1 January 2019 to 31 December 2019: £nil) relating to the audit of the financial statements for the period on behalf of the Company.

#### 6. Employees

The Company has no employees other than the directors, who did not receive any remuneration.

#### 7. Directors' remuneration

The remuneration of the directors was £nil for the period (period from 1 January 2019 to 31 December 2019: £nil).

**NEXTPower HOPS ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021**

**8. Taxation**

	1 Jan 20 to 31 Mar 21 £	<i>Unaudited 1 Jan 19 to 31 Dec 19 £</i>
<b>Current tax</b>		
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
<b>Total deferred tax</b>	-	-
<b>Taxation on profit on ordinary activities</b>	-	-

**Factors affecting tax charge for the period/year**

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 19% (period from 1 January 2019 to 31 December 2019: 19%).

The differences are explained below:

	1 Jan 20 to 31 Mar 21 £	<i>Unaudited 1 Jan 19 to 31 Dec 19 £</i>
<b>Profit on ordinary activities before tax</b>	<b>30,416</b>	-
<b>Loss on ordinary activities multiplied by average standard rate of corporation tax in the UK of 19%</b>	<b>5,779</b>	-
<b>Effects of:</b>		
Income not taxable for tax purposes	(5,822)	-
Deferred tax not recognised	43	-
<b>Total tax charge for the period/year</b>	-	-

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## NEXTPower HOPS ENERGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

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#### 8. Taxation (continued)

A potential deferred tax asset of £43 (31 Dec 2019: £nil) has been identified based on carried forward losses of £224 (31 Dec 2019: £nil). Management have made an assessment of the recoverability of this asset and have deemed it prudent not to recognise this amount within the financial statements, as it is their view that there is insufficient evidence to show it is probable that the Company will be able to benefit from the utilisation of the asset. This position will be reassessed in the following year.

#### Factors that may affect future tax charges

In the March 2021 Budget, it was announced that the main corporation tax rate is expected to increase in 2023 to 25% applying to profits over £250,000. Companies with profits of £50,000 or less will continue to pay Corporation Tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective Corporation Tax rate. The new rate has not been substantively enacted as of 31 March 2021.

The deferred tax at 31 March 2021 has been calculated based on the rate of 19% substantively enacted at the balance sheet date.

#### 9. Debtors: amounts falling due within one year

	31 March 2021 £	Unaudited 31 December 2019 £
Amounts owed by related parties	237,811	-

The amounts owed by related parties are unsecured, interest free and are repayable on demand.

#### 10. Creditors: amounts falling due within one year

	31 March 2021 £	Unaudited 31 December 2019 £
Accruals and deferred income	237,981	-
Loans due to parent	-	30,586
	237,981	30,586

During the prior year, a loan for £30,586 was made by the previous shareholder, Lightsource Holdings 3 Limited. The loan was unsecured, interest free and was repayable on demand. On 4 November 2020, the lender entered into a deed of loan forgiveness for the total value of the loan.

On 26 February 2021, the shareholding of the Company was transferred from Lightsource Holdings 3 Limited to NextEnergy Solar Holdings III Limited.

**NEXTPower HOPS ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021**

**11. Financial liabilities**

Analysis of the maturity of loans is given below:

	<b>31 March 2021</b>	<i>Unaudited 31 December 2019</i>
	£	£
Amounts due within one year		
Loans due to parent	-	30,586

During the prior year, a loan for £30,586 was made by the previous shareholder, Lightsource Holdings 3 Limited. The loan was unsecured, interest free and was repayable on demand. On 4 November 2020, the lender entered into a deed of loan forgiveness for the total value of the loan.

**12. Financial instruments**

	<b>31 March 2021</b>	<i>Unaudited 31 December 2019</i>
	£	£
<b>Financial assets</b>		
Amounts owed from related parties	<b>237,811</b>	-
<b>Financial liabilities measured at amortised cost</b>		
Trade and other creditors	<b>237,981</b>	-
Loans due to parent	-	30,586
	<b>237,981</b>	30,586

**13. Called up share capital**

The allotted, called up and fully paid share capital at 31 March 2021 was 1 ordinary share of £0.10 (31 December 2019: 1 ordinary share of £0.10).

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and repayment of capital.

On 26 February 2021, the shareholding of the Company was transferred from Lightsource Holdings 3 Limited to NextEnergy Solar Holdings III Limited.

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## NEXTPOWER HOPS ENERGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

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#### 14. Related party transactions

The Company is a wholly owned subsidiary of NextEnergy Solar Holdings III Limited.

On 26 February 2021, the shareholding of the Company was transferred from Lightsource Holdings 3 Limited to NextEnergy Solar Holdings III Limited.

In accordance with the Power Purchase Revenue and Payment Allocation Agreement the Company at the reporting date was owed £86,305 from NextPower Grange Limited which is a related party through mutual ownership by NextEnergy Solar Holdings III Limited (31 December 2019: £nil).

At the reporting date, the Company is owed a further £39,385 from NextPower Grange Limited and £112,121 from NextPower South Lowfield Limited which is a related party through mutual ownership by NextEnergy Solar Holdings III Limited, for liquidated damages on revenue loss due to a delayed connection date (31 December 2019: £nil).

NextEnergy Solar Holdings III Limited will pay the audit fee of £4,000 (period from 1 January 2019 to 31 December 2019: £nil) relating to the audit of the financial statements for the period on behalf of the Company.

#### 15. Controlling parties

As at 31 March 2021 the immediate parent undertaking is NextEnergy Solar Holdings III Limited.

The ultimate controlling party is NextEnergy Solar Fund Limited, a company incorporated in Guernsey with the registered office at 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey GY1 2HL; and is listed on the London Stock Exchange.

The ultimate and the immediate parent undertaking does not consolidate these financial statements as it meets the definition of an investment entity as described by IFRS 10. Under IFRS 10, investment entities are required to hold subsidiaries at fair value through the Statement of Comprehensive Income rather than consolidate them.

Copies of NextEnergy Solar Fund Limited financial statements are publicly available and can be obtained from the company's website.

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## NEXTPower HOPS ENERGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

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#### 16. Financial risk management

The Company's principal financial assets and liabilities comprise debtors, and creditors. The Company has exposure to the following risks from its use of financial instruments:

- Market risk, including interest rate and inflation rate risks
- Credit risk
- Liquidity risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for assessing and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

#### **Market risk**

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return of risk.

The Company receives funding from the parent company from time to time.

#### **Credit risk**

The Company's policies are aimed at minimising losses as a result of a counterparty's failure to honour its obligations. Exposure to credit risk arises as a result of the transactions with counterparties. The counterparties used by the Company are considered by management to be of appropriate credit rating. At the statement of financial position date, the Company's financial assets were neither impaired nor past due. The maximum credit exposure at reporting date is the carrying value of the credit balances, if any.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its risk of a shortage of funds using projected cash flows and by monitoring the maturity of both its financial assets and liabilities.

#### **Capital management**

Management considers capital to consist of equity plus net debt as disclosed in the statement of financial position. The primary objective of the Company's capital management is to ensure healthy capital ratios in order to support its business and maximise shareholder value. The Company's financial instruments comprise liquid resources and various items, such as debtors and creditors that arise directly from its operations. The Company's policy is to finance its operations through group borrowings. It is the Company's policy not to hold financial instruments for speculative purposes.

At 31 March 2021, the Company has amounts due from group undertakings. The fair value of creditors approximated the book value. The Company had no financial assets other than other debtors.

Refer to Note 11 for a table summarising the maturity of the Company's financial liabilities.



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**NEXTPOWER HOPS ENERGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021**

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**17. Capital commitments**

The Company had no material capital commitments at 31 March 2021.

**18. Analysis of net debt**

	At 1 January 2020 £	Non-cash changes £	At 31 March 2021 £
Loans due to parent	(30,586)	30,586	-
Amounts owed from related parties	-	237,811	237,811
	<u>(30,586)</u>	<u>268,397</u>	<u>237,811</u>

**19. Subsequent events**

There were no other significant events after the period ended 31 March 2021 that would require disclosure in or adjustment to the financial statements.