

## **Amending**

### **Forsa UK Holdings Limited**

Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number 12938480



Forsa UK Holdings Limited

Company Information

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Directors	Alessandro Boninsegna Emil Henry Jr. Thomas M Gray Stefano Giulietti (appointed 4 April 2022) Andrew Baum (resigned 4 April 2022)
Registered number	12938480
Registered office	3 More London Riverside London SE1 2AQ
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

## **Forsa UK Holdings Limited**

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# Forsa UK Holdings Limited

## Group Strategic Report For the Year Ended 31 December 2022

### Introduction and Business Review

The parent company Forsa UK Holdings Limited was incorporated on 8 October 2020 and the Group was formed on 27 October 2020 upon acquisition of Forsa Energy Gas Holdings and its subsidiaries.

The Group operates gas peaking power plants, provides project management and other expertise in relation to the development and construction of gas peaking power plants as well as other forms of flexible energy generation and storage.

The Forsa Group operated seven gas peaking power plants by the end of 2022. Hartmoor, Harelaw and Leven became operational during 2022 with a further site, Caledon Green, becoming operational in Q2, 2023. As the energy transition continues at pace and legacy thermal capacity is replaced by non-despatchable generation this in turn leads to further pressure on marginal supply – especially with the forecast increase in electrification across transport and heat particularly. This tightness of supply plays into the continued and increased demand for flexible generation.

The Group is well placed to offer services across the balancing, wholesale, ancillary and forward markets. With route-to-market contracts with leading providers, the Group places great importance on optimising assets and delivering market leading availability to take advantage of market peaks. This strength is further supported by our in-house analysis team who focus on directing trading strategies implemented by our trading partners.

The Group currently has four sites in construction, Abercorn Generation, Erskine Generation, Carrington Generation, and Drumcross Generation. These sites are expected to come operational in during 2023 and 2024, in-line with each project timeline.

The Group holds options or exclusivity agreements over a number of potential flexible energy generation and storage sites across the UK. These range from projects already awarded capacity market contracts to those in the early stages of project assessment.

### Key Performance Indicators

The business performance is monitored on an ongoing basis using a set of financial performance measures that track the most significant elements as well as ensuring a forward view of threats and opportunities is maintained.

The key performance indicators of the Group are as follows:-

	2022	2021
	£'000	£'000
Turnover	48,049	18,400
Gross Profit	23,828	7,708
Profit/(Loss) before taxation	10,680	(1,134)

In addition to the financial KPIs noted above, sites in construction and projects in development are closely monitored in terms of construction timeline, adherence to construction budget and expected return levels.

## **Forsa UK Holdings Limited**

### **Group Strategic Report (continued) For the Year Ended 31 December 2022**

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#### **Principal risks and uncertainties**

The Group's business is subject to a number of risks. The key business risks are considered to relate to the following:

##### **Operating risks**

The Group's electricity sales prices are set each day based on the market price for gas that day. If the electricity market price is too low, Forsa does not generate, consume gas or incur variable costs. Gas is only consumed if the electricity price is at an appropriate level to generate sustainable margins. The business also considers the benefit that can be gained from longer term sale agreements and takes advantage of such opportunities as they arise.

##### **Credit risk**

Losses due to the inability or unwillingness of a customer to meet its obligations. This is mitigated by ensuring customers and suppliers are credit-worthy by way of a robust contract review process.

##### **Interest risk**

Fluctuation in the prevailing levels of market rates of interest on its financial position and cash flows. The Group has exposure to interest rate risk through various project financings to construct gas peaking power plants. This is mitigated through fixing the interest rates on a large portion of the term facilities, with the remaining variable interest portion constantly monitored to ensure it is within acceptable levels.

##### **Liquidity risk**

The Group prepares periodic cash flow forecasts to anticipate its future cash commitments. These exercises inform the regular review of the Group's financial obligations and ensures that there are no mismatches in assets and liabilities.

##### **Construction risk**

The Group continues to develop and build gas peaking plants on several sites. Contractual penalties are in place to incentivise contractors to complete projects on time. The operational cashflows from these companies support the repayment of third-party borrowings used for construction, and so managing these construction programmes with the contractors is an important activity for the Group. The Group has an established team of experienced engineering and commercial staff to manage this risk, including specialist contractors who are present on site to supervise activities.

## **Forsa UK Holdings Limited**

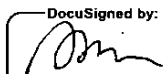
### **Group Strategic Report (continued) For the Year Ended 31 December 2022**

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#### **Covid 19**

The impact of the uncertainty due to Covid-19, both to the Group and wider economy continues to decline. However, the Group, in common with all entities, is exposed to the ongoing effects of the Covid 19 pandemic. The Group prepares regular cash and performance forecasts reflecting the latest industry intelligence and has demonstrated its ability to continue the financing, construction and operation of its plants during the pandemic and resulting lockdown periods.

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

DocuSigned by:  
  
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**Alessandro Boninsegna**  
Director

Date: 21 November 2023

# **Forsa UK Holdings Limited**

## **Directors' Report For the Year Ended 31 December 2022**

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The directors present their report and the financial statements for the year ended 31 December 2022.

### **Directors' responsibilities statement**

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Principal activity**

The principal activity of the Group is the provision of project management, procurement, engineering and technical services in relation to the acquisition, development, construction and operation of gas peaking power plant facilities and the production of power from these facilities. It also has a pipeline of other flexible energy generation and storage projects.

### **Operations review**

The parent company Forsa UK Holdings Limited was incorporated on 8 October 2020 and the Group was formed on 27 October 2020 upon acquisition of Forsa Energy Gas Holdings and its subsidiaries.

The Forsa Group provides flexible power solutions to National Grid and GB electricity markets by operating smaller gas peaking power plants, as well as providing project management and other expertise in relation to the development and construction of gas peaking power plants.

The Group operated seven gas peaking power plants by the end of 2022, with Harelaw, Hartmoor and Leven coming online during the year. An eighth plant came into operation in Q2, 2023. The Group currently has four sites in construction, Abercorn Generation, Erskine Generation and Carrington Generation which are due to become operational in 4Q23; and Drumcross Generation, due to become operational in 4Q24. All projects are in-line with expected timeline.

The Group holds options or exclusivity agreements over a number of potential sites across the UK. These range from projects already awarded capacity market contracts to those in the early stages of project assessment.

## **Forsa UK Holdings Limited**

### **Directors' Report (continued) For the Year Ended 31 December 2022**

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#### **Results and dividends**

The profit for the year, after taxation, amounted to £10,680,000 (2021 - loss £1,134,000).

#### **Directors**

The directors who served during the year were:

Andrew Baum (resigned 4 April 2022)  
Alessandro Boninsegna  
Emil Henry Jr.  
Thomas M Gray  
Stefano Giulietti (appointed 4 April 2022)

#### **Risk management and control**

In the ordinary course of the business, the Group is exposed to and manages a variety of risks in relations to its activities including financial risk. The management of credit, interest rate, liquidity and currency risks is fundamental to the Group, with the board of directors having responsibility for the overall system of internal control and for reviewing its effectiveness.

The Group does not use derivative financial instruments for speculative purposes.

The Company has intercompany debt receivables which by their nature have an element of risk regarding the recoverability of these balances. The Company has obtained a letter of financial support from the group that will enable it to meet its future liabilities as and when they fall due.

The key areas of risk in relation to the use of financial instruments are listed below and are properly addressed by the management of the Group.

**Credit risk:** Losses due to the inability or unwillingness of a customer to meet its obligations. This is mitigated by ensuring customers and suppliers are credit-worthy.

**Interest risk:** Fluctuation in the prevailing levels of market rates of interest on its financial position and cash flows. The Group has exposure to interest rate risk through various project financing's to construct gas peaking power plants. This is mitigated through fixing the interest rates on a large portion of the term facilities, with the remaining variable interest portion constantly monitored to ensure it is with acceptable levels.

**Liquidity risk:** Failure to meet financial obligations in a timely and cost-effective manner due to mismatches in the maturity profile of assets and liabilities. The Group prepares periodic cash flow forecasts to anticipate its future cash commitments.



## **Forsa UK Holdings Limited**

### **Directors' Report (continued) For the Year Ended 31 December 2022**

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#### **Going concern**

The financial statements have been prepared on the going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future.

The Directors confirm that they have complied with the requirements of Companies Act 2006. Based on the assessment they have made of the group's financial situation; they have concluded they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the accounts.

The Directors continue to monitor the potential impact, including that of continued uncertainty in Eastern Europe, of the energy market dynamics on the Group. In the short-term, Forsa continues to believe that the impact of higher and more volatile, gas prices will have minimal impact on the Group's ability to operate effectively. The Group's electricity sales prices are set each day based on the market price for gas that day. If the electricity market price is too low, Forsa does not generate, consume gas or incur variable costs. Gas is only consumed if the electricity price is at an appropriate level to generate sustainable margins. As a result, sales volumes have not been affected by the current gas price spike and operating margins remain at a sustainable level. The business also considers the benefit that can be gained from longer term sale agreements and takes advantage of such opportunities as they arise.

The Directors remain of the opinion that the current market dynamics amplifies the importance of the transition to renewable energy – where flexible generation and gas peaking plants in particular, have an important role to play.

The Group has considered any residual effects of the COVID-19 pandemic, and the impact it could have on the ability of the Group to continue as a going concern. Having operated successfully through the restrictive period of the pandemic, the Group believes it has implemented robust processes that will stand it in good stead for the future.

In the Directors' view, flexible power generation will remain essential to the UK's infrastructure. Having performed stress tests, the Directors are confident that the Group would have sufficient cash available through its operating activities to continue as a going concern and pay all its commitments as they fall due for 12 months from signing these financial statements. In addition, the forecasts show that all banking covenants remain well within facility limits. As such, the Directors have adopted the going concern basis in preparing the Annual Report and Financial Statements.

#### **Qualifying third party indemnity provisions**

The Company has arranged qualifying third-party indemnity for all of its directors.

## **Forsa UK Holdings Limited**

### **Directors' Report (continued) For the Year Ended 31 December 2022**

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#### **Disclosure of information to auditors**

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

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

#### **Subsequent events**

Caledon Green Generation became operational on 4th May 2023.

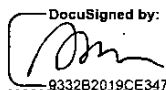
The Group has entered into a construction contract for an additional site, Drumcross, in 2023 with a total capital commitment of £13.1m. This site will be constructed during 2023 and 2024. In November 2022, a further tranche of project financing was agreed with Close Brothers to provide the debt funding required for these projects as well as a further draw down from an entity within the Tiger Infrastructure organisation. This funding was to meet the equity commitments of these projects as well as for general corporate use. In early 2023, Carrington Generation Limited and Abercorn Generation Limited reached financial close under this agreement. capital commitments relating to both projects had already been entered into in 2022.

There have been no further events subsequent to the year end that have impacted the Group. The Ukraine crisis does not have any direct impact on the Group, other than contribute to an increase in gas and electricity prices.

#### **Auditors**

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

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

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.....833252019CE397A.....  
**Alessandro Boninsegna**  
Director

Date: 21 November 2023

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORSA UK HOLDINGS LIMITED**

### **Opinion on the financial statements**

In our opinion:

- the revised financial statements give a true and fair view, seen as at the date the original financial statements were approved of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; seen as at the date the original financial statements were approved; and
- the revised financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revisions of Defective Accounts and Reports) Regulations 2008

We have audited the revised financial statements of Forsa UK Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice). These financial statements replace the original financial statements approved by the directors on 21 November 2023 and consist of the attached supplementary note together with the original financial statements circulated to members on 21 November 2023. The revised financial statements have been prepared in accordance with The Companies (Revision of Defective Accounts and Reports) Regulations 2008 and as such do not consider events which have taken place after the date on which the original financial statements were approved.

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

### **Independence**

We are independent of the Group and the Parent Company 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on

the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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.

**Emphasis of matter – Revision of note 14 of the original financial statement with regards to Subsidiary companies exempt from audit**

We draw attention to the supplementary note concerning the need to revise the original financial statements, which replaces the paragraph in note 14 on page 35 of the original financial statements entitled "Parent Guarantee". The original financial statements were approved on 21 November 2023 and our previous audit report was signed on 21 November 2023. We have not performed a subsequent events review for the period from the date of our previous auditor's report to the date of this report. Our opinion is not modified in respect of this matter.

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors report, Group Strategic Report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**Other Companies Act 2006 reporting**

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 the Directors' report have been prepared in accordance with applicable legal requirements.

In our opinion, the original financial statements for the period ended 31 December 2022 failed to comply with the requirements of the Companies Act 2006 in the respect of the matter identified by identified by the Directors in the supplementary note to the revised financial statements.

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 as it has effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008, 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 revised 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, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the 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.

#### *Extent to which the audit was 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

#### *Non-compliance with laws and regulations*

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations; and
- we considered the significant laws and regulations to be Financial Reporting Standards 102, UK tax legislation, the Bribery Act 2010 and the Companies Act 2006.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to UK tax legislation, Health and Safety regulations, the Bribery Act 2010 and the Companies Act 2006.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;

- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

#### *Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- *Obtaining an understanding of the Group's policies and procedures relating to:*
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Based on our risk assessment, we considered the areas most susceptible to fraud to be valuation of assets, revenue recognition and fictitious suppliers.

Our procedures in respect of the above included:

- Identifying and testing journals, in particular journal entries posted with unusual account combinations, journal entries posted to revenue, postings by unusual users or with unusual descriptions;
- Assessing significant estimates made by management for bias and challenging assumptions and judgements made by management in their critical accounting estimates; and
- Performing a detailed review of the year end adjusting entries within the consolidation investigating any that appear unusual as to nature or amount.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.


A further description of our responsibilities is available 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 Parent Company's members, as a body, in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Parent 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

Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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Marc Reinecke (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK

20 December 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## **Forsa UK Holdings Limited**

### **Independent Auditor's report to the members of Forsa UK Holdings Limited**

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#### **Opinion**

In our opinion:

- 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 2022 and of the Group's profit 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 Forsa UK Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes 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 Financial Reporting Standard 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Group and the Parent Company 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements..

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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



## **Forsa UK Holdings Limited**

### **Independent Auditor's report to the members of Forsa UK Holdings Limited (continued)**

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#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors report, Group Strategic Report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

#### **Other Companies Act 2006 reporting**

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 the Directors' report have been prepared in accordance with applicable legal requirements.

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 revised 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, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the 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.

## **Forsa UK Holdings Limited**

### **Independent Auditor's report to the members of Forsa UK Holdings Limited (continued)**

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#### **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.

#### *Extent to which the audit was 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

#### *Non-compliance with laws and regulations*

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations; and
- we considered the significant laws and regulations to be Financial Reporting Standards 102, UK tax legislation, the Bribery Act 2010 and the Companies Act 2006.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to UK tax legislation, Health and Safety regulations, the Bribery Act 2010 and the Companies Act 2006.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

#### *Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Based on our risk assessment, we considered the areas most susceptible to fraud to be valuation of assets, revenue recognition and fictitious suppliers.

## Forsa UK Holdings Limited

### Independent Auditor's report to the members of Forsa UK Holdings Limited (continued)

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Our procedures in respect of the above included:

- Identifying and testing journals, in particular journal entries posted with unusual account combinations, journal entries posted to revenue, postings by unusual users or with unusual descriptions;
- Assessing significant estimates made by management for bias and challenging assumptions and judgements made by management in their critical accounting estimates; and
- Performing a detailed review of the year end adjusting entries within the consolidation investigating any that appear unusual as to nature or amount.


We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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**Marc Reinecke** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London  
United Kingdom

21 November 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Forsa UK Holdings Limited

### Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2022

		2022	As restated 2021
	Note	£000	£000
Turnover	4	48,049	18,400
Cost of sales		(24,221)	(10,692)
<b>Gross profit</b>		<b>23,828</b>	<b>7,708</b>
Administrative expenses		(10,164)	(6,659)
Other operating income	5	-	14
<b>Operating profit</b>	6	<b>13,664</b>	<b>1,063</b>
Interest receivable	9	2	6
Interest payable and similar expenses	10	(2,986)	(2,203)
<b>Profit/(loss) before taxation</b>		<b>10,680</b>	<b>(1,134)</b>
Tax on profit/(loss)	11	-	-
<b>Profit/(loss) for the financial year</b>		<b>10,680</b>	<b>(1,134)</b>

There was no other comprehensive income for 2022 (2021:£Nil).

The notes on pages 19 to 41 form part of these financial statements.

# Forsa UK Holdings Limited

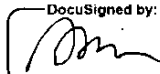
Registered number:12938480

## Consolidated Statement of Financial Position As at 31 December 2022

		2022 £000	As restated 2021 £000
	Note		
<b>Fixed assets</b>			
Intangible assets	12	(2,672)	(2,859)
Tangible assets	13	101,672	83,062
		<u>99,000</u>	<u>80,203</u>
<b>Current assets</b>			
Projects in development	15	1,239	3,513
Debtors: amounts falling due within one year	16	11,960	8,227
Bank and cash balances		35,790	10,004
		<u>48,989</u>	<u>21,744</u>
Creditors: amounts falling due within one year	17	(9,734)	(28,375)
<b>Net current assets/(liabilities)</b>		<u>39,255</u>	<u>(6,631)</u>
<b>Total assets less current liabilities</b>		<u>138,255</u>	<u>73,572</u>
Creditors: amounts falling due after more than one year	18	(51,033)	(28,117)
<b>Provisions for liabilities</b>			
Decommissioning provisions	21	(1,342)	(1,255)
<b>Net assets</b>		<u><u>85,880</u></u>	<u><u>44,200</u></u>
<b>Capital and reserves</b>			
Share premium account	23	78,751	47,751
Profit and loss account	23	7,129	(3,551)
		<u><u>85,880</u></u>	<u><u>44,200</u></u>

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

DocuSigned by:



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**Alessandro Boninsegna**  
Director

Date: 21 November 2023

The notes on pages 19 to 41 form part of these financial statements.

**Forsa UK Holdings Limited**

Registered number:12938480

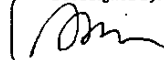
**Company Statement of Financial Position  
As at 31 December 2022**

	Note	2022 £000	2021 £000
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	88,270	52,254
		<u>88,270</u>	<u>52,254</u>
Creditors: amounts falling due within one year	17	(40)	(37)
<b>Net current assets</b>		<u>88,230</u>	<u>52,217</u>
<b>Total assets less current liabilities</b>		<u>88,230</u>	<u>52,217</u>
<b>Net assets</b>			
		<u>88,230</u>	<u>52,217</u>
<b>Capital and reserves</b>			
Share premium account	23	78,751	47,751
Profit and loss account carried forward		9,479	4,466
		<u>88,230</u>	<u>52,217</u>

As permitted in accordance with the special provisions of the Companies Act 2006, the profit or loss account of the Company is not presented as part of these financial statements. The Company's total comprehensive income for the financial year was a profit of £5,013k (2021 - £4,062k).

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

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**Alessandro Boninsegna**

Director

Date: 21 November 2023

The notes on pages 19 to 41 form part of these financial statements.

## Forsa UK Holdings Limited

### Consolidated Statement of Changes in Equity For the Year Ended 31 December 2022

	Share capital £000	Share premium account £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Total equity £000
<b>At 1 January 2021</b>	-	43,554	(2,417)	41,137	41,137
<b>Comprehensive loss for the year</b>					
Loss for the year	-	-	(1,134)	(1,134)	(1,134)
Shares issued during the year	-	4,197	-	4,197	4,197
<b>At 1 January 2022</b>	-	47,751	(3,551)	44,200	44,200
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	10,680	10,680	10,680
Shares issued during the year	-	31,000	-	31,000	31,000
<b>At 31 December 2022</b>	-	78,751	7,129	85,880	85,880

The notes on pages 19 to 41 form part of these financial statements.

## Forsa UK Holdings Limited

### Company Statement of Changes in Equity For the Year Ended 31 December 2022

	Share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2021</b>	-	43,554	404	43,958
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	4,062	4,062
Shares issued during the year	-	4,197	-	4,197
<b>At 1 January 2022</b>	-	47,751	4,466	52,217
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	5,013	5,013
Shares issued during the year	-	31,000	-	31,000
<b>At 31 December 2022</b>	-	78,751	9,479	88,230

The notes on pages 19 to 41 form part of these financial statements.



## Forsa UK Holdings Limited

### Consolidated Statement of Cash Flows For the Year Ended 31 December 2022

	2022 £000	2021 £000
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	10,680	(1,134)
<b>Adjustments for:</b>		
Depreciation of tangible assets	5,087	2,358
Amortisation of intangible assets	(187)	(512)
Impairment of projects in development	453	-
Interest charged to the income statement	2,986	2,203
Interest credited to the income statement	(2)	(5)
(Increase) in projects in development	(4,241)	(1,760)
Increase in provisions	87	741
(Increase) in debtors	(3,733)	(227)
(Decrease) in creditors	(3,266)	(2,813)
<b>Net cash generated from/ (used in) operating activities</b>	<b>7,864</b>	<b>(1,149)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(10,614)	(2,820)
Sale of tangible fixed assets	-	12
Interest received	2	5
<b>Net cash used in investing activities</b>	<b>(10,612)</b>	<b>(2,803)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	31,000	4,198
New secured loans	3,488	5,842
Repayment of loans	(4,244)	(7,108)
Interest paid	(1,710)	(1,379)
<b>Net cash generated from financing activities</b>	<b>28,534</b>	<b>1,553</b>

## Forsa UK Holdings Limited

### Consolidated Statement of Cash Flows (continued) For the Year Ended 31 December 2022

	2022 £000	2021 £000
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>25,786</b>	(2,399)
Cash and cash equivalents at beginning of year	<b>10,004</b>	12,403
<b>Cash and cash equivalents at the end of year</b>	<b>35,790</b>	10,004
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<b>35,790</b>	10,004
	<b>35,790</b>	10,004

The notes on pages 19 to 41 form part of these financial statements.

# **Forsa UK Holdings Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2022**

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### **1. General information**

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the all of the Parent Company and Group's transactions are denominated. They comprise the financial statements of the Parent Company and Group for the for the year ended 31 December 2022 and presented to the nearest thousand.

The Company has determined that the (GBP) is its functional currency, as this is the currency of the economic environment in which the Group operates.

The principal activity of the Group is the provision of project management, procurement, engineering and technical services in relation to the acquisition, development, construction and operation of gas peaking power plants and the production of power.

The Company is a United Kingdom private limited company limited by shares. It is both incorporated and domiciled in England and Wales. The registered office is 3 More London Riverside, London, SE1 2AQ.

### **2. Accounting policies**

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

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with 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 Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

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

The Group financial statements comprise the consolidated financial statements of Forsa UK Holdings Limited and its subsidiaries, as outlined in Note 14, for the year ended 31 December 2022.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The financial statements of subsidiaries used in the preparation of the group financial statements are prepared for the same reporting year as the parent Company and are based on consistent accounting policies. All intergroup balances and transactions, including unrealised profits arising from them, are eliminated.

## **Forsa UK Holdings Limited**

### **Notes to the Financial Statements For the Year Ended 31 December 2022**

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#### **2. Accounting policies (continued)**

##### **2.3 Going concern**

The financial statements have been prepared on the going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future.

The Directors confirm that they have complied with the requirements of Companies Act 2006. Based on the assessment they have made of the group's financial situation; they have concluded they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the accounts.

The Directors continue to monitor the potential impact, including that of continued uncertainty in Eastern Europe, of the energy market dynamics on the Group. In the short-term, Forsa continues to believe that the impact of higher and more volatile, gas prices will have minimal impact on the Group's ability to operate effectively. The Group's electricity sales prices are set each day based on the market price for gas that day. If the electricity market price is too low, Forsa does not generate, consume gas or incur variable costs. Gas is only consumed if the electricity price is at an appropriate level to generate sustainable margins. As a result, sales volumes have not been affected by the current gas price spike and operating margins remain at a sustainable level. The business also considers the benefit that can be gained from longer term sale agreements and takes advantage of such opportunities as they arise.

The Directors remain of the opinion that the current market dynamics amplifies the importance of the transition to renewable energy – where flexible generation and gas peaking plants in particular, have an important role to play.

The Group has considered any residual effects of the COVID-19 pandemic, and the impact it could have on the ability of the Group to continue as a going concern. Having operated successfully through the restrictive period of the pandemic, the Group believes it has implemented robust processes that will stand it in good stead for the future.

In the Directors' view, flexible power generation will remain essential to the UK's infrastructure. Having performed stress tests, the Directors are confident that the Group would have sufficient cash available through its operating activities to continue as a going concern and pay all its commitments as they fall due for 12 months from signing these financial statements. In addition, the forecasts show that all banking covenants remain well within facility limits. As such, the Directors have adopted the going concern basis in preparing the Annual Report and Financial Statements.

## **Forsa UK Holdings Limited**

### **Notes to the Financial Statements For the Year Ended 31 December 2022**

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#### **2. Accounting policies (continued)**

##### **2.4 Revenue**

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

##### *Capacity Market Revenue*

Revenue earned from providing the capacity market is recognised where there is an unconditional contract for the provision of services, based on the contracted price and the availability during the contract.

Where the customer provides the Company with the gas needed for production, the Company considers that those contractual arrangements result in it providing an electricity generation service to the customer. The company is entitled to retain a "gross margin" from the sale of the electricity, being a share of the revenue obtained by the customer from the onward sale of electricity, net of the customer's costs procuring the gas used in production. Consequently, the amounts recognised as revenue are the amounts the Company is entitled to under the contract net of charges and deductions made by the customer in respect of the gas acquisition costs.

##### *Operating Revenue*

Revenue earned from providing balancing services to National Grid is recognised where there is an unconditional contract for the provision of services, based on the contracted price and the availability during the contract.

Revenue from the sale of merchant electricity and associated embedded benefits is recognised where there is an unconditional contract of sale, based on the quantity of electricity and price based on the contracted rate on the date of export.

##### **2.5 Prior year adjustment**

During the preparation of the 31 December 2022 financial statements, the Group reviewed the accounting treatment of its Purchase Power Agreements, resulting in a restatement of prior year comparatives to recognise revenue on a net basis for direct gas costs supplied. Refer to note 25 for further details of the restatement.

##### **2.6 Lease payments**

Lease payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term. Lease incentives are recognised over the lease term.

##### **2.7 Interest income**

Interest income is recognised in the income statement as it accrues.

##### **2.8 Interest payable**

Interest income relates to loans from other group entities and expenditure relates to cash at bank and loans from other group entities. Interest costs in relation to loans from other group entities are recognised in the income statement as they accrue.

## **Forsa UK Holdings Limited**

### **Notes to the Financial Statements For the Year Ended 31 December 2022**

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#### **2. Accounting policies (continued)**

##### **2.9 Provision for liabilities**

A provision is recognised when the Group has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits which can be reliably estimated will be required to settle the obligation. Where the effect of the time value of money is material, provisions are recognised at their present value.

##### **2.10 Loans**

Loans with other group entities are considered "basic" financial instruments and are recognised at amortised cost.

Term facility loans with external borrowers (i.e. Banks) are considered "basic" financial instruments and are measured at amortised cost using the effective interest method, whilst other term facilities i.e. VAT facilities are recognised at amortised cost.

##### **2.11 Capitalisation of finance costs and interest expenses**

Interest is capitalised gross of related tax relief and before any effective interest method calculation adjustments during the period of construction where it relates either to the financing of major projects with long periods of development or to dedicated financing of other projects. All other interest is charged against income in the year in which it is incurred.

##### **2.12 Pensions**

###### **Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

## **Forsa UK Holdings Limited**

### **Notes to the Financial Statements For the Year Ended 31 December 2022**

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#### **2. Accounting policies (continued)**

##### **2.13 Current and deferred taxation**

Tax expense for the year comprises current tax. Tax is recognised in the income statement, except that a change attributable to an item of income or 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.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Deferred tax is accounted for in respect of all timing differences that have originated but not reversed by balance sheet date.

Deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Current and deferred tax balances are not discounted.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the difference 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.

##### **2.14 Intangible assets**

###### **Negative goodwill**

Negative goodwill represent the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to the initial recognition, negative goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated over the useful economic life, which is limited to a maximum period of 19 years.

###### **Contracts**

Customer contracts amortisation is calculated over their estimated useful economic life, which is limited to a maximum period of 19 years over the terms of the lease, and is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

##### **2.15 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

## **Forsa UK Holdings Limited**

### **Notes to the Financial Statements For the Year Ended 31 December 2022**

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#### **2. Accounting policies (continued)**

##### **2.15 Tangible fixed assets (continued)**

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:

Fixtures and fittings	- Over 3 years
Computer equipment	- Over 3 years

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

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

##### **Projects under construction**

Costs related to projects under construction are capitalised where, in the opinion of the Directors, the related project is highly likely to be successfully constructed and the economic benefits arising from future operations will at least equal the amount of capitalised expenditure incurred to date and the cost can be measured reliably. Subsequently they are measured at cost as Property, Plant and equipment.

The Group does not charge any depreciation on its projects under construction as the projects are not operational yet and the economic benefit of the assets have not yet started to flow into the business.

Once a project is completed and becomes operational, it will be considered an operational gas peaking power plant and is depreciated over its useful economic life, which the Group currently estimates to be 20 years. The useful life is based on industry standards and research which indicates that gas peaking power plants have a life of 20 years if not longer.

##### **Projects in operation**

Depreciation is provided to write off the cost of all tangible fixed assets, except projects under construction, evenly over their expected useful lives. It is calculated as follows:

Operational gas peaking power plants - straight line over 20 years

##### **Land and buildings**

Land and buildings are measured at cost and are not depreciated on the basis that there is an indefinite life.

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

Gains and losses on disposal (where applicable) are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.



## **Forsa UK Holdings Limited**

### **Notes to the Financial Statements For the Year Ended 31 December 2022**

## **2. Accounting policies (continued)**

### **2.16 Projects in development**

Costs which are directly attributable to the development of potential gas peaking power plant sites, and which have a reasonable expectation of obtaining the consents required for constructing a gas peaking power plant, and to the extent that those costs do not exceed expected recoverable amounts, are treated as work in progress and not expensed. The main aspects to address during the initial development stage of a gas peaking power plant are planning consent and early grid and gas connection analyses (including feasibility and applications). Once a site has achieved planning consent, the preconstruction stage begins and consists of the selection of appropriate gas engines, the completion of designs for the layout of the site (both civil and electrical), the grid and gas connections. All contracts required for the supply of electricity are also completed. At the same time, negotiations take place with lenders to arrange financing of the gas peaking power plant. Up to this point in time the Group may decide to sell the project.

By the end of these phases, the gas peaking power plant will reach financial close and construction can begin, with the assets then classified as assets in construction. The decommissioning asset is included within property, plant & equipment – projects in operation with the cost of the related project.

Development costs are capitalised using management's assessment of the likelihood of a successful outcome from each project. Should the gas peaking power plant not reach financial close any capitalised development costs would be expensed.

### **2.17 Decommissioning provision**

A rehabilitation or decommissioning provision has been accounted for where a project has a legal liability under a project lease, to return the leased lands to their original condition prior to signing the lease. At the end of the lease, costs are incurred in disconnecting the site from grid and gas, removing the engines from site and removing all other equipment. The Group recognises the full discounted cost of decommissioning as an asset and liability when the obligation to decommission the site arises. The decommissioning asset is included within property, plant & equipment - development assets with the cost of the related project. The liability is included within provisions. Revisions to the estimated costs of decommissioning which alter the level of the provisions required are also reflected in adjustments to the decommissioning asset. The amortisation of the asset is calculated over the term of the land lease and is recognised on the income statement.

### **2.18 Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

### **2.19 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.

### **2.20 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

## **Forsa UK Holdings Limited**

### **Notes to the Financial Statements For the Year Ended 31 December 2022**

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#### **2. Accounting policies (continued)**

##### **2.21 Creditors**

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

##### **2.22 Financial instruments**

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

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 Income Statement and Statement of Comprehensive Income

##### **2.23 Financial liabilities & equity**

Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into, rather than the arrangements legal form. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

##### **2.24 Equity - share capital**

Share capital issued by the Company is recorded at historic cost, being the amount of proceeds received, net of direct issue costs.

## **Forsa UK Holdings Limited**

### **Notes to the Financial Statements For the Year Ended 31 December 2022**

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#### **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, the Directors have made the following judgements:

##### *Impairment of assets*

There is judgement to determine whether there are indicators of impairment of the group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Costs capitalised on projects in development are not considered to be impaired unless there is an expectation that the project will no longer continue. During the development phase it is normal business activity for there to be applications at various levels i.e. for consent that go through numerous phases, rebuttals and modifications. The Group does not consider costs to be impaired unless there is an expectation that the whole project is not able to be continued or costs unable to be reallocated however we acknowledge that this is based on estimation and judgements as to when this occurs.

##### *Depreciation*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

##### *Decommissioning provision*

A rehabilitation or decommissioning provision has been accounted for where a project has a legal liability under a project lease, to return the leased lands to their original condition prior to signing the lease. At the end of the lease, costs are incurred in disconnecting the site from grid and gas, removing the engines from site and removing all other equipment. Taking into account individual site construction, size and ground conditions, and based on prevailing market costs, the costs of decommissioning are estimated. These are provided in full without any recognition of possible scrap value. Forsa recognises the full discounted cost of decommissioning as an asset and liability when the obligation to decommission the site arises. The decommissioning asset is included within property, plant & equipment – development assets with the cost of the related project. The liability is included within provisions. Revisions to the estimated costs of decommissioning which alter the level of the provisions required are also reflected in adjustments to the decommissioning asset. The amortisation of the asset is calculated over the term of the land lease and is recognised on the income statement.

##### *Going concern*

Refer to Note 2.3 for the judgements concerning the going concern assumption.

# Forsa UK Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £000	As restated 2021 £000
Merchant electricity sales	44,144	16,631
Capacity market revenue	3,642	1,769
Management charges	263	-
	<u>48,049</u>	<u>18,400</u>

All turnover arose within the United Kingdom.

### 5. Other operating income

	2022 £000	2021 £000
VAT refund	-	14
	<u>-</u>	<u>14</u>

### 6. Operating profit

The operating profit is stated after charging:

	2022 £000	2021 £000
Operating lease rentals	26	29
Depreciation	5,087	2,358
Amortisation	435	78
Negative amortisation	(622)	(622)
	<u>(144)</u>	<u>(144)</u>

### 7. Auditors' remuneration

	2022 £000	2021 £000
Fees payable to the Company's auditors for the audit of the consolidated and parent Company's financial statements	244	148
Fees payable to the Company's auditors in respect of:		
Taxation compliance services	83	48
All other services	250	287
	<u>577</u>	<u>483</u>

## Forsa UK Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 8. Employees

Staff costs were as follows:

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Wages and salaries	1,730	1,224	-	-
Social security costs	208	153	-	-
Cost of defined contribution scheme	97	74	-	-
	<u>2,035</u>	<u>1,451</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Employees	<u>14</u>	<u>10</u>

The Company has no employees other than the directors, who did not receive any remuneration (2021 - £NIL)

#### 9. Interest receivable

	2022 £000	2021 £000
Waiver of interest from parent	-	5
Bank interest received	2	1
	<u>2</u>	<u>6</u>

#### 10. Interest payable and similar expenses

	2022 £000	2021 £000
Interest payable	<u>2,986</u>	<u>2,203</u>

## Forsa UK Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 11. Taxation

	2022 £000	2021 £000
<b>Deferred tax asset / (liability)</b>		
Accelerated capital allowances	(3,491)	(1,399)
Short term timing differences	33	285
Tax losses	3,458	1,114
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>

#### Factors affecting tax charge for the year

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

	2022 £000	2021 £000
Profit/(loss) on ordinary activities before tax	10,680	(1,135)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	2,029	(210)
<b>Effects of:</b>		
Fixed asset differences	109	122
Expenses not deductible for tax purposes	(188)	213
Other permanent differences	4	-
Adjustments to brought forward values	582	-
Non-taxable income	116	-
Remeasurment of deferred tax for changes in tax rates	653	-
Deferred tax not recognised	(3,305)	(125)
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

#### Factors that may affect future tax charges

The standard rate of UK corporation tax increased to 25.00% from 19% on the 1 April 2023.

#### Deferred tax

The Group has recognised the deferred tax assets to the extent that it can be offset against the deferred tax liability. The deferred tax asset over and above this utilisation has not been recognised as the business is developing its projects. The carried forward losses available for offset were £8,297k at 31 December 2022 (2021: £22,130k).

## Forsa UK Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 12. Intangible assets

##### Group and Company

	Contracts £000	Negative goodwill £000	Total £000
<b>Cost</b>			
At 1 January 2022	8,360	(11,827)	(3,467)
At 31 December 2022	8,360	(11,827)	(3,467)
<b>Amortisation</b>			
At 1 January 2022	123	(731)	(608)
Charge for the year	435	(622)	(187)
At 31 December 2022	558	(1,353)	(795)
<b>Net book value</b>			
At 31 December 2022	7,802	(10,474)	(2,672)
At 31 December 2021	8,237	(11,096)	(2,859)

## Forsa UK Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 13. Tangible fixed assets

##### Group

	Land and Building £000	Projects in operation £000	Projects under construction £000	Comp equip £000	Fixtures & fittings £000	Total £000
<b>Cost</b>						
At 1 January 2022	500	49,340	35,880	12	5	85,737
Additions	-	5,544	12,081	12	-	17,637
Transfers between classes	-	44,072	(44,072)	-	-	-
Transfers from projects in development	-	-	6,061	-	-	6,061
At 31 December 2022	500	98,956	9,950	24	5	109,435
<b>Depreciation</b>						
At 1 January 2022	-	2,670	-	4	2	2,676
Charge for the year	-	5,079	-	6	2	5,087
At 31 December 2022	-	7,749	-	10	4	7,763
<b>Net book value</b>						
At 31 December 2022	500	91,207	9,950	14	1	101,672
At 31 December 2021	500	46,671	35,880	8	3	83,062



## Forsa UK Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 14. Fixed asset investments

##### Company

**Investments  
in  
subsidiary  
companies  
£000**

At 31 December 2022

-

##### Direct subsidiary undertaking

The following was a direct subsidiary undertaking of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Forsa Energy Gas Holdings Limited	**	Ordinary	100%

## Forsa UK Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 14. Fixed asset investments (continued)

##### Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Abercorn Generation Limited (Dormant)	*	Ordinary	100%
Bancroft Generation Limited	**	Ordinary	100%
Baker Street Generation Limited (Dormant)	*	Ordinary	100%
Belleknowes Generation Limited (Dormant)	*	Ordinary	100%
Beryl Street Generation Limited (Dormant)	*	Ordinary	100%
Caledon Green Generation Limited	*	Ordinary	100%
Carrington Generation Limited	**	Ordinary	100%
Chadderton Generation Limited	**	Ordinary	100%
Claverhouse Generation Limited	*	Ordinary	100%
Drumcross Generation Limited (Dormant)	*	Ordinary	100%
Erskine Generation Limited	*	Ordinary	100%
Fishcross Generation Limited (Dormant)	*	Ordinary	100%
Forsa Energy (Beryl Street) Holdings Limited (Dormant)	*	Ordinary	100%
Forsa Energy (Drumcross) Holdings Limited (Dormant)	*	Ordinary	100%
Forsa Energy (Erskine) Holdings Limited	*	Ordinary	100%
Forsa Energy (Harelaw) Holdings Limited (Dormant)	*	Ordinary	100%
Forsa Energy (Spango) Holdings Limited (Dormant)	*	Ordinary	100%
Forsa Energy Gas Acquisitions Limited	**	Ordinary	100%
Forsa Energy Gas Acquisitions 2 Limited	**	Ordinary	100%
Forsa Energy Gas Acquisitions 3 Limited	**	Ordinary	100%
Forsa Energy Gas Acquisitions Holdco 1 Limited	**	Ordinary	100%
Forsa Energy Gas Acquisitions Holdco 2 Limited	**	Ordinary	100%
Forsa Energy Gas Acquisitions Holdco 3 Limited	**	Ordinary	100%
Forsa Energy Gas Acquisitions Holdco 4 Limited	*	Ordinary	100%
Forsa Energy CM Holdings Limited	**	Ordinary	100%
Forsa Energy Gas Intermediate Limited	**	Ordinary	100%
Forsa Energy Gas Intermediate 2 Limited	**	Ordinary	100%
Forsa Energy Gas Intermediate 3 Limited	**	Ordinary	100%
Harelaw Generation Limited	*	Ordinary	100%
Harelaw Holdings Limited	**	Ordinary	100%
Hartmoor Generation Limited	**	Ordinary	100%
Hartmoor Holding Limited	**	Ordinary	100%
Hillhouse Generation Limited	**	Ordinary	100%
Leven Generation Limited	*	Ordinary	100%
Leven Holdings Limited	**	Ordinary	100%
Pimbo Generation Limited	**	Ordinary	100%
Spango Generation Limited (Dormant)	*	Ordinary	100%
Forsa Energy Gas Acquisitions Holdco 5 Limited	**	Ordinary	100%
Forsa Energy Gas Acquisitions 5 Limited	**	Ordinary	100%

## Forsa UK Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 14. Fixed asset investments (continued)

\* The registered office of the dormant subsidiary undertakings, Caledon Green Generation Limited, Erskine Generation Limited, Forsa Energy (Erskine) Holdings Limited, Forsa Energy Gas Acquisitions Holdco 4 Limited, Harelaw Generation Limited and Leven Generation Limited is as follows: Clyde View (Suite F3), Riverside Business Park, 22 Pottery Street, Greenock, Inverclyde. PA15 2UZ.

\*\* The registered office for all other subsidiary undertakings is as follows: Masters House, 107 Hammersmith Road, London, W14 0QH.

#### Parent Guarantee

The following subsidiary undertakings have been prepared under the parent guarantee exemption s479a of the Companies Act 2006.

Forsa Energy CM Holdings Ltd, Forsa Energy (Erskine) Holdings Ltd, Forsa Energy Gas Acquisitions Holdco 3 Ltd, Forsa Energy Gas Intermediate Ltd, Forsa Energy Gas Intermediate 2 Ltd, Forsa Energy Gas Intermediate 3 Ltd, Forsa Energy Gas Acquisitions 3 Ltd, Forsa Energy Gas Acquisitions Holdco 2 Ltd, Forsa Energy Gas Acquisitions 5 Limited.

#### 15. Projects in development

	<b>Group 2022 £000</b>	<b>Group 2021 £000</b>
Opening balance	3,512	1,752
Additions during the year	4,253	2,222
Development costs recharged to SPVs	(12)	(379)
Transfers to projects under construction	(6,061)	-
Projects written off	(453)	(82)
	<u><b>1,239</b></u>	<u><b>3,513</b></u>

The project costs relate to gas peaking power plant development expenditure spent prior to the projects reaching a bank financing and construction stage.

Supplementary Note to the Report and Financial Statements for Forsa UK Limited for the year ending 31 December 2022 – that replaces the subsection 'Parent Guarantee' in Note 14 on page 35 had it been included in the original financial statements

**Subsidiary companies exempt from audit**

Forsa UK Holdings Limited has guaranteed the following subsidiaries' liabilities in accordance with section 479C of the Companies Act 2006 (the 'Act'):

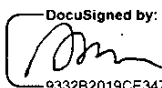
<b>Company name</b>	<b>Company registration number</b>
<b>Forsa Energy CM Holdings Ltd</b>	<b>10915318</b>
<b>Forsa Energy (Erskine) Holdings Ltd</b>	<b>SC573743</b>
<b>Forsa Energy Gas Acquisitions Holdco 3 Ltd</b>	<b>11320421</b>
<b>Forsa Energy Gas Intermediate Ltd</b>	<b>11669885</b>
<b>Forsa Energy Gas Intermediate 2 Ltd</b>	<b>11669779</b>
<b>Forsa Energy Gas Intermediate 3 Ltd</b>	<b>11669804</b>
<b>Forsa Energy Gas Acquisitions 3 Ltd</b>	<b>11671372</b>
<b>Forsa Energy Gas Acquisitions Holdco 2 Ltd</b>	<b>11254279</b>
<b>Forsa Energy Gas Acquisitions 5 Limited</b>	<b>14052404</b>

By guaranteeing the debts, these subsidiaries have relied on the exemption not to have their individual accounts audited, in accordance with section 479A of the Act.

Directors' Statement in relation to the above supplementary note

- The above note revises in certain respects the original report and financial statements of the Group and Parent Company for the year ended 31 December 2022 and is to be treated in forming part of those accounts
- The financial statements of the Group and Parent Company have been revised as at the date of the original report and financial statements and note as at the date of revision and accordingly do not deal with the events between those dates.

This supplementary note was approved by the Board of Directors on 19 December 2023 and signed on its behalf by:

DocuSigned by:  
  
9332B2019CE3474

Alessandro Boninsegna

Date 20 December 2023

# Forsa UK Holdings Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 16. Debtors

	Group 2022 £000	Group As restated 2021 £000	Company 2022 £000	Company 2021 £000
<b>Due within one year</b>				
Trade debtors	1,766	1,681	-	-
Amounts owed by group undertakings	-	-	88,245	52,221
Other debtors	3,994	3,179	-	-
Prepayments and accrued income	6,200	3,367	25	33
	<u>11,960</u>	<u>8,227</u>	<u>88,270</u>	<u>52,254</u>

Amounts owed by the group undertaking of £88,245k (2021 - £52,221k) are unsecured and repayable on demand.

### 17. Creditors: Amounts falling due within one year

	Group 2022 £000	Group As restated 2021 £000	Company 2022 £000	Company 2021 £000
Bank loans	3,695	20,983	-	-
Trade creditors	2,480	3,221	-	19
Other taxation and social security	49	36	-	-
Other creditors	-	15	-	-
Accruals and deferred income	3,510	4,120	40	18
	<u>9,734</u>	<u>28,375</u>	<u>40</u>	<u>37</u>

### 18. Creditors: Amounts falling due after more than one year

	Group 2022 £000	Group 2021 £000
Bank loans	<u>51,033</u>	<u>28,117</u>

## Forsa UK Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 19. Loans

Analysis of the maturity of loans is given below:

	Group 2022 £000	Group 2021 £000
Bank loans falling due within one year	3,695	20,983
Bank loans falling due 2-5 years	26,782	8,644
Bank loans falling due more than 5 years	24,251	19,473
	<u>54,728</u>	<u>49,100</u>

In September 2018 the Company entered into agreements with a bank to make total facilities available of:

£8.5 million for the construction of Pimbo Generation Ltd ("Pimbo"). The total borrowing is made up of a Development facility of £7.7 million and a VAT facility of £0.8 million.

£8.7 million for the construction of Bancroft Generation Ltd ("Bancroft"). The total borrowing is made up of a Development facility of £7.9 million and a VAT facility of £0.8 million.

£8.4 million for the construction of Chadderton Generation Ltd ("Chadderton"). The total borrowing is made up of a Development facility of £7.6 million and a VAT facility of £0.8 million.

In 2020, the Development loans were re-financed into the Term Loans in accordance with the Facilities Agreement:

Term Loan Facility A – A fixed rate loan of £16,254,700. Fixed for the duration of the loan at 6.27%. This constitutes 70% of total debt. As at 31st December 2022, the capital balance outstanding on this loan was £14.24 million (2021: £15.18 million).

Term Loan Facility B – A floating rate loan of £2,322,100. The floating rate is set at 4.63% + LIBOR. This constitutes 10% of total debt. From 1st December 2021, the LIBOR element of the interest was replaced by the BOE Base rate. As at 31st December 2022, the capital balance outstanding on this loan was £0.64 million (2021: £2.17 million).

Term Loan facility C – A fixed rate loan of £4,644,200. The rate is fixed for 3 years at 6.13%. This constitutes 20% of total debt. The Shares of the Company and its subsidiaries are pledged as security for these. As at 31st December 2022, the capital balance outstanding on this loan was £4.07 million (2021: £4.34 million).

## Forsa UK Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 19. Loans (continued)

Between April 2020 and February 2021, the Group entered into agreements with a bank to make total facilities available of:

In April 2020 £8.4 million for the construction of Hillhouse Generation Ltd ("Hillhouse") in April 2020. The total borrowing was made up of a Development facility of £7.7 million and a VAT facility of £0.7 million. As at December 2020 £3,823,135 had been drawn on the development facility £862,612 on the VAT facility. The facilities matured in September 2021 and were refinanced into a Term Loan. As at 31st December 2022, the capital balance outstanding on this loan was £6.7m (2021: 7.7m).

£7.7 million for the construction of Harelaw Generation Ltd ("Harelaw") in December 2020. The total borrowing is made up of a Development Facility of £7.0m and a VAT Facility of £0.7m. These facilities matured in 2022 and were repaid and refinanced into a Term Loan. As at 31st December 2022, the capital balance outstanding on this loan was £7.0m.

£7.7 million for the construction of Leven Generation Ltd ("Leven") in January 2021. The total borrowing is made up of a Development Facility of £7.1m and a VAT Facility of £0.6m. These facilities matured in 2022 and were repaid and refinanced into a Term Loan. As at 31st December 2022, the capital balance outstanding on this loan was £7.1m.

£15.4 million for the construction of Hartmoor Generation Ltd ("Hartmoor") in February 2021. The total borrowing is made up of a Development Facility of £14.2m and a VAT Facility of £1.2m. These facilities matured in 2022 and were repaid and refinanced into a Term Loan. As at 31st December 2022, the capital balance outstanding on this loan was £14.2m.

#### 20. Financial instruments

	Group 2022 £000	Group 2021 £000
<b>Financial assets</b>		
Financial assets measured at amortised costs	<b>44,876</b>	17,590
<b>Financial liabilities</b>		
Financial instruments measured at amortised costs	<b>(62,361)</b>	(57,706)

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, other creditors, accruals and decommissioning provisions.

## Forsa UK Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 21. Provisions

##### Group

	<b>Decommissioning provisions £000</b>
At 1 January 2022	1,255
Charged to profit or loss	19
Capitalised	68
<b>At 31 December 2022</b>	<b>1,342</b>

#### 22. Share capital

	<b>2022 £000</b>	<b>2021 £000</b>
<b>Allotted, called up and fully paid</b>		
108 (2021 - 106) Ordinary shares of £1.00 each	-	-

Each share has full rights in the Company in respect of voting, dividends and distribution.

On 22 June 2022 1 Ordinary share was issued for a consideration of £13,000,000 resulting in share premium of £12,999,999.

On 14 November 2022 1 Ordinary share was issued for a consideration of £18,000,000 resulting in share premium of £17,999,999.

#### 23. Reserves

##### Share premium account

This reserve represents amounts received in respect of shares issued over and above their nominal value.

##### Profit and loss account

This includes all current year retained profits and losses.

#### 24. Capital commitments

As at 31st December 2022, the Group had capital commitments of £42.1million (2021 - £6.8 million) at the year end relating to the construction of gas peaking power plant projects within Harelaw Generation Ltd, Leven Generation Ltd, Hartmoor Generation Ltd, Erskin Generation Ltd, Abercorn Generation Ltd, Caledon Green Generation Ltd and Carrington Generation Ltd. All commitments are due within 1 year with no capital commitment subsequent to this.



## Forsa UK Holdings Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 25. Prior year adjustment

The Group holds a Purchase Power Agreement with its major customer. The contract terms state that the supply of gas is provided directly by the same customer and for the term of the contract the Group is not permitted to source gas from alternative suppliers. All the electricity produced is delivered to the customer and not to third parties. The company is entitled to retain a "gross margin" from the sale of the electricity, being a share of the revenue obtained by the customer from the onward sale of electricity, net of the customer's costs procuring the gas used in production. Previously the company recognised the cost of the gas in cost of sales and its revenue was presented as the amount the gross margin plus the cost of the gas. Based on the overall contractual terms, the Group has determined that, under FRS 102, the Group is providing an electricity generation service to the customer and therefore its revenue is the "gross margin" it is entitled to.

Consequently, under the terms of the contract the Group no longer will present the cost of gas acquired as a cost of sale.

As a result, the Group has retrospectively reduced cost of sales for the year ended 31 December 2021 by £11.5 million of direct gas costs with a corresponding reduction to revenue.

Consistent with the contractual terms described above, as the amounts are settled net, the carrying value of trade debtors and accrued income have been reduced by £1.743 million with a corresponding reduction to trade creditors and accruals.

#### 26. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group 2022 £000</b>	<b>Group 2021 £000</b>
Not later than 1 year	683	366
Later than 1 year and not later than 5 years	3,705	1,687
Later than 5 years	12,671	6,754
	<u><b>17,059</b></u>	<u><b>8,807</b></u>

The Group's operating lease commitments relate to leases of land, specifically rental of land leases to construct and operate gas peaking power plant projects.

#### 27. Related party transactions

The Company has taken advantage of the exceptions provided by FRS 102 section 33.1A and not disclosed the transactions with group undertakings where 100% of the voting rights are controlled within the group.

## **Forsa UK Holdings Limited**

### **Notes to the Financial Statements For the Year Ended 31 December 2022**

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#### **28. Subsequent events**

Caledon Green Generation became operational on 4th May 2023.

The Group has entered into a construction contract for an additional site, Drumcross, in 2023 with a total capital commitment of £13.1m. This site will be constructed during 2023 and 2024. In November 2022, a further tranche of project financing was agreed with Close Brothers to provide the debt funding required for these projects as well as a further draw down from an entity within the Tiger Infrastructure organisation. This funding was to meet the equity commitments of these projects as well as for general corporate use. In early 2023, Carrington Generation Limited and Abercorn Generation Limited reached Financial Close under this agreement. Capital Commitments relating to both projects had already been entered into in 2022.

There have been no further events subsequent to the year end that have impacted the Company. The Ukraine crisis does not have any direct impact on the Company, other than the increase in gas and electricity prices.

#### **29. Controlling party**

The Company's ultimate parent undertaking and controlling party at the balance sheet date was Tiger Infrastructure Associates GP III LP, a limited partnership established in Delaware - USA.