

REGISTERED NUMBER: 07853501 (England and Wales)

Low Carbon Group Limited
Group Strategic Report, Directors' Report and
Consolidated Financial Statements for the Year Ended 31 December 2022

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Low Carbon Group Limited (Registered number: 07853501)

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for the Year Ended 31 December 2022**

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Low Carbon Group Limited

**Company Information
for the Year Ended 31 December 2022**

DIRECTORS:

R B Bedlow
G Woodcock
D B Williamson
J M Alfonso

REGISTERED OFFICE:

Stirling Square
5-7 Carlton Gardens
London
SW1Y 5AD

REGISTERED NUMBER:

07853501 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
2 Glass Wharf
Temple Quay
Bristol
BS2 0FR

BANKERS:

Lloyds Bank Plc
1 Legg St
Chelmsford
Essex
CM1 1JS

Low Carbon Group Limited (Registered number: 07853501)

**Group Strategic Report
for the Year Ended 31 December 2022**

PRINCIPAL ACTIVITIES

The principal activity of the Group is investing in climate mitigation solutions. Specifically, Low Carbon Limited and Trust Power Limited.

Low Carbon Limited invests in renewable energy projects at scale and Trust Power delivers immersive, personal energy usage data, technology and advice enabling customers to make informed, cost-effective usage decisions to lower their energy consumption.

FAIR REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Low Carbon is committed to making a positive and significant impact on the causes of climate change. In practice, this means responsible and innovative investment in renewable energy projects and dedication to creating a low-carbon future for us all.

Low Carbon's vision and mission have remained unchanged since our formation over a decade ago. We strive daily to help shape and secure the health of our planet for future generations. We believe that such an ideal can only be realised through the urgent creation of clean, renewable energy at scale.

The Group strives to create a genuinely low-carbon future, with energy production and secure energy supply at the heart of our communities in which we operate, the energy sector and government policy. This vision aligns with the aspirations and priorities set out in the United Nations Sustainable Development Goals (SDGs) and we are dedicated to ensuring our core operational activities contribute substantially to these principles

In 2021, Low Carbon formed a strategic partnership with the Massachusetts Mutual Life Insurance Company (MassMutual) to build a leading global renewable energy Independent Power Producer (IPP), targeting 20GW of renewable energy capacity and net zero by 2030. With the ambition to transform the global energy sector from fossil fuel based to zero-carbon, the partnership will accelerate the deployment of large-scale renewable energy by harnessing Low Carbon's expertise across the full investment life-cycle, and by leveraging our proven track record. For further details see note 15.

During the year the Group continued to make investments in businesses meeting its investment criteria. The Directors believe the strategic outlook to be positive, with opportunities for new investment arising both in the current portfolio and in new projects. A list of the Company's investments in associates and subsidiaries is included in note 15 of the financial statements.

The Group's key performance indicators for the year were as follows:

	2022	2021
Net Profit / (loss)	(13,923,225)	54,392,575
Cost of Investments	16,977,076	38,547,298

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors believe that the Company's key exposures to risks and uncertainties are as follows:

Operational risk

The principal risk to the Group's operations are a lack of suitable investment opportunities, market liquidity and ability of the Company to develop renewable energy projects through the entire development cycle. The Group focuses its investment activity in companies involved in sustainable business for which there is an increasingly positive market sentiment and demand. Covid-19 has lengthened the timeline for realising projects in the development pipeline in the short-term, however market appetite remains strong. The Directors continually review the pipeline of potential investment opportunities. There has been no significant impact of Covid-19 on the day-to-day operations of group.

Government risk

The regulatory environment is evolving, and changes therein may adversely affect the Company. The Group focuses its investments in the UK and Continental Europe.

Laws and regulations risk

The Group and its investments are subject to laws and regulations enacted by national, regional and local governments and institutions. Certain of the sectors in which the Group's investments operate are subject to legal and regulatory controls, and the investee companies must comply with all applicable laws, regulations and regulatory standards which, inter alia, require them to obtain and maintain certain authorisations, licenses and approvals for their operations.

Credit risk

The Group's primary credit risk is the non-payment of loans and interest owed by its investee companies. The Group manages this risk through appropriate due diligence at the investment stage and appropriate governance and monitoring of its investments. The Group's portfolio of investments includes a wide range of green energy technologies and geographies as well as assets at different stages of development.

Liquidity risk

The primary liquidity risk for the Group is the risk of a reduction or withdrawal of support from its parent, Oxygen House Group Limited. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The liquidity impact of a delay in realising the development pipeline has been managed by the introduction of cost saving measures across the group and increased monitoring of cashflow forecasts.

ON BEHALF OF THE BOARD:



.....
J M Alfonso - Director

Date: Sep 25, 2023
.....

Low Carbon Group Limited (Registered number: 07853501)

**Directors' Report
for the Year Ended 31 December 2022**

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2022. The consolidated financial statements consist of the parent company, Low Carbon Group Limited, and its subsidiaries.

PRINCIPAL ACTIVITIES

The principal activity of the Group is investing in renewable energy projects at scale in order to make a positive and significant impact on the causes of climate change, and businesses involved in the mitigation of climate change.

RESULTS

The loss for the year was £13,923,225 (2021: profit of £54,392,575).

DIVIDENDS

The total dividends paid in the year ended 31 December 2022 is £nil (2021: £nil).

FUTURE DEVELOPMENTS

Details of the Groups future developments are provided in the strategic report on page 2.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

R B Bedlow
G Woodcock
D B Williamson
J M Alfonso

GOING CONCERN

The directors believe that the group is well placed to manage its business risks successfully. The Russia-Ukraine conflict is a humanitarian crisis on a scale not seen in Europe since WWII. As sanctions continue to be imposed against Russia, the economic ramifications of increases to energy prices, fluctuations in foreign exchange rates and interest rate rises could be felt globally. The directors have considered the risks to supply chains and revenue streams however it is very difficult to make forward looking statements or predictions with any great certainty. The directors have reviewed the impact of the Russia-Ukraine conflict on the business and do not consider there to be a significant impact on the long-term activities of the group. The parent company has confirmed they will not recall the outstanding loan to the extent that insolvency would result. Consequently, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

DIRECTORS INDEMNITY

The directors of the Group are indemnified under a directors and officers liability insurance policy for losses or advancement of defence costs as a result of a legal action brought for alleged wrongful acts in their capacity as directors and officers of the Group. The indemnity was in force during the financial year and at the date of approval of these financial statements.

DISCLOSURE IN THE STRATEGIC REPORT

Details of the Groups principal risks and uncertainties are provided in the strategic report on page 3.

DISCLOSURE OF INFORMATION TO THE AUDITORS

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

Low Carbon Group Limited (Registered number: 07853501)

**Directors' Report
for the Year Ended 31 December 2022**

INDEPENDENT AUDITORS

In accordance with Section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the reappointment of PricewaterhouseCoopers LLP as auditors.

ON BEHALF OF THE BOARD:



.....
J M Alfonso - Director

Date: Sep 25, 2023
.....

Low Carbon Group Limited (Registered number: 07853501)

**Statement of Directors' Responsibilities
for the Year Ended 31 December 2022**

The directors are responsible for preparing the Group Strategic Report, Directors' Report and Audited Consolidated Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Independent auditors' report to the members of Low Carbon Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Low Carbon Group Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's loss and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Group Strategic Report, Directors' Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 31 December 2022; the Consolidated statement of comprehensive income, the Consolidated and Company cash flow statements, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employee legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation in the jurisdictions in which the Company operates and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of unusual journals outside the normal course of business in order to manipulate the Group's profit measures and other key performance indicators. Audit procedures performed by the engagement team included:

- Obtaining an understanding of the legal and regulatory frameworks applicable to the Group, including those relating to the reporting framework and the relevant tax compliance regulations.
- Inquiring with management to understand how the business complies with key frameworks. These inquiries were corroborated through review of Board minutes and papers provided.
- Obtaining Group's assessment of the key fraud risks and the controls and procedures that are in operation to detect and prevent fraud.
- Our procedures involved using: Computer Assisted Audit Techniques ("CAATS") to analyse all journals to identify any unusual, unexpected or significantly material journals for specific follow up and testing. As required by ISA 240, an element of unpredictability was incorporated into our audit testing.
- Testing management bias in estimates through review of underlying data and assumptions used to calculate these.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Colin Bates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
25 September 2023

**Consolidated Statement of Comprehensive Income
for the Year Ended 31 December 2022**

	Notes	2022 £	2021 £
REVENUE	4	422,603	6,252,851
Development expenses		(122,695)	(8,560,066)
Administrative expenses		<u>(3,427,399)</u>	<u>(16,196,800)</u>
		(3,127,491)	(18,504,015)
Other operating income	5	<u>5,080,624</u>	<u>79,508,652</u>
GROUP OPERATING PROFIT	7	1,953,133	61,004,637
Share of operating profit in Joint ventures		-	983,741
Loss from joint ventures		(16,271,267)	(6,645,683)
Other interest receivable and similar income	8	615,577	427,104
Interest payable and similar expenses	9	<u>(496,980)</u>	<u>(1,299,992)</u>
(LOSS)/PROFIT BEFORE TAXATION		(14,199,537)	54,469,807
Tax on (loss)/profit	10	<u>276,312</u>	<u>(77,232)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(13,923,225)</u>	<u>54,392,575</u>
(Loss)/profit attributable to:			
Owners of the parent		(13,700,042)	51,148,666
Non-controlling interests		<u>(223,183)</u>	<u>3,243,909</u>
		<u>(13,923,225)</u>	<u>54,392,575</u>

The notes on pages 18 to 42 form part of these financial statements

Low Carbon Group Limited (Registered number: 07853501)

**Consolidated Balance Sheet
31 December 2022**

	Notes	2022 £	2021 £
FIXED ASSETS			
Intangible assets	13	1,470,622	1,842,262
Tangible assets	14	347,225	405,420
Investments	15		
Interest in joint venture		16,977,076	38,536,318
Other investments		-	10,980
		<u>18,794,923</u>	<u>40,794,980</u>
CURRENT ASSETS			
Stocks	16	-	264,731
Debtors	17	10,486,551	4,621,397
Cash at bank	18	<u>4,480,965</u>	<u>7,170,977</u>
		14,967,516	12,057,105
CREDITORS			
Amounts falling due within one year	19	<u>(10,243,073)</u>	<u>(11,545,380)</u>
NET CURRENT ASSETS		<u>4,724,443</u>	<u>511,725</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		23,519,366	41,306,705
PROVISIONS FOR LIABILITIES	22	<u>(11,276)</u>	<u>(31,432)</u>
NET ASSETS		<u>23,508,090</u>	<u>41,275,273</u>
CAPITAL AND RESERVES			
Called up share capital	23	1,000	1,000
Retained earnings		<u>23,504,211</u>	<u>37,204,253</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		23,505,211	37,205,253
NON-CONTROLLING INTERESTS		<u>2,879</u>	<u>4,070,020</u>
TOTAL EQUITY		<u>23,508,090</u>	<u>41,275,273</u>

The financial statements on pages 11 to 42 were approved by the Board of Directors and authorised for issue on Sep 25, 2023..... and were signed on its behalf by:



J M Alfonso - Director

The notes on pages 18 to 42 form part of these financial statements

Company Balance Sheet
31 December 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Intangible assets	13	-	-
Tangible assets	14	687	6,326
Investments	15	<u>230,895</u>	<u>230,879</u>
		<u>231,582</u>	<u>237,205</u>
CURRENT ASSETS			
Debtors	17	10,545,483	31,843,342
Cash at bank	18	<u>4,329,694</u>	<u>2,477,588</u>
		14,875,177	34,320,930
CREDITORS			
Amounts falling due within one year	19	<u>(18,074,936)</u>	<u>(33,325,251)</u>
NET CURRENT ASSETS/ (LIABILITIES)		<u>(3,199,759)</u>	<u>995,679</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(2,968,177)</u>	<u>1,232,884</u>
CAPITAL AND RESERVES			
Called up share capital	23	1,000	1,000
Retained earnings/(accumulated losses)		<u>(2,969,177)</u>	<u>1,231,884</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>(2,968,177)</u>	<u>1,232,884</u>
Company's loss for the financial year		<u>(4,201,061)</u>	<u>(1,915,164)</u>

The financial statements were approved by the Board of Directors and authorised for issue on Sep 25, 2023
and were signed on its behalf by:



J M Alfonso - Director

Low Carbon Group Limited (Registered number: 07853501)

**Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2022**

	Called up share capital £	(Accumulated losses)/ Retained earnings £	Equity attributable owners of parent £	Non-controlling interests £	Total equity £
Balance at 1 January 2021	1,000	(13,468,539)	(13,467,539)	(34,684)	(13,502,223)
Changes in equity					
Dividends	-	(475,874)	(475,874)	-	(475,874)
Profit for the financial year	-	51,148,666	51,148,666	3,243,910	54,392,576
Acquisition of non-controlling interest	1,000	37,204,253	37,205,253	3,209,226	40,414,479
Non-controlling interest arising on business combination	-	-	-	837,328	837,328
	-	-	-	23,466	23,466
Balance at 31 December 2021	1,000	37,204,253	37,205,253	4,070,020	41,275,273
Changes in equity					
Dividends	-	-	-	(3,843,958)	(3,843,958)
Loss for the financial year	-	(13,700,042)	(13,700,042)	(223,183)	(13,923,225)
Balance at 31 December 2022	1,000	23,504,211	23,505,211	2,879	23,508,090

The notes on pages 18 to 42 form part of these financial statements

Low Carbon Group Limited (Registered number: 07853501)

**Company Statement of Changes in Equity
for the Year Ended 31 December 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	1,000	3,147,048	3,148,048
Changes in equity			
Loss for the financial year	-	(1,915,164)	(1,915,164)
Balance at 31 December 2021	<u>1,000</u>	<u>1,231,884</u>	<u>1,232,884</u>
Changes in equity			
Loss for the financial year	-	(4,201,061)	(4,201,061)
Balance at 31 December 2022	<u>1,000</u>	<u>(2,969,177)</u>	<u>(2,968,177)</u>

The notes on pages 18 to 42 form part of these financial statements

Low Carbon Group Limited (Registered number: 07853501)

**Consolidated Cash Flow Statement
for the Year Ended 31 December 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash used in operations	28	(3,184,346)	(2,491,204)
Tax paid		<u>198,396</u>	<u>-</u>
Net cash used in operating activities		<u>(2,985,950)</u>	<u>(2,491,204)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	(1,733,552)
Purchase of property, plant & equipment		(7,550)	(595,184)
Purchase of investments		(13)	(1,354,589)
Proceeds from disposal of PP&E		-	80,182
Sale of fixed asset investments		-	3,146,291
Dividends received		<u>-</u>	<u>317,000</u>
Net cash used in investing activities		<u>(7,563)</u>	<u>(139,852)</u>
Cash flows from financing activities			
Increase in loans from group undertaking		-	18,631,815
Decrease in loans to group undertaking		4,644,252	-
Increase in loan from parent undertaking		-	2,500,000
Decrease in loan from parent undertaking		(496,793)	(21,915,759)
Equity dividends paid		-	(475,874)
Dividends paid to minority interests		<u>(3,843,958)</u>	<u>-</u>
Net cash generated from/ (used in) financing activities		<u>303,501</u>	<u>(1,259,818)</u>
Decrease in cash and cash equivalents		<u>(2,690,012)</u>	<u>(3,890,874)</u>
Cash and cash equivalents at beginning of year	29	<u>7,170,977</u>	<u>11,061,851</u>
Cash and cash equivalents at end of year	29	<u><u>4,480,965</u></u>	<u><u>7,170,977</u></u>

The notes on pages 18 to 42 form part of these financial statements

**Company Cash Flow Statement
for the Year Ended 31 December 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from/ (used in) operations	28	<u>277,357</u>	<u>(4,910,368)</u>
Net cash generated from/ (used in) operating activities		<u>277,357</u>	<u>(4,910,368)</u>
Cash flows from investing activities			
Purchase of property, plant & equipment		-	(64,588)
Purchase of investments		(14)	-
Proceeds from disposal of PP&E		-	80,182
Dividends received		<u>17,614</u>	<u>317,000</u>
Net cash generated from investing activities		<u>17,600</u>	<u>332,594</u>
Cash flows from financing activities			
Decrease in loans to group		4,864,167	17,681,653
Increase in loan to group undertakings		(2,810,225)	-
Increase in loan from parent undertaking		-	2,500,000
Decrease in loan from parent undertaking		<u>(496,793)</u>	<u>(21,915,759)</u>
Net cash generated from/ (used in) financing activities		<u>1,557,149</u>	<u>(1,734,106)</u>
Increase/(decrease) in cash and cash equivalents		<u>1,852,106</u>	<u>(6,311,880)</u>
Cash and cash equivalents at beginning of year	29	<u>2,477,588</u>	<u>8,789,468</u>
Cash and cash equivalents at end of year	29	<u><u>4,329,694</u></u>	<u><u>2,477,588</u></u>

The notes on pages 18 to 42 form part of these financial statements

**Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2022**

1. GENERAL INFORMATION

Low Carbon Group Limited is a private limited company incorporated and domiciled in England and Wales. The address of the company's registered office is Stirling Square, 5-7 Carlton Gardens, London SW1Y 5AB.

The principal activities of the company and its subsidiaries are investing in climate mitigation solutions. The principal accounting policies adopted by the company are set out in note 2.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in the functional currency of the Group, Pound Sterling (£), as this is the currency of the primary economic environment in which the Group operates. The financial statements are rounded to the nearest pound, except where otherwise indicated.

The Company is limited by shares and incorporated in England. The address of the registered office is given in the *company information page of these financial statements*.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going Concern

The directors believe that the group is well placed to manage its business risks successfully. The Russia-Ukraine conflict is a humanitarian crisis on a scale not seen in Europe since WWII. As sanctions continue to be imposed against Russia, the economic ramifications of increases to energy prices, fluctuations in foreign exchange rates and interest rate rises could be felt globally. The directors have considered the risks to supply chains and revenue streams however it is very difficult to make forward looking statements or predictions with any great certainty. The directors have reviewed the impact of the Russia-Ukraine conflict on the business and do not consider there to be a significant impact on the long-term activities of the group. The parent company has confirmed they will not recall the outstanding loan to the extent that insolvency would result. Consequently, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Financial Reporting Standard 102 - reduced disclosure exemptions

The Group has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirement of paragraph 33.7.

Basis of consolidation

The Group financial statements comprise of the financial statements of Low Carbon Group Limited and its subsidiaries as at 31 December 2022. *Subsidiary undertakings acquired during the period are recorded under the acquisition method of accounting, except where the acquisition is considered to be a business combination under common control, where the predecessor value method has been applied. The results of subsidiaries acquired during the year are consolidated from the date of acquisition, being the date on which the parent company obtains control, and continue to be consolidated until the date such control ceases. The financial statements of the subsidiaries are prepared using consistent accounting policies. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.*

2. ACCOUNTING POLICIES - continued

Revenue

Revenue of the Group represents income from the provision of asset management services, investment management and investment advisory services, developer fees and energy generation.

Revenue from asset management, investment management and investment advisory services are measured at the fair value of consideration received or receivable, and includes estimates of amounts contractually due, but not yet invoiced.

Revenue from developer fees is recognised in relation to the underlying contract with the customer. This generally will result in revenue being recognised at the completion of significant development milestones. Any uninvoiced revenue is accrued in the period in which it has been generated.

Revenue from energy generation is measured as the fair value of the consideration received or receivable. The fair value of the consideration excludes trade discounts, volume rebates and other sales taxes. Revenue is recognised when persuasive evidence of an arrangement exists, electricity has been generated and transmitted to the grid, the price of electricity is fixed or determinable and the recoverability of the resulting receivable is reasonably assured. Any uninvoiced income is accrued in the period in which it has been generated.

All revenues are stated net of value added tax and are generated entirely within the United Kingdom.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2017, is being amortised on a straight-line basis over its estimated useful life of ten years.

Intangible assets

Other intangible assets represent the capitalised product development expenses, and are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised to their estimated residual values on a straight-line basis, over their expected useful lives as follows:

- | | |
|---------------------|---------------|
| - Development costs | 20% per annum |
|---------------------|---------------|

The amortisation methods, estimated useful lives and residual values are reviewed at each reporting date. The amortisation expense is recognised in profit or loss.

Amortisation commences when the intangible asset is available for use.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Tangible fixed assets are depreciated to their estimated residual values on a straight-line basis, over their expected useful lives as follows:

- | | |
|-----------------------|-----------------|
| Fixtures and fittings | - 15% per annum |
| Other assets | - 33% per annum |
| Solar PV assets | - 4% per annum |

The depreciation methods, estimated remaining useful lives and residual values are reviewed at each reporting date, taking account of technological innovations and asset management programmes. A change resulting from the review is treated as a change in accounting estimate. The depreciation expense is recognised in the statement of comprehensive income.

Depreciation commences when the asset is available for use.

2. **ACCOUNTING POLICIES - continued**

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other 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.

Research and development

Research expenditure is written off to the statement of comprehensive income in the year in which it is incurred.

Development expenditure is capitalised as an intangible asset when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefit, the availability of resources to complete the asset and the ability to reliably measure the expenditure during development.

Foreign currencies

Transactions in foreign currencies are translated to the functional currency at exchange rates prevailing at the date of the transaction. Monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction, whilst assets carried at fair value are translated at the exchange rates when the fair value was determined.

Investment in subsidiaries

Subsidiary undertakings are all entities over which the parent company has the power to govern the financial and operating policies so as to obtain benefit from their activities.

The investment in subsidiaries held by the parent company are valued at cost less any provision for impairment that is considered to have occurred, the resultant loss being recognised in the statement of comprehensive income.

Investments in joint ventures and associates

Investments in joint ventures and associates are accounted for using the equity method.

2. ACCOUNTING POLICIES - continued

Decommissioning provision

Liabilities for decommissioning costs are recognised when the Group has an obligation to dismantle and remove the Solar PV equipment and to restore the land on which it is located. Liabilities may arise upon construction of such facilities, upon acquisition or through a subsequent change in legislation or regulations. The amount recognised is the estimated present value of expenditure determined in accordance with local conditions and requirements. A corresponding tangible item of property, plant and equipment equivalent to the provision is also created.

Any changes in the present value of the estimated expenditure is added to or deducted from the cost of the assets to which it relates. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. The unwinding of the discount on the decommissioning provision is included as a finance cost.

Financial instruments

The Group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of 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 or creditors, loans from banks and other third parties, loans to or from related parties and investments in non-putable ordinary shares.

i. Financial Assets

Basic financial assets, including trade and other receivables, and cash and bank balances, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method.

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

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

Financial assets are derecognised when:

- (a) the contractual rights to the cash flows from the asset expire or are settled; or
- (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or
- (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial Liabilities

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

Debt instruments (other than those wholly repayable or receivable within one year) are subsequently carried at amortised cost, using the effective interest rate method. Debt instruments that are payable or receivable within one year are subsequently measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

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

iii. Offsetting

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

2. **ACCOUNTING POLICIES - continued**

Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand.

Equity

Equity comprises the following

- "Share capital" represents the nominal value of ordinary equity shares.
- "Retained earnings/(Accumulated losses)" include all current results as disclosed in the consolidated statement of comprehensive income.

Dividend Income

Dividend income is recognised when the Group's right to receive payment is established.

Interest payable

Interest payable on loans is charged to the statement of comprehensive income account on an accruals basis.

Interest receivable

Interest receivable on loans is recognised in the statement of comprehensive income using the effective interest method.

Operating Leases

Leases in which the group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

The most critical accounting policies and estimates in determining the financial condition and results of the group are those requiring a greater degree of subjective or complete judgement. These relate to:

- **Deferred taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that the taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

- **Valuation of investments**

In respect of the recoverability of investments and inter-company receivables, consideration of economic and market factors are incorporated into the assessment of each investment's future growth plans and prospects.

In assessing impairment, judgement is required to establish whether there have been any indicators of impairment either internal or external. Once the need for a review of the carrying value of an investment has been determined, valuation requires estimation techniques and is therefore subject to estimates and judgements.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

4. REVENUE

Revenue recognised in the statement of comprehensive income is analysed as follows:

	2022 £	2021 £
Provision of management services	-	2,756,931
Developer fees	-	3,077,000
Investment advisory fees	-	190,164
Energy generation	104,509	92,359
Other income	318,095	136,397
	<u>422,604</u>	<u>6,252,851</u>

All revenue is stated net of trade discounts, VAT and other similar taxes.

Geographical area:

	United Kingdom		Europe		Total	
	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £
Asset Management Services	-	2,608,380	-	148,551	-	2,756,931
Developer Fees	-	1,827,000	-	1,250,000	-	3,077,000
Investment Advisory Fees	-	190,164	-	-	-	190,164
Energy Generation	104,509	92,359	-	-	104,509	92,359
Other Income	318,095	136,397	-	-	318,095	136,397
	<u>422,604</u>	<u>4,854,300</u>	<u>-</u>	<u>1,398,551</u>	<u>422,604</u>	<u>6,252,851</u>

5. OTHER OPERATING INCOME

	2022 £	2021 £
Gain on sale of investments	-	21,404,555
Gain on loss of control of subsidiary	5,080,624	58,104,097
	<u>5,080,624</u>	<u>79,508,652</u>

Further details regarding the gain on loss of control of subsidiary are included in note 15.

6. EMPLOYEES AND DIRECTORS

	2022 £	2021 £
Wages and salaries	1,212,559	8,792,544
Social security costs	161,324	1,053,192
Other pension costs	145,425	527,368
	<u>1,519,308</u>	<u>10,373,104</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

6. EMPLOYEES AND DIRECTORS (continued)

The average monthly number of employees during the year was made up as follows:

	2022 no.	2021 no.
Administrative, development and office based asset management	18	86
Road based operations & maintenance and asset management	-	4
	<u>18</u>	<u>90</u>

Directors' remuneration

The aggregate remuneration in respect of directors qualifying services was £nil (2021: £992,088).
The highest amount paid to a director during the year was £nil (2021: £559,401).

7. OPERATING PROFIT

The group operating profit is stated after charging:

	2022 £	2021 £
Professional fees	-	1,476,868
Development expenses	122,695	8,560,066
Rent, rates and service charges	102,669	439,276
Directors' remuneration	-	941,694
Audit fee	44,100	40,419
Depreciation	56,401	205,699
Loss on disposal of fixed assets	4,113	80,703
Amortisation	<u>371,640</u>	<u>463,080</u>

Development expenses related to early stage costs incurred by subsidiaries (note 15).

8. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2022 £	2021 £
Interest income	615,404	73,648
Other interest received	<u>173</u>	<u>353,456</u>
	<u>615,577</u>	<u>427,104</u>

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022 £	2021 £
Bank loan interest	-	36,412
Loan from group undertakings	496,793	1,257,351
Other loan interest	-	6,110
Unwinding of discount on provision	<u>187</u>	<u>119</u>
	<u>496,980</u>	<u>1,299,992</u>

Notes to the Consolidated Financial Statements – continued
for the Year Ended 31 December 2022

10. TAX ON PROFIT/(LOSS)

(a) Income tax on (loss)/profit

Income tax charged in the consolidated statement of comprehensive income:

	2022 £	2021 £
Current tax:		
UK Corporation tax on the (loss)/profit for the year	(198,396)	-
Adjustment in respect of previous periods	<u>(77,916)</u>	<u>77,604</u>
Deferred tax:		
Origination and reversal of temporary differences	-	(372)
Adjustment in respect of previous periods	<u>-</u>	<u>-</u>
	<u><u>(276,312)</u></u>	<u><u>77,232</u></u>

(b) Reconciliation of the total income tax (credit)/charge

The income tax (credit)/charge in the consolidated statement of comprehensive income for the year differs from (2021: differs from) the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are reconciled below:

	2022 £	2021 £
(Loss)/profit before income tax	<u>(14,199,537)</u>	<u>54,469,807</u>
At standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(2,697,912)	10,591,170
Effects of:		
Tax effect of non-deductible or non-taxable items	7,134,588	(8,076,691)
Income not taxable	(5,630,538)	(4,260,990)
Movement in unprovided deferred tax	1,193,862	1,746,511
Effects of group relief/other relief	-	-
Adjustments in respect of prior periods	(77,916)	77,604
R&D tax credit	<u>(198,396)</u>	<u>-</u>
Tax on (loss)/profit	<u><u>(276,312)</u></u>	<u><u>77,604</u></u>

(c) Factors that may affect future tax charges

In the 2021 Budget, the UK Government announced that from 1 April 2023 the UK Corporation tax rate would increase to 25% (rather than the rate remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using the enacted tax rate of 25%.

10. TAX ON PROFIT/(LOSS) - continued

(d) Deferred tax

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

	2022 £	2021 £
Deferred tax liability		
Provision at start of year	-	372
Deferred tax credit to the statement of comprehensive income	-	(372)
	<u>-</u>	<u>-</u>

Unrecognised deferred tax:

	2022 £	2021 £
Fixed assets	(329,587)	(225,810)
Temporary timing differences	(922)	-
Losses	<u>(9,925,261)</u>	<u>(9,826,411)</u>
	<u>(10,255,770)</u>	<u>(10,052,221)</u>

11. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

12. DIVIDENDS

	2022 £	2021 £
Dividends paid to minority interests	<u>3,843,958</u>	<u>475,874</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

13. INTANGIBLE ASSETS

Group

	Goodwill £	Other intangibles £	Totals £
COST			
At 1 January 2022			
and 31 December 2022	<u>3,131,215</u>	<u>585,429</u>	<u>3,716,644</u>
ACCUMULATED AMORTISATION			
At 1 January 2022	1,585,610	288,772	1,874,382
Amortisation for year	<u>272,754</u>	<u>98,886</u>	<u>371,640</u>
At 31 December 2022	<u>1,858,364</u>	<u>387,658</u>	<u>2,246,022</u>
NET BOOK VALUE			
At 31 December 2022	<u>1,272,851</u>	<u>197,771</u>	<u>1,470,622</u>
At 31 December 2021	<u>1,545,605</u>	<u>296,657</u>	<u>1,842,262</u>

Other intangibles relate to capitalised development expenditure.

14. TANGIBLE ASSETS

Group

	Solar PV assets £	Fixtures & fittings £	Other assets £	Totals £
COST				
At 1 January 2022	582,829	484,568	191,269	1,258,666
Additions	6,017	-	1,443	7,460
Disposals	-	(349,080)	(89,719)	(438,799)
Change to decommissioning estimate	<u>(5,142)</u>	<u>-</u>	<u>-</u>	<u>(5,142)</u>
At 31 December 2022	<u>583,704</u>	<u>135,488</u>	<u>102,993</u>	<u>822,185</u>
ACCUMULATED DEPRECIATION				
At 1 January 2022	266,172	410,958	176,116	853,246
Charge for year	21,837	21,609	12,955	56,401
Eliminated on disposal	<u>-</u>	<u>(344,968)</u>	<u>(89,719)</u>	<u>(434,687)</u>
At 31 December 2022	<u>288,009</u>	<u>87,599</u>	<u>99,352</u>	<u>474,960</u>
NET BOOK VALUE				
At 31 December 2022	<u>295,695</u>	<u>47,889</u>	<u>3,641</u>	<u>347,225</u>
At 31 December 2021	<u>316,657</u>	<u>73,610</u>	<u>15,153</u>	<u>405,420</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

14. TANGIBLE ASSETS - continued

Company

	Fixtures & fittings £	Other assets £	Totals £
COST			
At 1 January 2022	350,688	89,719	440,407
Disposals	(349,081)	(89,719)	(438,800)
At 31 December 2022	<u>1,607</u>	<u>-</u>	<u>1,607</u>
ACCUMULATED DEPRECIATION			
At 1 January 2022	344,362	89,719	434,081
Charge for year	1,526	-	1,526
Eliminated on disposal	(344,968)	(89,719)	(434,687)
At 31 December 2022	<u>920</u>	<u>-</u>	<u>920</u>
NET BOOK VALUE			
At 31 December 2022	<u>687</u>	<u>-</u>	<u>687</u>
At 31 December 2021	<u>6,326</u>	<u>-</u>	<u>6,326</u>

15. INVESTMENTS

Group

	Associated undertakings £	Interest in joint ventures £	Total £
Cost:			
At 1 January 2022	10,980	38,536,318	38,547,298
Additions	-	21	21
Disposals	(10,980)	(5,287,996)	(5,298,976)
Share of loss	-	(16,271,267)	(16,271,267)
At 31 December 2022	<u>-</u>	<u>16,977,076</u>	<u>16,977,076</u>

Company

	Subsidiary undertakings £	Total £
Cost:		
At 1 January 2022	230,879	230,879
Additions	<u>16</u>	<u>16</u>
At 31 December 2022	<u>230,895</u>	<u>230,895</u>

15. INVESTMENTS (continued)

As outlined in the strategic report Low Carbon formed a strategic Partnership with MassMutual Holding LLC (MassMutual) during the prior year to build a leading global renewable energy Independent Power Producer.

On 8th November 2021 Low Carbon Limited, a subsidiary of Low Carbon Group Limited, allotted 833,000 Ordinary £0.00001 Shares to MassMutual equal to 25% of the issued capital of the company for total consideration of £100,000,000. MassMutual were also granted an option to purchase an additional 24% of the issued capital of the company for a notional amount, increasing the total holding to 49%. This option was exercised on 14th February 2022.

The substance of the strategic partnership has resulted in Low Carbon Limited being under the joint control of Low Carbon Group Limited and MassMutual. Following the issue of Ordinary Shares to MassMutual Low Carbon Group Limited has lost control over Low Carbon Limited and its subsidiaries as at the date of MassMutuals investment.

The transaction has been accounted for using the merger accounting method allowable under FRS 102 in 2021. Low Carbon Limited and its subsidiaries have been de-consolidated from the Low Carbon Group Limited group from 8th November 2021. The net assets of the Low Carbon Limited group have been removed at their carrying value, leading to a gain on the loss of control in the prior year. Low Carbon Group Limited has subsequently recognised an investment in the equity of Low Carbon Limited equal to its share of net assets at the time of MassMutuals investment. The calculation of these balances are as follows:

	2021
	£
Low Carbon Group Limited gain on loss of control	
MassMutual share consideration	100,000,000
Low Carbon Limited consolidated net assets on allotment	<u>(14,498,158)</u>
Low Carbon Limited net liabilities at the date of MassMutual investment	85,501,842
MassMutual interest in equity	49% 41,895,903
MassMutual share consideration	100,000,000
Less MassMutual interest in equity	<u>(41,895,903)</u>
Low Carbon Group Limited gain on loss of control (included in note 5)	58,104,097
Low Carbon Group Limited group investment in Low Carbon Limited	
Low Carbon Limited net assets at the date of MassMutual investment	<u>85,501,843</u>
Low Carbon Group Limited group interest in equity of Low Carbon Limited (included in note 16)	51% 43,605,940

Further to the above, on 14th February 2022 Low Carbon Group Limited sold its investment in Low Carbon Investment Management Limited to Low Carbon Limited. On the same day Low Carbon Group Limited sold 49% of its shareholding in Low Carbon Investment Partners Limited to MassMutual and transferred its remaining 51% shareholding to Low Carbon Limited. The net assets/(liabilities) of the Low Carbon Investment Management Limited and Low Carbon Investment Partners Limited have been removed at their carrying value, leading to a gain on the loss of control. Low Carbon Group Limited has subsequently recognised a reduction in the equity investment of Low Carbon Limited equal to its share of net liabilities at the time of disposal.

The calculation of these balances are detailed on the following page.

Low Carbon Group Limited (Registered number: 07853501)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

15. INVESTMENTS (continued)

	2022 £
Low Carbon Group Limited gain on loss of control	
Share consideration	2,386,497
Low Carbon Investment Management Limited net assets on loss of control	737,933
Low Carbon Investment Partners Limited net liabilities on loss of control	<u>(8,720,057)</u>
	10,368,620

The difference between the consideration received and the net assets/(liabilities) of the entities transferred to Low Carbon Limited and is recognised in the income statement and on the balance sheet in proportion to the Low Carbon Group Limited shareholding in the joint venture as follows:

Gain on sale of ownership share to MassMutual	49%	Note 5	(5,080,624)
Adjustment to investment carrying value	51%	Note 15	(5,287,996)

Following the 2021 transaction, the Low Carbon Limited group is a joint venture of Low Carbon Group Limited and is accounted for using the equity method. The share of loss of the Low Carbon Limited group attributable to Low Carbon Group Limited is £16,271,267 (2021: £5,299,576) and is included in the loss from joint ventures in the Consolidated Statement of Comprehensive Income on page 11.

Investment in subsidiary, joint venture and associate undertakings:

Details of the investments in which the parent company held 20% or more of the nominal value of any class of share capital as at 31 December 2022 are as follows (* held by a subsidiary, joint venture or associate undertaking):

Name of company	Holding	Proportion of shares held
Balliemanoach Wind Farm Limited*	Ordinary shares	41%
Camber Solar Project Limited	Ordinary shares	100%
Chalton Manor Solar Farm Limited*	Ordinary shares	41%
Cornwell Solar Farm Limited*	Ordinary shares	51%
Costa Head Wind Farm Limited*	Ordinary shares	41%
Crouch Solar Farm Limited*	Ordinary shares	51%
Cutlers Solar Farm Limited*	Ordinary shares	41%
Danube Wind Holding 1 Sarl*	Ordinary shares	20%
Danube Wind Holding 2 Sarl*	Ordinary shares	20%
Danube Wind Holding 1 BV*	Ordinary shares	51%
Danube Wind Holding 2 BV*	Ordinary shares	51%
Drover Lane Solar Farm Limited*	Ordinary shares	41%
Fox Covert Solar Farm Limited*	Ordinary shares	51%
Friars Gate Flexi Limited*	Ordinary shares	100%
Gairy Hill Wind Farm Limited*	Ordinary shares	41%
Gate Burton Energy Park Limited*	Ordinary shares	41%
Grid System Services Limited*	Ordinary shares	31%
Grid System Services Limited*	Preference shares	51%
Harlsford Solar Farm Limited*	Ordinary shares	51%
Hesta Head Wind Farm Limited*	Ordinary shares	41%
Hoolan Energy Limited*	Ordinary shares	51%

15. INVESTMENTS (continued)

Name of company	Holding	Proportion of shares held
Inkersall Solar Farm Limited*	Ordinary shares	51%
Jura Wind Limited*	Ordinary shares	26%
Knightcote Road Solar Farm Limited*	Ordinary shares	41%
Laver Solar Farm Limited*	Ordinary shares	51%
LC Danube Limited	Ordinary shares	41%
LC Danube Sarl*	Ordinary shares	41%
LC Development Finland Oy*	Ordinary shares	51%
LC Energy B.V*	Ordinary shares	20%
LC Energy B.V*	Preference shares	51%
LC Energi AB*	Ordinary shares	26%
LC Energi Arboga Koborg AB*	Ordinary shares	26%
LC Energi Björklund AB*	Ordinary shares	26%
LC Energi Fålhult AB*	Ordinary shares	26%
LC Energi Skuru AB*	Ordinary shares	26%
LC Energia SP.z.o.o.*	Ordinary shares	38%
LC Energia 1 SP.z.o.o.*	Ordinary shares	38%
LC Energia 2 SP.z.o.o.*	Ordinary shares	38%
LC Energia 3 SP.z.o.o.*	Ordinary shares	38%
LC Energia 4 SP.z.o.o.*	Ordinary shares	38%
LC Energia 5 SP.z.o.o.*	Ordinary shares	38%
LC Energia 6 SP.z.o.o.*	Ordinary shares	38%
LC Energia 7 SP.z.o.o.*	Ordinary shares	38%
LC Energia 8 SP.z.o.o.*	Ordinary shares	38%
LC Energia 10 SP.z.o.o.*	Ordinary shares	38%
LCIP1 Holdings Limited*	Ordinary shares	100%
LCIP Finland Wind Oy*	Ordinary shares	51%
LCW2E2 Development Limited*	Ordinary shares	41%
Low Carbon Asset Management Limited*	Ordinary shares	51%
Low Carbon Canada Bioenergy Limited*	Ordinary shares	51%
Low Carbon Dutch Solar Operations BV*	Ordinary shares	51%
Low Carbon EAAS Limited*	A Ordinary shares	41%
Low Carbon EAAS Limited*	B Ordinary shares	0%
Low Carbon Eco2 Energy Limited*	Ordinary shares	26%
Low Carbon Energy, Inc*	Ordinary shares	26%
Low Carbon Flexible Generation Limited	A Ordinary shares	100%
Low Carbon Flexible Generation Limited	B Ordinary shares	0%
Low Carbon Foundation	Ordinary shares	100%
Low Carbon Finland Wind Limited*	Ordinary shares	51%
Low Carbon General Partner Limited	Ordinary shares	51%
Low Carbon Germany Limited*	Ordinary shares	51%
Low Carbon GmbH*	Ordinary shares	51%
Low Carbon Investment Management Limited*	Ordinary shares	51%
Low Carbon Investment Partners Limited*	Ordinary shares	51%
Low Carbon Investment Partners 1 Limited*	Ordinary shares	100%
Low Carbon Ireland Limited*	Ordinary shares	41%
Low Carbon Limited	Ordinary shares	51%
Low Carbon Netherlands Limited*	A Ordinary shares	41%
Low Carbon Netherlands Limited*	B Ordinary shares	0%
Low Carbon OpCo Limited*	Ordinary shares	51%
Low Carbon Poland Solar Limited*	Ordinary shares	51%
Low Carbon Renewables Fund GP Sarl*	Ordinary shares	51%
Low Carbon Rooftops Limited	Ordinary shares	100%
Low Carbon Solar Investment Company Limited	Ordinary A1 shares	100%
Low Carbon Solar Investment Company Limited	Ordinary A2 shares	100%
Low Carbon Solar Investment Company Limited	Ordinary B1 shares	100%
Low Carbon Solar Investment Company Limited	Ordinary B2 shares	100%
Low Carbon Solar Investment Company 5 Limited*	Ordinary shares	41%

15. INVESTMENTS (continued)

Name of company	Holding	Proportion of shares held
Low Carbon Solar OpCo Limited*	Ordinary shares	51%
Low Carbon Solar Operation Holdings Limited*	Ordinary shares	51%
Low Carbon Solar Operation Limited*	Ordinary shares	51%
Low Carbon Solar Park 1 Limited*	Ordinary shares	41%
Maldon Wycke Solar Farm Limited* (Formerly Low Carbon Solar Park 2 Limited)	Ordinary shares	51%
B17 Solar Farm Limited* (Formerly Low Carbon Solar Park 3 Limited)	Ordinary shares	41%
Low Carbon Solar Park 4 Limited*	Ordinary shares	41%
Sandon Brook Solar Farm Limited* (Formerly Low Carbon Solar Park 5 Limited)	Ordinary shares	41%
Low Carbon Solar Park 6 Limited*	Ordinary shares	41%
Fern Brook Solar Farm Limited* (Formerly Low Carbon Solar Park 7 Limited)	Ordinary shares	41%
Low Carbon Solar Park 8 Limited*	Ordinary shares	41%
Links Solar Farm Limited* (Formerly Low Carbon Solar Park 9 Limited)	Ordinary shares	51%
Meadow Solar Farm Limited* (Formerly Low Carbon Solar Park 10 Limited)	Ordinary shares	41%
Low Carbon Solar Park 11 Limited*	Ordinary shares	41%
Low Carbon Solar Park 12 Limited*	Ordinary shares	41%
Low Carbon Solar Park 13 Limited*	Ordinary shares	41%
Low Carbon Solar Park 14 Limited*	Ordinary shares	41%
Jafa Solar Farm Limited* (Formerly Low Carbon Solar Park 15 Limited)	Ordinary shares	41%
Pepperhill Solar Farm Limited* (Low Carbon Solar Park 16 Limited)	Ordinary shares	41%
Low Carbon Solar Park 17 Limited*	Ordinary shares	41%
Low Carbon Solar Park 18 Limited*	Ordinary shares	41%
Beacon Fen Energy Park Limited* (Low Carbon Solar Park 19 Limited)	Ordinary shares	41%
Low Carbon Solar Park 20 Limited*	Ordinary shares	41%
Low Carbon Solar Park 21 Limited*	Ordinary shares	41%
Low Carbon Solar Park 22 Limited*	Ordinary shares	41%
Low Carbon Solar Park 23 Limited*	Ordinary shares	41%
Low Carbon Solar Park 24 Limited*	Ordinary shares	41%
Low Carbon Solar Park 25 Limited*	Ordinary shares	41%
Primrose Solar Farm Limited* (Formerly Low Carbon Solar Park 26)	Ordinary shares	41%
Low Carbon Solar Park 27 Limited*	Ordinary shares	41%
Low Carbon Solar Park 28 Limited*	Ordinary shares	41%
Low Carbon Solar Park 29 Limited*	Ordinary shares	41%
Low Carbon Solar Park 30 Limited*	Ordinary shares	41%
Low Carbon Solar Park 31 Limited*	Ordinary shares	41%
Low Carbon Solar Park 32 Limited*	Ordinary shares	41%
Low Carbon Solar Park 33 Limited*	Ordinary shares	41%
Low Carbon Solar Park 34 Limited*	Ordinary shares	41%
Low Carbon Solar Park 35 Limited*	Ordinary shares	41%
Low Carbon Solar Park 36 Limited*	Ordinary shares	41%
Low Carbon Solar Park 37 Limited*	Ordinary shares	41%
Low Carbon Solar Park 38 Limited*	Ordinary shares	41%
Low Carbon Solar Park 39 Limited*	Ordinary shares	41%
Low Carbon Solar Park 40 Limited*	Ordinary shares	41%
Low Carbon Solar Park 41 Limited*	Ordinary shares	41%
Low Carbon Solar Park 42 Limited*	Ordinary shares	41%
Low Carbon Solar Park 43 Limited*	Ordinary shares	41%
Low Carbon Solar Park 44 Limited*	Ordinary shares	41%
Low Carbon Solar Park 45 Limited*	Ordinary shares	41%
Low Carbon Solar Park 46 Limited*	Ordinary shares	41%
Low Carbon Solar Park 47 Limited*	Ordinary shares	41%

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

15. INVESTMENTS (continued)

Name of company	Holding	Proportion of shares held
Low Carbon Storage Ireland Limited*	A Ordinary shares	41%
Low Carbon Storage Ireland Limited*	B Ordinary shares	0%
Low Carbon Sweden Solar Limited*	Ordinary shares	51%
Low Carbon UK Solar Holdings Limited* (formerly Low Carbon Bond Company Limited)	Ordinary shares	51%
Low Carbon UK Solar Investment Company Limited*	A Ordinary shares	41%
Low Carbon UK Solar Investment Company Limited*	B Ordinary shares	0%
Low Carbon UK Solar Operations Limited*	Ordinary shares	51%
Low Carbon UK Wind Development Company Limited*	Ordinary shares	51%
Low Carbon US Holdings Limited*	Ordinary shares	51%
Low Carbon Ventures Limited*	Ordinary shares	100%
Low Carbon W2E Limited*	Ordinary shares	100%
Low Carbon W2E2 Limited*	A Ordinary shares	41%
Low Carbon W2E2 Limited*	B Ordinary shares	0%
Low Carbon Windco 1 Limited*	Ordinary shares	51%
Low Carbon Wind Investment Company 1 Limited*	A Ordinary shares	41%
Low Carbon Wind Investment Company 1 Limited*	B Ordinary shares	0%
Maple Tree Energy Limited*	Ordinary shares	100%
Medway Energy Recovery Limited*	Ordinary shares	41%
Morknasskogens Wind Ab*	Ordinary shares	51%
Parc Solar Traffwll Limited*	Ordinary shares	41%
Park Farm Solar Limited*	Ordinary shares	100%
Redcar Holdings Limited*	Ordinary shares	27%
Scunthorpe Flexi Limited*	Ordinary shares	100%
St Clere's Solar Farm Limited*	Ordinary shares	51%
Trust Power Limited	Ordinary shares	100%
Vilo Investments Limited	Ordinary shares	100%
VLC Investments Limited*	Ordinary shares	100%
Wildwood Solar Farm Limited*	Ordinary shares	41%
Zonnepark Amerongerwetering B.V.*	Ordinary shares	20%
Zonnepark Woudbloem B.V.*	Ordinary shares	26%
Zonnepark Veenweg Ter Apel B.V.*	Ordinary shares	20%
Zonnepark Veenweg Ter Apel 2 B.V.*	Ordinary shares	20%
Zonnepark Nergena B.V.*	Ordinary shares	20%
Zonnepark Keppelsweg B.V.*	Ordinary shares	20%
Zonnepark Havebos B.V.*	Ordinary shares	51%
Zonnepark Werkhoven*	Ordinary shares	51%
Zonnepark Agger B.V.*	Ordinary shares	20%
Zonnepark Wijerbroek Oost B.V.*	Ordinary shares	51%
Zonnepark Wijerbroek West B.V.*	Ordinary shares	51%
Zonnepark Bergweg Mariahoop B.V.*	Ordinary shares	51%
Zonnepark Wusterveld B.V.*	Ordinary shares	20%
Zonnepark De Stegenhoek B.V.*	Ordinary shares	51%
LC Danube B.V.* (formerly LC Nadia B.V.)	Ordinary shares	51%
Multavilly Energy Limited*	Ordinary shares	20%
Drumkee Energy Limited*	Ordinary shares	20%
BH Energy Gap (Doncaster) Limited*	Ordinary B shares	51%
BH Energy Gap (Doncaster) Limited*	Ordinary A1 shares	51%
BH Energy Gap (Doncaster) Limited*	Ordinary A2 shares	0%
Broad Energy (Wales) Limited*	Ordinary shares	0%
Broad Energy (Wales) Limited*	Ordinary A shares	0%
Broad Energy (Wales) Limited*	Ordinary B shares	51%

15. INVESTMENTS (continued)

Each company is incorporated in the United Kingdom, with the exception of the following:

Company	Country of incorporation
Grid System Services Limited	Republic of Ireland
LC Energy B.V	Netherlands
Low Carbon Dutch Solar Operations BV	Netherlands
Zonnepark Woudbloem B.V	Netherlands
Zonnepark Veenweg Ter Apel B.V	Netherlands
Zonnepark Veenweg Ter Apel 2 B.V	Netherlands
Zonnepark Nergena B.V	Netherlands
Zonnepark Keppelsweg B.V	Netherlands
Zonnepark Havebos B.V	Netherlands
Zonnepark Werkhoven B.V	Netherlands
Zonnepark Agger B.V	Netherlands
Zonnepark Wijerbroek Oost B.V	Netherlands
Zonnepark Wijerbroek West B.V	Netherlands
Zonnepark Bergweg Mariahoop B.V	Netherlands
Zonnepark Wusterveld B.V	Netherlands
Zonnepark De Stegenhoek B.V	Netherlands
Zonnepark Amerongerwetering B.V.	Netherlands
LC Danube B.V (formerly LC Nadia B.V)	Netherlands
Danube Wind Holding 1 B.V	Netherlands
Danube Wind Holding 2 B.V	Netherlands
LCIP Finland Wind Oy	Finland
LC Development Finland Oy	Finland
Morknasskogens Wind Ab	Finland
Low Carbon GmbH	Germany
Danube Wind Holding 1 Sarl	Luxembourg
Danube Wind Holding 2 Sarl	Luxembourg
LC Danube Sarl	Luxembourg
Low Carbon Renewables Fund GP Sarl	Luxembourg
LC Energia SP.z.o.o.	Poland
LC Energia 1 SP.z.o.o.	Poland
LC Energia 2 SP.z.o.o.	Poland
LC Energia 3 SP.z.o.o.	Poland
LC Energia 4 SP.z.o.o.	Poland
LC Energia 5 SP.z.o.o.	Poland
LC Energia 6 SP.z.o.o.	Poland
LC Energia 7 SP.z.o.o.	Poland
LC Energia 8 SP.z.o.o.	Poland
LC Energia 10 SP.z.o.o.	Poland
LC Energi Ab	Sweden
LC Energi Arboga Koberg AB	Sweden
LC Energi Björklund AB	Sweden
LC Energi Fålhult AB	Sweden
LC Energi Skuru AB	Sweden
Low Carbon Energy, Inc.	USA

The registered office for each company, is Stirling Square, 5-7 Carlton Gardens, London, SW1Y 5AD, with the exception of the following:

Company	Registered office
Grid System Services Limited	Glen Erin, Caulstown, Dunboyne, Co. Meath, D13RR77
Mullavilly Energy Limited	The Scapel, 18th Floor 52 Lime Street, London, EC3M 7AF
Drumkee Energy Limited	The Scapel, 18th Floor 52 Lime Street, London, EC3M 7AF

15. INVESTMENTS (continued)

Company	Registered office
LC Energy B.V	Broland 12, 6708 WH Wageningen
Low Carbon Dutch Solar Operations BV	Broland 12, 6708 WH Wageningen
Zonnepark Amerongerwetering B.V.	Broland 12, 6708 WH Wageningen
Zonnepark Woudbloem B.V	Broland 12, 6708 WH Wageningen
Zonnepark Veenweg Ter Apel B.V	Broland 12, 6708 WH Wageningen
Zonnepark Veenweg Ter Apel 2 B.V	Broland 12, 6708 WH Wageningen
Zonnepark Nergena B.V	Broland 12, 6708 WH Wageningen
Zonnepark Keppelsweg B.V	Broland 12, 6708 WH Wageningen
Zonnepark Havebos B.V	Broland 12, 6708 WH Wageningen
Zonnepark Werkhoven B.V	Broland 12, 6708 WH Wageningen
Zonnepark Agger B.V	Broland 12, 6708 WH Wageningen
Zonnepark Wijerbroek Oost B.V	Broland 12, 6708 WH Wageningen
Zonnepark Wijerbroek West B.V	Broland 12, 6708 WH Wageningen
Zonnepark Bergweg Mariahoop B.V	Broland 12, 6708 WH Wageningen
Zonnepark Wusterveld B.V	Broland 12, 6708 WH Wageningen
Zonnepark De Stegenhoek B.V	Broland 12, 6708 WH Wageningen
LC Danube B.V (formerly LC Nadia B.V)	Amstelveenseweg 760, Amsterdam, 1081 JK
Danube Wind Holding 1 B.V	Amstelveenseweg 760, Amsterdam, 1081 JK
Danube Wind Holding 2 B.V	Amstelveenseweg 760, Amsterdam, 1081 JK
BH Energy Gap (Doncaster) Limited	6 Queen Street, Leeds, West Yorkshire, LS1 2TW
Broad Energy (Wales) Limited	Buttington Quarry, Buttington, Welshpool, Powys, SY21 8SZ
Costa Head Wind Farm Limited	Hoolan Energy Limited, 16 Young Street, Edinburgh, EH2 4JB
Hesta Head Wind Farm Limited	Hoolan Energy Limited, 16 Young Street, Edinburgh, EH2 4JB
LCIP Finland Wind Oy	Erottajankatu 15-17, 00130, Helsinki, Finland
LC Development Oy	Erottajankatu 15-17, 00130, Helsinki, Finland
Morknasskogens Wind Ab	Bruksgatan 144, 66810 Kimo, Finland
Low Carbon GmbH	Knesebeckstr. 32 10623
Danube Wind Holding 1 Sarl	15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg, Grand Duchy of Luxembourg
Danube Wind Holding 2 Sarl	15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg, Grand Duchy of Luxembourg
LC Danube Sarl	15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg, Grand Duchy of Luxembourg
Low Carbon Renewables Fund GPSarl	15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg, Grand Duchy of Luxembourg
LC Energia SP.z.o.o.	Ul. Al. Armii Krajowej 7 Rzeszow; Podkarpackie; Postal Code: 35-307
LC Energia 1 SP.z.o.o.	Ul. Al. Armii Krajowej 7 Rzeszow; Podkarpackie; Postal Code: 35-307
LC Energia 2 SP.z.o.o.	Ul. Al. Armii Krajowej 7 Rzeszow; Podkarpackie; Postal Code: 35-307
LC Energia 3 SP.z.o.o.	Ul. Al. Armii Krajowej 7 Rzeszow; Podkarpackie; Postal Code: 35-307
LC Energia 4 SP.z.o.o.	Ul. Al. Armii Krajowej 7 Rzeszow; Podkarpackie; Postal Code: 35-307
LC Energia 5 SP.z.o.o.	Ul. Al. Armii Krajowej 7 Rzeszow; Podkarpackie; Postal Code: 35-307
LC Energia 6 SP.z.o.o.	Ul. Al. Armii Krajowej 7 Rzeszow; Podkarpackie; Postal Code: 35-307
LC Energia 7 SP.z.o.o.	Ul. Al. Armii Krajowej 7 Rzeszow; Podkarpackie; Postal Code: 35-307
LC Energia 8 SP.z.o.o.	Ul. Al. Armii Krajowej 7 Rzeszow; Podkarpackie; Postal Code: 35-307
LC Energia 10 SP.z.o.o.	Ul. Al. Armii Krajowej 7 Rzeszow; Podkarpackie; Postal Code: 35-307
LC Energi Ab	Bohusgaten 15, 411 39 Gothenburg, Sweden
LC Energi Arboga Koberg AB	Bohusgaten 15, 411 39 Gothenburg, Sweden
LC Energi Björklund AB	Bohusgaten 15, 411 39 Gothenburg, Sweden
LC Energi Fålhult AB	Bohusgaten 15, 411 39 Gothenburg, Sweden
LC Energi Skuru AB	Bohusgaten 15, 411 39 Gothenburg, Sweden
Low Carbon Energy, Inc.	8 The Green Ste. B, Dover, Kent County, Delaware 1990

For the year ended 31 December 2022 the above subsidiaries incorporated in the United Kingdom (greater than 50%) were entitled to, and applied the exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

16. STOCKS

	Group	
	2022	2021
	£	£
Work-in-progress	-	264,724
Finished goods	-	7
	<u>-</u>	<u>264,731</u>

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade receivables	4,949	41,038	-	37,033
Amounts owed by group undertakings	-	-	204,250	27,673,449
Amounts owed by joint ventures, associates and related undertakings	10,033,647	3,956,541	10,033,647	3,956,541
Other debtors	140,618	393,385	108,580	68,324
VAT	284,385	133,334	199,006	107,995
Accrued income	7,149	7,794	-	-
Prepayments	15,803	89,305	-	-
	<u>10,486,551</u>	<u>4,621,397</u>	<u>10,545,483</u>	<u>31,843,342</u>

Due to the nature of these receivables, the carrying value approximates their fair value.

Trade receivables are stated after provisions of £27,420 (2021: £27,420).

Amounts owed by group undertakings are stated after a provision of £20,473,603 (2021: £nil)

18. CASH AT BANK

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank	<u>4,480,965</u>	<u>7,170,977</u>	<u>4,329,694</u>	<u>2,477,588</u>

Included in the above is £nil (2021: £660,000) of cash restricted to comply with FCA capital adequacy requirements.

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Other loans (see note 20)	9,935,868	9,935,868	9,935,868	9,935,868
Trade payables	79,839	750,852	11,604	138,480
Amounts owed to group undertakings	-	-	8,034,794	23,136,028
Tax	-	77,030	-	-
PAYE	48,550	45,938	-	-
Other creditors	835	1,581	1,029	1,026
Accruals and deferred income	-	734,111	-	-
Accrued expenses	177,981	-	91,671	113,849
	<u>10,243,073</u>	<u>11,545,380</u>	<u>18,074,936</u>	<u>33,325,251</u>

Amounts owed to group undertakings are unsecured, do not attract interest and are repayable on demand.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

20. **LOANS**

An analysis of the maturity of loans is given below:

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Amounts falling due within one year or on demand:				
Amounts due to other related parties	<u>9,935,868</u>	<u>9,935,868</u>	<u>9,935,868</u>	<u>9,935,868</u>

Loans from the parent company are unsecured, attract interest at 5% per annum and are repayable on demand.

21. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Obligations under operating leases

As at 31 December the company has future minimum rentals payable under non-cancellable operating leases are as follows:

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Land and buildings				
Not later than one year	74,633	161,229	-	36,178
After one year but not more than five years	6,533	46,006	-	-
After five years	<u>19,735</u>	<u>19,643</u>	<u>-</u>	<u>-</u>
	<u>100,901</u>	<u>226,878</u>	<u>-</u>	<u>36,178</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

22. PROVISIONS FOR LIABILITIES

GROUP

	2022	2021
	£	£
Deferred tax	-	-
Decommissioning provision	11,276	16,231
Other provisions	-	15,201
	<u>11,276</u>	<u>31,432</u>

GROUP

	2022	2021
	£	£
Deferred tax provision		
At 1 January	-	372
Deferred tax credit to statement of comprehensive income	-	(372)
At 31 December	<u>-</u>	<u>-</u>
Decommissioning provision:		
At 1 January	16,231	17,213
Recognised during the year	(5,142)	(1,100)
Unwinding of discount	187	118
At 31 December	<u>11,276</u>	<u>16,231</u>
Other provisions:		
At 1 January	15,201	8,135
Recognised during the year	(15,201)	7,066
At 31 December	<u>-</u>	<u>15,201</u>

A provision has been recognised for decommissioning costs associated with the solar park. The company is committed to decommissioning the sites at the end of the lease term.

Other provisions in the prior year relates to a warranty provision for sales of the Loop Energy Saver.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

23. CALLED UP SHARE CAPITAL

Company

Allocated, called up and unpaid	No.	2022 £	No.	2021 £
A Ordinary shares of £0.01 each	50,000	500	50,000	500
B Ordinary shares of £0.01 each	40,000	400	40,000	400
C Ordinary shares of £0.01 each	10,000	100	10,000	100
		<u>1,000</u>		<u>1,000</u>

All equity shares carry the right to participate in dividends and in a return of assets on liquidation, as follows:

- 50% of any distribution to the holders of A Ordinary shares; and
- where the number of C Ordinary shares in issue is less than 10,000, then 50% of any distribution to the holders of the B Ordinary shares and C Ordinary shares, pro rata to their respective holdings of shares; or
- where the number of C Ordinary shares in issue is equal to or more than 10,000, then 40% of such distribution to the holders of B Ordinary shares and 10% of such distribution to the holders of C Ordinary shares.

The equity shares carry the following voting rights:

- the holders of A Ordinary shares between them shall have 50% of all votes attaching to all of the issued A Ordinary and B Ordinary shares, pro rata to their respective holdings of A Ordinary shares; and
- the holders of B Ordinary shares between them shall have 50% of all votes attaching to all of the issued A Ordinary and B Ordinary shares, pro rata to their respective holdings of B Ordinary shares; and
- the C Ordinary shares do not carry any right to receive notice of, attend, speak or vote at any general meetings of the company.

24. CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date.

25. RELATED PARTY DISCLOSURES

Group

Assets

Included in Revenue in note 4 is £nil (2021: £1,016,033) charged to other subsidiary entities in the Oxygen House Group.

Oxygen House Limited, a subsidiary of Oxygen House Group Limited, charged administrative expenses to Low Carbon Group Limited of £nil (2021: £138,419)

Included in note 5 is £5,080,624 (2021: £58,104,097) relating to gain on loss of control of a subsidiary. Further details of this transaction can be found in note 15.

Included in note 17 is £10,033,647 (2021: £3,956,541) owed by Low Carbon Limited group, a joint venture of Low Carbon Group Limited. During the year an advance of £10,296,153 was made on the refinancing of existing loans with subsidiaries sold to a Low Carbon Limited. Further advances of £9,158 and repayments of £4,842,609 were made during the year. Interest income of £615,404 was charged in the year.

During the year, the group provided £nil (2021: £133,100) of working capital to Doveryard Limited, a Joint Venture of Low Carbon W2E Limited, a subsidiary of Low Carbon Group Limited, which is realised during the prior year. On exit this loan was repaid

25. Related Party Disclosures (continued)

Group

Liabilities

During the year, repayments of £nil (2021: £1,353,972) were made from LC Energy B.V, a Joint Venture of Low Carbon Netherlands Limited, a subsidiary of Low Carbon Limited. The loan is unsecured, interest free and repayable on demand. At the balance sheet date £nil (2021: £nil) remains outstanding.

Included in note 19 is a loan of £9,935,868 (2021: £9,935,868) owed to Oxygen House Group Limited. The loan notes attract interest at 5% per annum and are repayable on demand. Interest costs of £496,793 (2021: £1,257,351) were charged during the year.

During the year, consultancy fees and expenses totalling £nil (2021: £668,780) were charged to the group by a company controlled by a director of Low Carbon Limited.

During the year, dividends of £3,843,958 (2021: £475,874) were paid to minority shareholders of subsidiaries within the Low Carbon Limited group.

Company

Assets

Included in note 17 is a receivable of £10,033,647 (2021: £31,629,989) which is made up of the following amounts which are all repayable on demand:

- £4 (2021: £4) owed by Low Carbon Wind Investment Company 1 Limited, a subsidiary of Low Carbon Group Limited.
- £45,824 (2021: £58,879) owed by Low Carbon Rooftops Limited, a subsidiary of Low Carbon Group Limited.
- £157,417 (2021: £185,135) owed by Camber Solar Project Limited, a subsidiary of Low Carbon Group Limited.
- £nil (2021: £48,000) owed by LCIP1 Holdings Limited, a subsidiary of Low Carbon Group Limited.
- £nil (2021: £139,669) owed by Low Carbon Flexible Generation Limited, a subsidiary of Low Carbon Limited.
- £nil (2021: £10,220,168) owed by Low Carbon Investment Partners Limited, a subsidiary of Low Carbon Limited.
- £nil (2021: £17,021,593) owed by Trust Power Limited, a subsidiary of Low Carbon Group Limited. During the year a provision of £20,473,603 (2021: £nil) has been made against this balance.
- £10,034,647 (2021: £3,956,541) owed by Low Carbon Limited, owed by a joint venture of Low Carbon Group Limited.

Liabilities

Included in note 19 is a payable of £8,034,794 (2021: £23,136,028) which is made up of the following amounts which are all repayable on demand:

- £41 (2021: £49) owed to Low Carbon Solar Investment Company Limited, a subsidiary of Low Carbon Group Limited.
- £1 (2021: £1) owed to Low Carbon Flexible Energy Limited, a subsidiary of Low Carbon Group Limited.
- £nil (2021: £15,358,103) owed to Low Carbon W2E Limited, a subsidiary of Low Carbon Group Limited.
- £7,746,876 (2021: £7,746,876) owed to Low Carbon Ventures Limited, a subsidiary of Low Carbon Group Limited.
- £87,554 (2021: £31,000) owed to Park Farm Solar Limited, a subsidiary of Low Carbon Group Limited.
- £213,815 (2021: £nil) owed to LCIP1 Holdings Limited, a subsidiary of Low Carbon Group Limited.

Included in note 20 is a loan of £9,935,868 (2021: £9,935,868) owed to Oxygen House Group Limited. The loan notes attract interest at 5% per annum and are repayable on demand. Interest costs of £496,793 (2021: £1,257,351) were charged during the year.

26. POST BALANCE SHEET EVENTS

There are no events to report after the year end.

27. **ULTIMATE CONTROLLING PARTY**

The Company's immediate and ultimate parent undertaking at 31 December 2022 is Oxygen House Group Limited, a limited company incorporated in England and Wales. The ultimate controlling party is Dr M Dixon.

The largest group in which the Company is consolidated and which publishes consolidated financial statements is Oxygen House Group Limited, whose financial statements can be obtained from Oxygen House Group Limited, Oxygen House, Grenadier Road, Exeter Business Park, Exeter, EX1 3LH.

28. **RECONCILIATION OF (LOSS)/PROFIT/PROFIT/(LOSS) TO CASH GENERATED FROM OPERATIONS**

Group

	2022 £	2021 £
(Loss)/profit before taxation	(14,199,537)	54,469,807
Depreciation charges	56,490	475,872
Loss on disposal of fixed assets	221,698	196,433
Amortisation charges	371,641	272,754
Share of profit / loss on associate	16,271,267	4,731,292
Gain on loss of control of subsidiary	(5,080,623)	(58,104,097)
Finance costs	496,980	1,299,992
Finance income	(615,216)	(428,601)
	(2,477,300)	2,913,452
Decrease/(increase) in stocks	31,945	(290,926)
Decrease in trade and other debtors	203,499	2,662,687
Decrease in trade and other creditors	(942,490)	(7,776,417)
Cash used in operations	(3,184,346)	(2,491,204)

Company

	2022 £	2021 £
Loss before taxation	(4,201,061)	(1,915,164)
Depreciation charges	1,526	82,237
Loss on disposal of fixed assets	4,113	-
Increase in provisions	20,473,603	-
Finance costs	496,793	1,263,461
Finance income	(1,486,996)	(3,449,847)
Dividends received	(15,375,689)	-
	(87,711)	(4,019,313)
Decrease in trade and other debtors	514,119	1,160,623
Decrease in trade and other creditors	(149,051)	(2,051,678)
Cash generated from/ (used in) operations	277,357	(4,910,368)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

29. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statements in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

	Group		Company	
2022	31/12/22	1/1/22	31/12/22	1/1/22
	£	£	£	£
Cash and cash equivalents	<u>4,480,965</u>	<u>7,170,977</u>	<u>4,329,694</u>	<u>2,477,588</u>
2021	31/12/21	1/1/21	31/12/21	1/1/21
	£	£	£	£
Cash and cash equivalents	<u>7,170,977</u>	<u>11,061,851</u>	<u>2,477,588</u>	<u>8,789,468</u>

30. ANALYSIS OF CHANGES IN NET DEBT

Group	At 1/1/22	Cash flow	At 31/12/22
	£	£	£
Net cash			
Cash at bank	<u>7,170,977</u>	<u>(2,690,012)</u>	<u>4,480,965</u>
	<u>7,170,977</u>	<u>(2,690,012)</u>	<u>4,480,965</u>
Debt			
Debts falling due within 1 year	<u>(9,935,868)</u>	<u>-</u>	<u>(9,935,868)</u>
	<u>(9,935,868)</u>	<u>-</u>	<u>(9,935,868)</u>
Total	<u>(2,764,891)</u>	<u>(2,690,012)</u>	<u>(5,454,903)</u>
Company			
	At 1/1/22	Cash flow	At 31/12/22
	£	£	£
Net cash			
Cash at bank	<u>2,477,588</u>	<u>1,852,106</u>	<u>4,329,694</u>
	<u>2,477,588</u>	<u>1,852,106</u>	<u>4,329,694</u>
Debt			
Debts falling due within 1 year	<u>(9,935,868)</u>	<u>-</u>	<u>(9,935,868)</u>
	<u>(9,935,868)</u>	<u>-</u>	<u>(9,935,868)</u>
Total	<u>(7,458,280)</u>	<u>1,852,106</u>	<u>(5,606,174)</u>