Registered number: 08924806

FENLAND RENEWABLES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

COMPANY INFORMATION

Directors	Sulwen Vaughan Enrico Corazza
Registered number	08924806
Registered office	5th Floor North Side 7-10 Chandos Street London W1G 9DQ
Independent auditor	KPMG Channel Islands Limited Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 1WR
Bankers	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN

FENLAND RENEWABLES LIMITED

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The directors present this report and the financial statements for the year ended 31 March 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' ("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 year.

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 and the generation and supply of 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 22 of the notes to the financial statements.

Business review

Results and dividends

The profit for the year amounted to £571,170 (2022: profit of £821,556).

No dividends were paid and/or declared during the year (2022: £nil).

Electricity Generator Levy

The Electricity Generator Levy (the "EGL") which introduces a new tax on exceptional electricity generation receipts of qualifying generating undertakings from 1 January 2023 to 31 March 2028 has been released within Finance (No.2) Bill 2023. The Finance (No.2) Act 2023 (the "Act") received Royal Assent on 11 July 2023. The directors' assessment of the Act concluded that it does not have a material impact on the Company in the current and short-term future periods. An ongoing assessment of the EGL liabilities has been adopted by the Company to ensure compliance with the Act.

Future developments

The directors have no planned developments and have a reasonable expectation that the Company will continue operating in the foreseeable future. For the detailed assessment refer to Note 2.2.

Political donations and political expenditure

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

Financial instruments

Refer to Note 22 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 year, and up to the date of signing the financial statements unless otherwise stated, are as follows:

Sulwen Vaughan
Enrico Corazza

There were no changes in shareholdings between 31 March 2023 and the date of signing the financial statements. Refer to Note 18 for more details.

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

Going concern

Refer to Note 2.2 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 year and at the date of approval of the Directors' Report.

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 have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

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 6 September 2023 and signed on its behalf.

Sulwen Vaughan

Sulwen Vaughan
Director

Independent Auditor's Report to the Member of Fenland Renewables Limited

Our opinion

We have audited the financial statements of Fenland Renewables Limited (the "Company"), which comprise the statement of financial position as at 31 March 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended, 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 2023 and of the Company's profit for the year then ended;
- 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.

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.

Independent Auditor's Report to the Member of Fenland Renewables Limited (continued)

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
- 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. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. 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.

Independent Auditor's Report to the Member of Fenland Renewables Limited (continued)

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:

- 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.

Independent Auditor's Report to the Member of Fenland Renewables Limited (continued)

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.

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.

Dermot Dempsey.

Dermot Dempsey (Senior Statutory Auditor)

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

Chartered Accountants

Guernsey

7 September 2023

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	*2022 £*
Revenue	4	2,599,422	*2,377,378*
Operating expenses		(979,871)	*(889,935)*
Depreciation	11	(962,261)	*(968,558)*
Operating profit	5	657,290	*518,885*
Decommissioning interest	16	(3,458)	*110,557*
Profit before tax		653,832	*629,442*
Total tax (charge)/credit	9	(82,662)	*192,114*
Total comprehensive income and profit for the year		571,170	*821,556*

The notes on pages 12 to 30 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note		2023 £		2022 £
Fixed assets					
Tangible assets	11		**14,391,339**		*15,467,133*
			14,391,339		*15,467,133*
Current assets					
Debtors: amounts falling due within one year	12	**695,066**		*771,195*	
Cash at bank	13	**241,194**		*274,021*	
		936,260		*1,045,216*	
Creditors: amounts falling due within one year	14	**(12,802,834)**		*(14,448,679)*	
Net current liabilities			**(11,866,574)**		*(13,403,463)*
Total assets less current liabilities			**2,524,765**		*2,063,670*
Provisions for liabilities					
Provisions for liabilities and charges	16	**(1,342,658)**		*(1,452,733)*	
			(1,342,658)		*(1,452,733)*
Net assets			**1,182,107**		*610,937*
Capital and reserves					
Called-up share capital	18		**125**		*125*
Profit and loss account			**1,181,982**		*610,812*
Total equity			**1,182,107**		*610,937*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 September 2023.

Sulwen Vaughan

Sulwen Vaughan
Director
The notes on pages 12 to 30 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called-up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2021	**125**	**(210,744)**	**(210,619)**
Comprehensive income for the year			
Total comprehensive income and profit for the year	**-**	**821,556**	**821,556**
At 1 April 2022	**125**	**610,812**	**610,937**
Comprehensive income for the year			
Total comprehensive income and profit for the year	**-**	**571,170**	**571,170**
At 31 March 2023	**125**	**1,181,982**	**1,182,107**

The notes on pages 12 to 30 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Cash flows from operating activities		
Total comprehensive income and profit for the year	**571,170**	*821,556*
Adjustments for:		
Depreciation of tangible assets	**962,261**	*968,558*
Total tax charge/(credit)	**82,662**	*(192,114)*
(Increase)/decrease in debtors	**(6,533)**	*192,976*
Increase in creditors	**294,155**	*207,526*
Decommissioning interest	**3,458**	*(110,557)*
Net cash generated from operating activities	**1,907,173**	*1,887,945*
Cash flows from investing activities		
Purchase of tangible fixed assets	**-**	*(1,233)*
Net cash used in investing activities	**-**	*(1,233)*
Cash flows from financing activities		
Drawdown of loan from parent company	**-**	*31,900*
Repayment of loan to parent company	**(1,940,000)**	*(1,919,000)*
Net cash used in financing activities	**(1,940,000)**	*(1,887,100)*
Net increase/(decrease) in cash and cash equivalents	**(32,827)**	*(388)*
Cash and cash equivalents at beginning of year	**274,021**	*274,409*
Cash and cash equivalents at the end of year	**241,194**	*274,021*
Cash and cash equivalents at the end of year comprise:		
Cash at bank	**241,194**	*274,021*
	241,194	*274,021*

The notes on pages 12 to 30 form part of these financial statements.

1. General information

Fenland Renewables Limited (the "Company") was incorporated with limited liability in England under the Companies Act 2006, on 5 March 2014 with registered number 08924806. 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 the development of solar photovoltaic ("Solar PV") projects and the generation and supply of electricity from a solar photovoltaic site.

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 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 significant net current liabilities, however given the continued financial support provided by the parent company, NextEnergy Solar Holdings VI 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.

Ukraine conflict

The Ukraine conflict has had a sustained positive impact on the long-term power price projections. Management continue to closely monitor the situation and assess the implications the conflict has on these projections as well as the wider supply chain.

2.3 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. Accounting policies (continued)

2.4 Revenue

Revenue recognition

Revenue is measured at fair value and represents monies from the generation of energy from operational solar parks during the year. Any uninvoiced revenue is accrued in the year in which it has been generated.

Revenue is stated net of value added tax and is generated entirely within the United Kingdom.

Revenue relating to income for Power Purchase Agreement ("PPA")

The PPA revenue is paid by licensed electricity suppliers who offer a short and long-term contract known as PPA which can run from 1 month to 20 years (or more). PPA revenue is calculated each month based on the megawatt hours of power exported multiplied by the price fixed or hedged for each relevant period under the PPA.

Revenue relating to income for Renewable Obligation Certificates ("ROC")

The number of ROCs are calculated each month based on the net number of megawatt hours of power exported multiplied by the ROC banding applicable to the ROC accredited site. The ROC price is fixed for each Compliance Period which runs from 1 April to 31 March and is published in advance by Ofgem. The ROC price is discounted by the ROC buyout % agreed under the relevant PPA or ROC agreement. Management has adopted the policy of recognising ROC revenue monthly, based on the price for the relevant compliance period.

Revenue relating to income for ROC Recycle

The ROC recycle price is not published until November following the accounting year end. As such, prices cannot be reliably estimated and revenue from ROC recycle is not accrued for as at the accounting year end. The revenue is recognised only in the following accounting year when price can be reliably determined.

Revenue relating to Renewable Energy Guarantee of Origin ("REGO")

For each megawatt hour of generation, a plant receives a REGO certificate. REGOs are administered through the Ofgem portal. Given that there is no set price, revenue is accrued as and when sales transactions are agreed with counterparties. Under some PPAs, REGOs are transferred to the power purchaser at no additional cost.

2. Accounting policies (continued)

2.5 Tangible 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:

Solar PV Equipment	-	4%
Inverters	-	10%

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 the Statement of Comprehensive Income.

The useful life of the solar PV equipment is 25 years and inverters is 10 years. This is in recognition of what is considered industry standard of useful life for solar PV equipment and inverters.

Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Derecognition

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 Statement of Comprehensive Income.

2. Accounting policies (continued)

2.6 Operating leases

Leases that do not transfer a significant proportion of the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straightline basis over the period of the lease.

2.7 Debtors

Short-term debtors are measured at transaction price, less any impairment.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash at bank.

2.9 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 and loans from related parties.

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 the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2. Accounting policies (continued)

2.9 Financial instruments (continued)

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.

Recognised impairment losses are only reversed when the conditions for the original impairment have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount not exceeding the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

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.

2. Accounting policies (continued)

2.10 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.

2.11 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.12 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, provisions for decommissioning costs are recognised when the Company has an obligation to dismantle and remove the Solar PV equipment and to 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 asset equivalent to the provision is also created.

Any changes in the present value of the estimated expenditure is added to or deducted from the cost of the assets 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. The estimated future costs of decommissioning are reviewed annually and adjusted for as appropriate.

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. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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.

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:

Decommissioning costs

As part of the measurement and recognition of assets and liabilities in the year, the Company has recognised a provision for decommissioning obligations associated with the solar park. In determining the present value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs. The carrying amount of the provision as at 31 March 2023 was £1,342,658 (2022: £1,452,733).

In the financial year, the directors have reassessed the decommissioning provision by seeking an update from a reliable external provider regarding the cost of removal which has confirmed that the existing cost of removal is still reasonable. The inflation rate and discount rate has been updated to reflect the current market assessment of the time value of money and risks specific to the liability. The inflation and discount rate applied is 2.25% (2022: 2.25%) and 3.42% (2022: 2.90%). The changes in estimations has resulted in a decrease of £113,533 (2022: £116,651).

Should this discount rate increase/decrease by 1 percentage point, the value of the decommissioning provision would be £303,652 lower/£744,488 higher.

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. Revenue

The whole of the Company's revenue is attributable to its market in the United Kingdom and is derived from the principal activity of the generation and supply of electricity from a photovoltaic site, and the associated incentives and PPA as outlined within the accounting policies.

5. Operating profit

The operating profit is stated after charging:

	2023 £	*2022 £*
Depreciation of tangible fixed assets	**962,261**	*968,558*
Management fees	**306,578**	*306,578*
Lease costs	**107,428**	*98,030*
Operations and maintenance	**255,546**	*222,922*
Asset management fees	**133,950**	*121,527*

6. Auditor's remuneration

NextEnergy Solar Holdings VI Limited will pay the audit fee of £4,930 (2022: £4,481) relating to the audit of the financial statements for the year on behalf of the Company.

7. Employees

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

8. Directors' remuneration

The remuneration of the directors was £nil for the year (2022: £nil).

9. Taxation

	2023 £	*2022 £*
Current tax		
Adjustments in respect of previous periods	-	*(35,211)*
Total current tax	-	*(35,211)*
Deferred tax		
Origination and reversal of timing differences	**21,956**	*(1,021)*
Adjustments in respect of prior periods	**53,772**	*(81,484)*
Effect of tax rate change on opening balance	**6,934**	*(74,398)*
Total deferred tax	**82,662**	*(156,903)*
Taxation on profit on ordinary activities	**82,662**	*(192,114)*

Factors affecting tax charge for the year

The tax assessed for the year differs (2022: differs) from the standard rate of corporation tax in the UK of 19% (2022: *19%)*. The differences are explained below:

	2023 £	*2022 £*
Profit on ordinary activities before tax	**653,832**	*629,442*
Profit on ordinary activities multiplied by average standard rate of corporation tax in the UK of 19% (2022: 19%)	**124,228**	*119,594*
Effects of:		
Expenses not deductible for tax purposes	**657**	-
Fixed asset differences	**9,071**	*10,415*
Group relief surrendered	**9,837**	*12,059*
Adjustments to tax charge in respect of prior periods	-	*(35,211)*
Adjustments to tax charge in respect of prior periods - deferred tax	**53,772**	*(81,484)*
Income not taxable for tax purposes	-	*(21,006)*
Transfer pricing adjustments	**(121,837)**	-
Remeasurement of deferred tax for changes in tax rates	**6,934**	*(74,644)*
Adjustments to brought forward values	-	*(121,837)*
Total tax charge/(credit) for the year	**82,662**	*(192,114)*

9. Taxation (continued)

Factors that may affect future tax charges

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. 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 at the main rate reduced by a marginal relief providing a gradual increase in effective Corporate Tax rate.

The deferred tax at 31 March 2023 has been calculated based on the rate of 25% substantively enacted at the balance sheet date.

10. Deferred tax

	2023
	£
At 1 April 2022	311,013
Debited to Statement of Comprehensive Income	(82,662)
At 31 March 2023	**228,351**

The deferred tax asset is made up as follows:

	2023	*2022*
	£	£
Fixed asset timing differences	**228,351**	*311,013*

There are no unused tax credits.

11. Tangible assets

	Solar PV Equipment £	Inverters £	Total £
Cost			
At 1 April 2022	21,142,896	1,251,003	22,393,899
Changes in assumptions of provisions	(113,533)	-	(113,533)
At 31 March 2023	21,029,363	1,251,003	22,280,366
Accumulated depreciation			
At 1 April 2022	6,039,695	887,071	6,926,766
Charge for the year on owned assets	837,102	125,159	962,261
At 31 March 2023	6,876,797	1,012,230	7,889,027
Net book value			
At 31 March 2023	14,152,566	238,773	14,391,339
At 31 March 2022	*15,103,201*	*363,932*	*15,467,133*

12. Debtors: amounts falling due within one year

	2023 £	*2022 £*
Prepayments and accrued income	405,539	*425,982*
Other debtors	41,116	*34,200*
Tax recoverable	20,060	-
Deferred taxation	228,351	*311,013*
	695,066	*771,195*

13. Cash at bank

	2023 £	*2022 £*
Cash at bank	241,194	*274,021*

14. Creditors: amounts falling due within one year

	2023	*2022*
	£	*£*
Accruals	**84,595**	*82,659*
Trade creditors	**91,287**	*71,627*
Loan due to parent	**12,598,966**	*14,265,074*
VAT	**27,986**	*29,319*
	12,802,834	*14,448,679*

Included in the accruals is £26,583 (2022: £26,583) for Engineering, Procurement and Construction.

The loan due to parent is interest free, unsecured and repayable on demand.

15. Financial liabilities

Analysis of the maturity of loans is given below:

	2023	*2022*
	£	*£*
Amounts falling due within one year		
Loan due to parent	**12,598,966**	*14,265,074*

16. Provisions for liabilities and charges

	Decommissioning costs £
At 1 April 2022	**1,452,733**
Changes in assumptions of provisions	**(113,533)**
Charged to Statement of Comprehensive Income	**3,458**
At 31 March 2023	**1,342,658**

The amount debited to the Statement of Comprehensive Income includes the interest charge of £44,400 and the amount credited for the changes in assumptions of £40,942.

Please refer to the accounting policy, "Provisions and contingencies" for the basis on which the decommissioning provision has been calculated in Note 2.12.

17. Financial instruments

	2023 £	*2022 £*
Financial assets measured at amortised cost		
Cash at bank	**241,194**	*274,021*
Trade and other debtors excluding prepayments	**324,938**	*329,280*
	566,132	*603,301*
Financial liabilities measured at amortised cost		
Trade and other creditors	**175,882**	*154,286*
Loan due to parent	**12,598,966**	*14,265,074*
	12,774,848	*14,419,360*

18. Called-up share capital

	2023 £	2022 £
Allotted, called-up and fully paid		
125 (2022: 125) ordinary shares of £1 each	**125**	*125*

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

All share capital was fully paid at 31 March 2023.

19. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2023 £	2022 £
Not later than 1 year	**109,845**	*106,852*
Later than 1 year and not later than 5 years	**464,657**	*532,628*
Later than 5 years	**1,722,941**	*3,940,041*
	2,297,443	*4,579,521*

The operating lease payment profile is linked to the Retail Price Index ("RPI"). The applied long-term RPI rate, which is considered a more stable index compared to the CPI, is 2.25% as at 31 March 2023 (2022: CPI rate of 9.0%).

20. Related party transactions

The Company is a wholly owned subsidiary of NextEnergy Solar Holdings VI Limited. At the reporting date the Company owed £12,598,966 (2022: £14,265,074) to NextEnergy Solar Holdings VI Limited in respect of payments made by NextEnergy Solar Holdings VI Limited.

NextEnergy Solar Holdings VI Limited charged the Company a management fee of £306,578 for the year ended 31 March 2023 (2022: £306,578). At the statement of financial position date the Company owed £nil (2022: £nil).

NextEnergy Solar Holdings VI Limited will pay the audit fee of £4,930 (2022: £4,481) relating to the audit of the financial statements for the year on behalf of the Company.

WiseEnergy (Great Britain) Limited ("WiseEnergy") is a related party through mutual ownership by NextEnergy Solar Holdings VI Limited. During the year, the Company paid £133,950 (2022: £121,527) to WiseEnergy in respect of asset management services provided. At the year end £nil (2022: £nil) was owing to WiseEnergy.

21. Controlling parties

As at 31 March 2023 the immediate parent undertaking is NextEnergy Solar Holdings VI 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.

22. Financial risk management

The Company's principal financial assets and liabilities comprise debtors, cash at bank 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 cash and 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 2023, the Company has amounts due to group undertakings. The fair value of creditors approximated the book value. The Company had no financial assets other than cash at bank, and trade and other debtors.

Refer to Note 15 for a table summarising the maturity of the Company's financial liabilities.

23. Capital commitments

The Company had no material capital commitments at 31 March 2023, other than what has been disclosed under Note 19, commitments under operating leases and Note 14, creditors where future payments relating to tangible assets are expected.

24. Analysis of net debt

	At 1 April 2022 £	Cash flows £	Other non-cash changes £	At 31 March 2023 £
Cash at bank	274,021	(32,827)	-	241,194
Loan due to parent	(14,265,074)	1,940,000	(273,892)	(12,598,966)
	(13,991,053)	1,907,173	(273,892)	(12,357,772)

25. Subsequent events

There were no significant events after the year ended 31 March 2023 that would require disclosure in or adjustment to the financial statements.