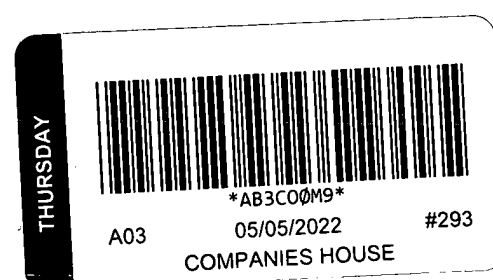


# Renewable Energy Income Partnership II Limited

## Report and Financial Statements

31 December 2021



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as at and for the year ended 31 December 2021**

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## Renewable Energy Income Partnership II Limited

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### **Directors**

T J Rosser  
A D K Brierley  
H Y Kim  
J S Kim  
Y Park (resigned on 20 January 2021)

### **Secretary**

Octopus Company Secretarial Services Limited  
33 Holborn  
London  
England  
EC1N 2HT

### **Auditors**

Ernst & Young LLP  
Bedford House  
Bedford Street  
Belfast  
BT2 7DT

### **Bankers**

Royal Bank of Scotland  
280 Bishopsgate  
London  
EC2M 4R8

### **Solicitors**

Burges Salmon  
6 New Street Square  
London  
EC4A 3BF

### **Registered Office**

6th Floor  
33 Holborn  
London  
England  
EC1N 2HT

## Strategic report

The directors present their strategic report of Renewable Energy Income Partnership II Limited (the 'Company'), and its subsidiaries which together form the 'Group', for the year ended 31 December 2021.

### Principal activities and review of the business

The Company is a holding company for a group of companies of which the principal activity is the operation of solar plants for the generation of power.

The directors consider the results for the year to be satisfactory.

The nature of the Group corporate structure results in significant interest costs and non-cash amortisation expenses which contribute to the net liabilities in the Group balance sheet. Management have performed an assessment of the projected future cash flows for the Group, which assessed the Group as having adequate cash resources to achieve the Group's objectives and meet the Group's liabilities as they fall due.

The Group's key performance indicators are as follows:

	<i>Year ended 31 December 2021 £000</i>	<i>Year ended 31 December 2020 £000</i>
Group turnover	10,324	8,477
EBITDA	7,160	5,622
Operating profit	3,066	1,538

The Group has net liabilities of £11,326,594 at 31 December 2021 (31 December 2020: £8,358,609).

### Principal risks and uncertainties

The objective of the Group is to deliver return on investment through the distribution of proceeds derived from the sale of ROCs and electricity, generated by a portfolio of 15 solar photovoltaic plants located in the United Kingdom.

The Group's activities expose it to a variety of financial risks: market risk (including interest rate and price risks), credit risk and liquidity risk.

#### Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments changes due to variables such as interest rates, electricity prices, and inflation rates.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows. The Group is subject to cash flow interest rate risk due to fluctuation in the prevailing levels of market interest rate.

The Company has issued loan notes which are held by the immediate parent undertaking, and a term and subordinated loan. The interest rate is fixed. As a result, the Group is considered to have limited exposure to interest rate risk.

The Group is exposed to price risk due to external sales of electricity at market rates. The Group is able to mitigate a degree of price risk by fixing prices in a portion of the Power Purchase Agreements (PPAs).

Furthermore, the directors have reassessed the market for power pricing and noted that the Group remains able to meet its obligations with the most up-to-date external projections of power price. In addition, the directors have performed an assessment of the projected cashflows for the 12 months from the date of approving these accounts and consider that there is no reasonable further reduction in revenue pricing which could compromise the ability of the Group to meet its obligations as they fall due.

## Strategic report (continued)

### ***Credit risk***

The Group takes on exposure to credit risk, which is the risk that one party will cause a financial loss for the other party by failing to discharge an obligation. The Group is exposed to the risk of non-payment of revenue generating activities, primarily from its PPA off-takers.

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect the Group's counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

The Group assesses all counterparties, including its partners, for credit risk before contracting with them. The Group monitors credit risk regularly and maintains credit support guarantee amounts from certain PPA off-takers.

### ***Liquidity risk***

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Group invests through its direct and indirect holding subsidiaries in various companies that are not traded in an organised market and may be illiquid. The Group manages liquidity risk by maintaining cash levels to fund short term operating expenses, and to repay interest and principal on long-term borrowings.

### ***Capital risk management***

The Group's objective when managing the capital is to safeguard the ability to continue as a going concern, to provide returns to its parent and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Group.

## **Important events since the year end**

There have been no significant events affecting the company's business since the year end.

On behalf of the Board



A D K Brierley  
Director

03<sup>rd</sup> May 2022

Registered No. 10347632

## Directors' report

The directors present their report and financial statements of Renewable Energy Income Partnership II Limited (the 'Company'), and the consolidated financial statements of the Group for the year ended 31 December 2021.

The principal activity of the company and the principal risks and uncertainties faced by the company are stated and set out in the Strategic report.

## Results and dividends

The Group loss for the period after taxation amounted to £2,967,985 (2020: £4,168,303), comprising of an operating profit of £3,065,690 (2020: operating profit of £1,538,026) with finance costs of £5,728,727 (2020: £5,565,579).

The directors do not propose the payment of a dividend.

## Going concern

The financial statements have been prepared on the going concern basis. The directors have prepared forecasts and reviewed capital requirements for the 12 months from the date of approving these financial statements, which indicate the business can continue trade for at least 12 months from the date of approval of these financial statements.

During the going concern assessment, the directors have considered the following:

- The Group owns 15 solar PV plants which are generating cashflows throughout the year.
- The solar PV plants have Power Purchase Agreements (PPAs) which guarantee the electricity they produce a route to market for at least 12 months and fourteen of these have fixed pricing arrangements which, if called, provide a minimum price in that route to market for primary generation income.
- The solar PV plants have Renewable Obligation Certificate (ROC) accreditation, which is a 20-year government subsidy administered by Office of Gas and Electricity Markets (OFGEM) which guarantees a revenue stream as long as the plants are generating electricity.
- The directors have applied sensitivities to the Group's cash flow projections which indicate cash headroom under-pricing scenarios which apply a significant discount to the forward pricing curve.

Furthermore, the directors have assessed the market for power pricing and concluded that the Group remains able to meet its obligations with the most up-to-date external projections of power price. In addition, the directors have performed an assessment of the projected cashflows for the 12 months from the date of approving these accounts and consider that there is no reasonable further reduction in revenue pricing which could compromise the ability of the Group to meet its obligations as they fall due. Further details are outlined in note 2.

## Future Developments

The Group intends to continue generating and selling electricity.

## Directors

The directors who served the company during the period and appointed subsequently were as follows:

T J Rosser  
A D K Brierley  
H Y Kim  
J S Kim  
Y Park (resigned on 20 January 2021)

## Directors' Report (continued)

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

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

On behalf of the Board



A D K Brierley  
Director

03<sup>rd</sup> May 2022

## Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



## Independent auditors' report

to the members of Renewable Energy Income Partnership II Limited

### Opinion

In our opinion:

- Renewable Energy Income Partnership II Limited group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Renewable Energy Income Partnership II Limited (the 'Parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise:

Group	Parent company
Group statement of comprehensive income	Company statement of financial position
Group statement of financial position	Company statement of changes in equity
Group statement of changes in equity	
Group statement of cash flows	
Related notes 1 to 20 to the financial statements, including a summary of significant accounting policies	

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

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independent auditors' report (continued)

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting included:

- we obtained letter of support from Renewable Energy Income Partnership II (REIP II) as parent company of the Group. The ability of the Company to prepare the financial statements on a going concern basis is dependent on the trading performance of REIP II and its subsidiaries ("the Group") as well as the overriding ability of the Group to operate within its funding facilities;
- we assessed the ability of the Group to financially support the Company. We have:
  - gained an understanding of the process undertaken by management to perform the going concern assessment, including the evaluation of the Group's access to available sources of liquidity;
  - obtained management's going concern assessment for the Group and underlying cash flow forecasts for the going concern period which covers a year from the date of signing this audit opinion. The Group has modelled a number of adverse scenarios in their cash forecasts in order to incorporate unexpected changes to the forecasted liquidity of the Group.
  - verified the mathematical accuracy of the model and considered the reasonableness of the assumptions used by reference to historic performance including considerations with regards to the impact of Covid-19 upon the operations of the Group. We considered the appropriateness of the methods used to calculate the cash forecasts and determined through inspection and testing of the methodology and calculations that the methods utilised were appropriately sophisticated to be able to make an assessment for the Group;
  - considered the mitigating factors included in the cash forecasts that are within control of the Group. This includes review of the Group's non-operating cash outflows and evaluating the Group's ability to control these outflows as mitigating actions if required.
  - performed reverse stress testing in order to identify what factors would lead to the Group utilising all liquidity during the going concern period, considered the plausibility of that scenario and considered it to be remote.
  - assessed the adequacy of the disclosures in respect of going concern in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group and parent company's ability to continue as a going concern.

### Overview of our audit approach

Audit scope	<ul style="list-style-type: none"><li>• We performed an audit of the complete financial information of the Group.</li></ul>
Key audit matters	<ul style="list-style-type: none"><li>• Renewable Energy Obligation ("ROC") recycle revenue recognition (accrued)</li><li>• Recoverability of intercompany receivables</li></ul>
Materiality	<ul style="list-style-type: none"><li>• Overall group materiality of £0.21m which represents 3% of Earnings before interest, depreciation and amortisation ("EBITDA").</li></ul>

## Independent auditors' report (continued)

### An overview of the scope of the parent company and group audits

#### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group wide controls and changes in the business environment when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we performed an audit of the complete financial information of the Group.

#### Changes from the prior year

There were no changes in the scope of our audit from the prior year.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Renewable Energy Obligation ("ROC") recycle revenue recognition (accrued) (£605,797, 2020 £405,705)</b></p> <p><i>Refer to Accounting policies (page 21) and Note 14 of the Consolidated Financial Statements (page 30)</i></p> <p>An element of revenue relating to the ROC recycle is accrued using a forecast based upon production in the period and an estimate of the final price which is derived from third party sources in advance of publication of the final price by Ofgem.</p> <p>Due to the forecast nature of the price which is used to calculate income the potential for management override exists.</p>	<p>In order to confirm that the estimated income accrual was reasonable, we:</p> <ul style="list-style-type: none"> <li>• Compared the price used to calculate the accrued income balance to third party estimates of the ROC recycle price;</li> <li>• Agreed the production volumes used to calculate the accrued income balance to those verified through our in year revenue testing;</li> <li>• Assessed the materiality of the difference between the total accrued income balance as calculated by management and that based upon the third party prices; and</li> </ul>	<p>Based on the procedures we performed, we are satisfied that the accrued income balance is reasonably stated.</p>

## Independent auditors' report (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Any difference between the estimate upon which income was accrued and the final ROC Recycle price is taken as revenue in the period in which the ROC recycle price is confirmed.</p> <p>The risk is considered to be one of the most significant in the Group with regards to material misstatement.</p> <p>The risk has remained consistent with the prior year.</p>	<p>Discussed with management the rationale behind the final price used in the estimate.</p>	
<p><b>Recoverability of intercompany debtors (£71,088,068 (2020: £74,421,149))</b></p> <p><i>Accounting policies (page 21); and Note 10 of the Consolidated Financial Statements (page 28)</i></p> <p>The company provides funding to other companies within the Group. The ability of the company to repay its creditors and associated interest when they fall due depends on the recoverability of the intercompany debtor.</p> <p>As such the recoverability of the intercompany debtor is considered to be a Key Audit Matter.</p> <p>The company's policy to ensure credit worthiness of the debtor is to assess the debtor balance annually for objective evidence of impairment. When the counterparty does not have the ability to repay the entire debt a provision for impairment is recognised.</p> <p>Management has concluded that the intercompany balance is recoverable based on the underlying financial performance and position of the relevant entities.</p>	<p>In order to establish the recoverability of the intercompany debtors, we:</p> <ul style="list-style-type: none"> <li>• Gained understanding on the impairment process.</li> <li>• Obtained management's assessment of the recoverability of intercompany debtors;</li> <li>• Obtained the financial statements of the counterparty and compared the intercompany debtor balance against the net assets of that entity;</li> <li>• Assessed whether the assumptions used by management in the impairment model were the appropriate assumptions to be used being the discount rate and energy prices.</li> <li>• Challenged, with reference to historic and current trading including achieved cash flows, the projected financial performance of the subsidiaries per the forecasts;</li> </ul>	<p>Based on the procedures performed, we are satisfied that the amounts owed by intercompany debtors are recoverable and no further impairment is necessary.</p>

## Independent auditors' report (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
The risk has remained consistent with the prior year.	<ul style="list-style-type: none"> <li>• Calculated the sensitivity of the recoverability to changes in the discount rates used within the model;</li> <li>• Compared the discount rate used to quoted UK funds with major exposure to the solar sector to assess reasonableness;</li> <li>• Considered the methodology used to calculate the forecasts and tested their integrity.</li> </ul>	

### Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

#### Materiality

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Group to be £0.21 million (2020: £0.17 million), which is 3% (2020: 3%) of EBITDA. We believe that EBITDA provides us with a consistent year on year basis for determining materiality and is the most relevant measure to the stakeholders of the entity given the nature of the Group which produces returns from mature operational sites.

We determined materiality for the parent company to be £0.99 million (2020: £0.93 million), which is 1% (2020: 1%) of total assets. We believe that total assets provides us with a consistent year on year basis for determining materiality and is the most relevant measure to the stakeholders given the company holds investments in the 15 operating subsidiaries of the Group.

#### Performance materiality

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2020: 75%) of our planning materiality, namely £0.16m (2020: £0.13m). We have set performance materiality at this percentage due to the absence of detected and undetected audit differences in our prior year audits.

#### Reporting threshold

*An amount below which identified misstatements are considered as being clearly trivial.*

## **Independent auditors' report (continued)**

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £10k (2020: £8k ), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Independent auditors' report (continued)

In preparing the financial statements, the directors are responsible for assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006).
- We understood how Renewable Energy Income Partnership II is complying with those frameworks by making enquiries of senior management, those charged with governance and those responsible for legal and compliance procedures. We corroborated our enquiries through review of the following documentation or performance of the following procedures;
  - obtaining an understanding of entity-level controls and considering the influence of the control environment;
  - obtaining an understanding of policies and procedures in place regarding compliance with laws and regulations, including how compliance with such policies is monitored and enforced; obtaining an understanding of management's process for identifying and responding to fraud risks, including programs and controls established to address risks identified, or otherwise prevent, deter and detect fraud, and how senior management monitors those programs and controls;
  - Review of board meeting minutes in the period and to date of signing.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by holding a discussion within the audit team which included identification of related parties, understanding the company's business, the control environment and assessing the inherent risk for relevant assertions at the significant account level. We also held discussions with management to gain an understanding of those areas of the financial statements which were susceptible to fraud, as identified by management. We then considered the controls that the company established to address risks identified by the entity or that otherwise seek to prevent, deter or detect fraud. We gained an understanding of the entity level controls and policies that the company applies.

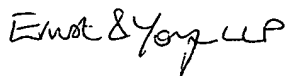
## Independent auditors' report (continued)

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing of journal entries through journal analytics tools, with focus on manual journals, large or unusual transactions, or journals meeting our defined risk criteria based on our understanding of the business; tested accounting estimates for evidence of management bias; enquiring of members of senior management and those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements; and inspecting correspondence, if any, with the relevant licensing or regulatory authorities.

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

### Use of our report

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



*Michael Kidd (Senior statutory auditor)*  
*for and on behalf of Ernst & Young LLP, Statutory Auditor*  
*Belfast*  
03<sup>rd</sup> May 2022



## Group Statement of Comprehensive Income

for the year ended 31 December 2021

		31 December 2021	31 December 2020
	Notes	£	£
<b>Turnover</b>	3	10,324,211	8,476,564
Cost of sales		(2,782,820)	(2,338,051)
<b>Gross profit</b>		7,541,391	6,138,513
Administrative expenses		(4,711,406)	(4,738,071)
Other operating income	4	235,705	137,584
<b>Operating profit</b>	5	3,065,690	1,538,026
Interest payable and similar expenses	6	(5,728,727)	(5,565,579)
<b>Loss before taxation</b>		(2,663,037)	(4,027,553)
Tax on loss	8	(304,948)	(140,750)
<b>Loss for the financial period</b>		(2,967,985)	(4,168,303)
<b>Other comprehensive income for the financial period</b>		-	-
<b>Total comprehensive loss for the financial period</b>		(2,967,985)	(4,168,303)

All amounts relate to continuing activities

# Group statement of financial position

at 31 December 2021

			31 December 2021		31 December 2020
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	11		18,398,694		19,529,986
Tangible assets	12		58,363,438		61,211,545
			<u>76,762,132</u>		<u>80,741,531</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	13	2,268,436		1,688,021	
Cash at bank and in hand		8,334,128		5,748,901	
		<u>10,602,564</u>		<u>7,436,922</u>	
Creditors: amounts falling due within one year	14	(9,827,073)		(6,510,109)	
<b>Net current assets</b>			<u>775,491</u>		<u>926,813</u>
Total assets less current liabilities			77,537,623		81,668,344
Creditors: amounts falling due after more than one year	15	(88,235,225)		(89,702,909)	
<b>Provisions for liabilities</b>					
Deferred taxation	8	(628,992)		(324,044)	
			<u>(88,864,217)</u>		<u>(90,026,953)</u>
<b>Net liabilities</b>			<u>(11,326,594)</u>		<u>(8,358,609)</u>
<b>Capital and reserves</b>					
Called up share capital	16		1		1
Other reserves			290,000		290,000
Retained loss			<u>(11,616,595)</u>		<u>(8,648,610)</u>
<b>Total shareholders' deficit</b>			<u>(11,326,594)</u>		<u>(8,358,609)</u>

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

A D K Brierley  
Director  
03<sup>rd</sup> May 2022



**Company statement of financial position**

at 31 December 2021

		31 December 2021		31 December 2020	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Investments	9		12,752,194		12,752,194
Loans to subsidiary undertakings	10		71,088,068		74,421,149
			<u>83,840,262</u>		<u>87,173,343</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	13	58,503		102,756	
Cash at bank and in hand		<u>8,334,128</u>		<u>5,748,901</u>	
		8,392,631		5,851,657	
Creditors: amounts falling due within one year	14	<u>(6,631,646)</u>		<u>(4,489,757)</u>	
<b>Net current assets</b>			1,760,985		1,361,900
Total assets less current liabilities			85,601,247		88,535,243
Creditors: amounts falling due after more than one year	15		<u>(88,235,225)</u>		<u>(89,702,909)</u>
<b>Net liabilities</b>			<u>(2,633,978)</u>		<u>(1,167,666)</u>
<b>Capital and reserves</b>					
Called up share capital	16		1		1
Other reserves			290,000		290,000
Retained profit			<u>(2,923,979)</u>		<u>(1,457,667)</u>
<b>Total shareholders' funds/(deficit)</b>			<u>(2,633,978)</u>		<u>(1,167,666)</u>

No profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006. The loss for the period amounted to £1,466,312 (2020: loss of £962,356).

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

A D K Brierley  
Director



03<sup>rd</sup> May 2022

Registered no. 10347632

## Group statement of changes in equity

for the year ended 31 December 2021

	<i>Called up share capital</i> £	<i>Other reserves</i> £	<i>Retained earnings</i> £	<i>Total shareholders' funds</i> £
<b>At 31 December 2019</b>	1	290,000	(4,480,307)	(4,190,306)
Total comprehensive loss	-	-	(4,168,303)	(4,168,303)
<b>At 31 December 2020</b>	1	290,000	(8,648,610)	(8,358,609)
Total comprehensive loss	-	-	(2,967,985)	(2,967,985)
<b>At 31 December 2021</b>	1	290,000	(11,616,595)	(11,326,594)

### *Called up share capital*

Share capital represents the nominal value of shares that has been issued.

### *Retained earnings*

Retained earnings includes all current and prior period retained profits and losses.

### *Other Reserves*

Unrestricted reserves as a result of capital reduction.

## Company statement of changes in equity

for the year ended 31 December 2021

	Called up share capital £	Other reserves £	Retained earnings £	Total shareholders' funds £
<b>At 31 December 2019</b>	1	290,000	(495,311)	(205,310)
Total comprehensive profit	-	-	(962,356)	(962,356)
<b>At 31 December 2020</b>	1	290,000	(1,457,667)	(1,167,666)
Total comprehensive loss	-	-	(1,466,312)	(1,466,312)
<b>At 31 December 2021</b>	1	290,000	(2,923,979)	(2,633,978)

### *Called up share capital*

Share capital represents the nominal value of shares that has been issued.

### *Retained earnings*

Retained earnings includes all current and prior period retained profits and losses.

### *Other Reserves*

Unrestricted reserves as a result of capital reduction.

## Group statement of cash flows

for the year ended 31 December 2021

	Notes	2021 £	2020 £
<b>Net cash inflow from operating activities</b>	17	8,108,980	6,492,414
<b>Investing activities</b>			
Purchase of tangible fixed assets		(254,280)	(149,646)
<b>Net cash flow from investing activities</b>		(254,280)	(149,646)
<b>Financing activities</b>			
Interest paid		(3,904,779)	(3,488,222)
Loan note payment		(1,364,694)	(1,364,358)
<b>Net cash flow from financing activities</b>		(5,269,473)	(4,852,580)
<b>Increase in cash</b>		2,585,227	1,490,188
<b>Cash and cash equivalents at the start of period</b>		5,748,901	4,258,713
<b>Cash and cash equivalents at 31 December</b>		8,334,128	5,748,901

## Notes to the financial statements

at 31 December 2021

### 1. General information

Renewable Energy Income Partnership II Limited (the 'Company') is a private company, limited by shares, incorporated and domiciled in England, United Kingdom and registration number 10347632. The registered office is 6th Floor, 33 Holborn, London, EC1N 2HT.

Consolidated financial statements have been prepared for the Company together with its subsidiaries, which together comprise the "Group". The consolidated financial statements have been prepared in compliance with FRS 102 as it applies to the Group for the period ended 31 December 2021.

### 2. Accounting policies

#### ***Basis of preparation of financial statements***

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements are prepared in Sterling which is the functional currency of all entities in the Group and are rounded to the nearest £.

#### ***Basis of consolidation***

The Group financial statements consolidate the financial statements of the company and all of its subsidiary undertakings made up to 31 December 2021.

No profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following are the company's key sources of estimation uncertainty:

#### ***ROC Recycle Estimate***

The Group establishes accrued income in respect of the ROC recycle based on production for the period and apply externally available best estimates for the expected ROC recycle price for the period which is outstanding. Any difference between the estimate and the actual ROC recycle price is taken as revenue in the period in which the ROC recycle price is confirmed. The carrying amount of accrued ROC recycle income based on a forecast price as at end of the reporting period, which is included within prepayments and accrued income in note 13, is £605,797 (2020: £405,705).

The following principal accounting policies have been applied:

#### ***Exemptions for qualifying entities under FRS 102***

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The Company has taken advantage of the following exemptions:

- from disclosing related party transactions that are wholly owned within the same group under paragraph 33.1A from the provisions of FRS 102, on the grounds that at 31 December 2021 it was a wholly owned subsidiary.
- from preparing a statement of cash flows, required under Section 7 of FRS 102 on the basis a group cash flow statement is prepared.

## Notes to the financial statements

at 31 December 2021

### 2. Accounting policies (continued)

#### *Going concern*

The financial statements have been prepared on the going concern basis. The directors have prepared cashflow forecasts and reviewed capital requirements for the twelve months from the date of approving these financial statements, which indicate the business can continue to trade for at least twelve months. Factors supporting the assessment are as follows:

- The Company owns 15 solar PV plants which are generating cashflows throughout the year;
- All fifteen of the solar PV plants have Power and Energy Purchase Agreement (PPA) contracts which guarantee the electricity they produce a route to market for a period greater than 12 months from the date of approving these financial statements, and fourteen of these have fixed pricing arrangements which, if called, provide a minimum price in that route to market for primary generation income.
- The solar PV plants have Renewable Obligation Certificate (ROC) accreditation, which is a 20-year government subsidy administered by Office of Gas and Electricity Markets (OFGEM) which guarantees a stream of revenue as long as the plants are generating electricity, at a price to be determined based on demand;
- The directors have applied sensitivities to the Group's cash flow projections which indicate cash headroom under pricing scenarios which apply a significant discount to the forward pricing curve.
- The directors have assessed the market for power pricing and concluded that the Group remains able to meet its obligations with the most up-to-date external projections of power price. In addition, the directors have performed an assessment of the Group's projected cashflows for the 12 months from the date of approving these accounts and consider that there is no reasonable further reduction in revenue pricing which could compromise the ability of the Group to meet its obligations as they fall due.

In making this assessment the directors have considered the ability to defer planned distributions to the parent should cash flow be further compromised. The directors current assessment is therefore that the COVID-19 pandemic will not adversely affect cash flows to the extent that the company is not a going concern.

#### *Goodwill*

Positive goodwill acquired on each business combination is capitalised, classified as an asset on the statement of financial position and amortised on a straight-line basis over its useful life.

#### *Tangible fixed assets*

Tangible 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.

The Group adds to the carrying amount of an item of tangible assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged 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:

Long-term leasehold property	–	4% straight-line
Plant and machinery	–	4% and 10% straight-line

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.



## Notes to the financial statements

at 31 December 2021

### Accounting policies (continued)

#### *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, net of discounts, rebates, value added tax and other sales taxes.

Revenue comprises income receivable from energy generated during the year (PPAs) and the sale of certificates issued to renewable electricity generators (ROCs). Any un-invoiced income is accrued for in the month it was generated.

Revenue is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer, including control of the product;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### *Equity investments*

Equity investments are recognised initially at fair value which is normally the transaction price. Subsequently, they are measured at cost less impairment.

#### *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.

#### *Cash and cash equivalents*

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

#### *Related party transactions*

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

#### *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

#### *Financial instruments*

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans from the parent.

#### *Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost.

## Notes to the financial statements

at 31 December 2021

### 2. Accounting policies (continued)

#### *Financial assets (continued)*

At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets' original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in statement of comprehensive income.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (iii) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### *Financial liabilities*

Basic financial liabilities, including trade and other payables and loans from fellow group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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.

#### *Creditors*

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

#### *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.

#### *Interest income*

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

#### *Deferred taxation*

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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.

## Notes to the financial statements

at 31 December 2021

### 2. Accounting policies (continued)

#### *Deferred taxation (continued)*

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

#### *Dividends*

Dividends are recognised when they are approved by shareholders and are accounted for as a reduction in equity within the statement of changes in equity.

### 3. Turnover

Turnover is attributable to the Group's main activity: the operation of solar plants and the generation of solar power, with income receivable from energy generated during the year and the sale of ROCs. All of the beneficial rights in, and entitlement to ROCs pass upon generation of the associated electricity. This is carried out in the United Kingdom.

	31 December 2021	31 December 2020
	£	£
Energy generation income	4,463,029	2,536,924
ROC income	5,485,473	5,344,370
Other income	375,709	595,270
	<u>10,324,211</u>	<u>8,476,564</u>

Other income pertains to embedded benefits.

### 4. Other operating income

Other operating income mainly relates to insurance claims

### 5. Operating profit

The operating profit is stated after charging:

	31 December 2021	31 December 2020
	£	£
Amortisation of intangible assets	1,131,292	1,131,292
Depreciation of tangible assets	3,102,387	3,092,746
Fees payable to the Company's auditor for the audit of the Group and Company's annual financial statements	40,000	40,000
- Non-audit services	-	-
- Taxation compliance services	16,000	15,250
Operating lease charges	<u>517,891</u>	<u>492,549</u>

## Notes to the financial statements

at 31 December 2021

### 6. Interest payable and similar charges

	31 December 2021	31 December 2020
	£	£
Bank interest	3,127,067	3,200,655
Loan note interest	2,462,187	2,225,069
Loan commitment fees	139,473	139,855
	<u>5,728,727</u>	<u>5,565,579</u>

### 7. Employees and directors' remuneration

The Group had no employees during the year. The directors received nil remuneration for qualifying services (year ended 31 December 2020 – £nil).

### 8. Tax

#### a) Tax on profit:

The tax charge is made up as follows:

	2021 £	2020 £
<b>Current tax:</b>		
Corporation tax on profits for the period	–	–
Adjustments in respect of previous periods	–	–
Total current tax	–	–
<b>Deferred tax:</b>		
Origination and reversal of timing differences	235,660	(36,716)
Adjustment due to change in tax rate	15,042	22,740
Adjustments in respect of previous periods	54,246	154,726
Tax on profit (note 8(b))	<u>304,948</u>	<u>140,750</u>

## Notes to the financial statements

at 31 December 2021

b) Factors affecting tax charge for the year:

The tax assessed for the year differs from the standard rate of corporation tax of 19%. The differences are explained below:

	2021 £	2020 £
(Loss) before tax	(2,663,037)	(4,027,553)
(Loss) multiplied by standard rate of corporation tax of 19% (2020: 19%)	(505,977)	(765,235)
Disallowed expenses and non-taxable income	868,790	865,006
Movement in deferred tax unrecognised	(127,153)	(136,487)
Adjustment due to change in tax rate	15,042	22,740
Adjustments in respect of previous periods	54,246	154,726
Total tax charge for the period	<u>304,948</u>	<u>140,750</u>

c) Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021 £	2020 £
Deferred tax liability	<u>628,992</u>	<u>324,044</u>
At the start of the period	324,044	183,294
Credited to the profit and loss account	235,660	(36,716)
Adjustment due to change in tax rate	15,042	22,740
Adjustments in respect of prior periods	<u>54,246</u>	<u>154,726</u>
At 31 December	<u>628,992</u>	<u>324,044</u>

d) Factors that may affect future tax charges

Following the Finance Act 2021, there will be an increase in the main rate of corporation tax to 25% from 1st April 2023.

## Notes to the financial statements

at 31 December 2021

### 9. Investments in subsidiaries

<i>Company</i>	<i>Shares in participating interests</i>
<b>Cost</b>	<b>£</b>
At 31 December 2020	12,752,194
Acquired during the year	-
At 31 December 2021	<u>12,752,194</u>

<i>Name of company</i>	<i>Holding</i>	<i>Registered office</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Upper Farringdon Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Woodlands Solar Ltd	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Estio Solar Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Steadfast Molland Solar Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Staining Wood Solar Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Lcni Solar Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Maret Solar Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Renate Solar Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Snellius Energy Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Fullerton Solarfield Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
Penyrheollas Solarfield Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
SSR Corntown Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
SSR Stormy West Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
SBC Lochcraigs Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production
SSR Seaton Limited	Ordinary	London, EC1N 2HT	100%	Solar electricity production

The subsidiaries are all consolidated as part of Renewable Energy Income Partnership II Limited consolidated accounts as at 31 December 2021.

The registered office for all the companies listed above is 6<sup>th</sup> Floor, 33 Holborn, London, EC1N 2HT, England, United Kingdom.

### 10. Loans to subsidiary undertakings

<i>Company</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
	<b>£</b>	<b>£</b>
Loans to subsidiary undertakings	71,088,068	74,421,149
	<u>71,088,068</u>	<u>74,421,149</u>

Loans to group undertakings bear interest of 6.7%.

## Notes to the financial statements

at 31 December 2021

### 11. Intangible fixed assets

<i>Group</i>	<i>Goodwill</i> £
<b>Cost:</b>	
At 1 January 2021	22,625,841
Additions	-
At 31 December 2021	<u>22,625,841</u>
<b>Accumulated amortisation:</b>	
At 1 January 2021	3,095,855
Charge for the period	<u>1,131,292</u>
At 31 December 2021	<u>4,227,147</u>
<b>Net book value:</b>	
At 31 December 2021	<u>18,398,694</u>
At 1 January 2021	<u>19,529,986</u>

The useful economic life of the goodwill has been estimated by the directors at 20 years in line with expected flow of economic benefit from the acquired companies.

### 12. Tangible fixed assets

<i>Group</i>	<i>Land and buildings</i> £	<i>Plant and machinery</i> £	<i>Total</i> £
<b>Cost:</b>			
At 1 January 2021	947,500	75,676,290	76,623,790
Additions	-	<u>254,280</u>	<u>254,280</u>
At 31 December 2021	<u>947,500</u>	<u>75,930,570</u>	<u>76,878,070</u>
<b>Accumulated depreciation:</b>			
At 1 January 2021	174,664	15,237,581	15,412,245
Charge for the period	<u>42,074</u>	<u>3,060,313</u>	<u>3,102,387</u>
At 31 December 2021	<u>216,738</u>	<u>18,297,894</u>	<u>18,514,632</u>
<b>Net book value:</b>			
At 31 December 2021	<u>730,762</u>	<u>57,632,676</u>	<u>58,363,438</u>
At 31 December 2020	<u>772,836</u>	<u>60,438,709</u>	<u>61,211,545</u>

## Notes to the financial statements

at 31 December 2021

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

<i>Group</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
	£	£
Trade debtors	649,264	546,604
Prepayments and accrued income	1,515,675	1,128,310
Other debtors	103,497	13,107
	<u>2,268,436</u>	<u>1,688,021</u>

<i>Company</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
	£	£
Other debtors	1,500	1,500
Prepayments and accrued income	57,003	101,256
	<u>58,503</u>	<u>102,756</u>

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

Included within accruals and deferred income is an amount of £4,032,072 (2020: £2,208,124) relating to interest payable on the unsecured loan due to parent undertaking.

<i>Group</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
	£	£
Trade creditors	1,707,183	182,441
Other creditors	1,755,538	2,274,612
Accruals and deferred income	4,757,147	2,548,842
Bank loans	1,607,205	1,504,214
	<u>9,827,073</u>	<u>6,510,109</u>

<i>Company</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
	£	£
Trade creditors	259,339	173,631
Other creditors	512,156	559,640
Accruals and deferred income	4,252,946	2,252,272
Bank loans	1,607,205	1,504,214
	<u>6,631,646</u>	<u>4,489,757</u>



## Notes to the financial statements

at 31 December 2021

### 15. Creditors: amounts falling due after more than one year

<i>Group and Company</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
	£	£
Bank loans	69,842,909	71,450,081
Amounts owed to parent undertakings	18,392,316	18,252,828
	<u>88,235,225</u>	<u>89,702,909</u>

The bank loans bear interest at 4.2% (term) and 5.2% (subordinated) and are repayable before 31 December 2042. As at 31 December 2021, £51,707,318 is due after more than five years (2020: £56,596,010).

The amounts owed to parent undertakings are issued loan notes listed on The International Stock Exchange. Amounts owed to parent undertakings bears interest at 10.0% and are repayable before 31 December 2047.

### 16. Issued share capital

<i>Group and Company</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
<i>Allotted, called up and fully paid</i>	£	£
100 Ordinary shares of £0.01	1	1
	<u>1</u>	<u>1</u>

### 17. Notes to the statement of cash flows

#### *Group*

<i>(a) Reconciliation of loss to net cash inflow from operating activities</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
	£	£
Loss for the financial period	(2,967,985)	(4,168,303)
Tax on loss	304,948	140,750
Interest paid and payable	5,728,727	5,565,579
Operating profit	<u>3,065,690</u>	<u>1,538,026</u>
Depreciation of tangible assets	3,102,387	3,092,746
Amortisation of goodwill	1,131,292	1,131,292
Decrease /(increase) in debtors	(580,415)	757,408
(Decrease)/increase in creditors	<u>1,390,026</u>	<u>(27,058)</u>
Net cash inflow from operating activities	<u>8,108,980</u>	<u>6,492,414</u>

#### *(b) Cash and cash equivalents*

	£	£
Cash in escrow	528,556	528,556
Cash at bank and in hand	<u>7,805,572</u>	<u>5,220,345</u>
	<u>8,334,128</u>	<u>5,748,901</u>

## Notes to the financial statements

at 31 December 2021

Cash in escrow relates to deferred consideration payable to the former shareholder of the Company's investments in subsidiaries. Once outstanding conditions governed by the share purchase agreements are completed, the cash in escrow will be released to the seller, less cash due to the Company to compensate it for project overspends.

### 18. Related party transactions

The Company has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102 exempting from the disclosure of related party transactions with wholly owned subsidiaries.

### 19. Operating leases

The Group has future minimum lease payments under non-cancellable operating leases as follows:

	<i>31 December 2021</i>	<i>31 December 2020</i>
	<i>£</i>	<i>£</i>
No later than one year	499,096	472,628
Later than one year and no later than five years	1,996,384	1,890,512
Later than five years	<u>7,196,592</u>	<u>7,282,339</u>
	<u><u>9,692,072</u></u>	<u><u>9,645,479</u></u>

The company has no future minimum lease payments under non-cancellable operating leases.

### 20. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking and controlling party is Nonghyup Bank in its capacity as Trustee for and on behalf of KB UK Solar Energy Private Special Asset Fund (the 'Fund') (previously Kiamco UK Solar Fund II), an investment trust registered in South Korea. Korea Investment Holdings Co., Ltd is the ultimate parent undertaking, having 99.79% interest in the Fund. No one individual holds more than 25% of the shares of Korea Investment Holdings Co., Ltd.