Company Registration No. 12341398

BALANCE ENERGY 3 LTD

ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31 DECEMBER 2022

Corporate Information

Directors	T Mortlock (appointed 1 October 2022) G Blain (appointed 1 December 2022)
Secretary	C McGinn (appointed 1 October 2022)
Company number	12341398
Registered office	Prennau House Copse Walk Pontprennau Cardiff Wales CF23 8XH

Directors' Report

The directors present their report and the financial statements of the Company for the period ended 31 December 2022.

Principal activity

The Company owns the rights to develop, commission and trade a 50MW grid-scale battery storage site. Grid-scale battery storage is a key asset class required by the UK energy system to provide flexibility services to balance the grid and support the continued introduction of more intermittent renewable generation.

Review of the business

The Company is in a pre-trading position while its grid-scale battery storage site is being constructed. The grid-scale battery storage site will be constructed over the coming years and is forecasted to be energised by 2028. The Company will deliver the project in its entirety, from initial construction through to ongoing operation, trading, maintenance, and asset management.

Reporting period

Following the acquisition of the Company and its immediate parent by SMS plc on 1 October 2022, its accounting reference date was changed from 30 November to 31 December in order to align with the accounting reference date of other subsidiaries within the Group. The financial statements are therefore made up to 31 December 2022 from 30 November 2021, the end date of the previous accounting period. Comparative amounts presented in the financial statements, including the related notes, are therefore not entirely comparable.

Dividends

No dividends have been paid or recommended in the current or the prior period.

Going concern and financial risk management

The Company has recognised a profit after tax of £nil (30 November 2021: loss after tax of £319) for the period ended 31 December 2022 and as at that date had net current liabilities of £859,536 (2021: £219) and net liabilities of £219 (2021: £219). The Company has amounts owed to Group undertakings and as these amounts are repayable on demand, they have been classified as current obligations and drive the net current liability position at 31 December 2022. The directors are comfortable that this does not impact the Company's going concern assessment as they are of the understanding that the Group undertakings acting as lenders to the company have no intention of seeking repayment within the twelve months.

The Company is a wholly-owned subsidiary of the Smart Metering Systems plc Group ("the Group"). The Group has provided a letter of support to confirm it will continue to provide financial support to the Company for the period to 31 December 2024.

Management prepares budgets and forecasts on a five-year forward-looking basis for the Group. These forecasts cover operational cash flows and investment capital expenditure and are prepared based on management's estimation of installation run rates through the UK smart meter rollout and rollout of the grid-scale battery portfolio. The directors have performed their assessment of the entity's ability to continue as a going concern, from the date of issue of these financial statements to 31 December 2024.

Management has modelled several different meter installation and grid-scale battery storage scenarios, including a downside scenario which assumed a reduced rollout of new meter installations over the five-year period and delayed the energisation of grid-scale battery storage sites. The scenario proved

Directors' Report *(continued)*

Going concern and financial risk management *(continued)*

that the business would still have sufficient cash flow to continue to operate, banking covenants would remain satisfied with adequate headroom, and adequate cash would be available to cover liabilities and operating costs. This modelling provides confidence to management that, even in adverse circumstances, the business will still have sufficient resources to continue to operate.

In September 2021, the Group completed the refinancing of its revolving credit facility in order to support ongoing investment in its established carbon reduction ('CaRe') assets. The total available funding under the new loan facility is £420m and the maturity date is December 2025. In October 2021, the Group completed a successful equity placing, raising proceeds of c.£175m. These proceeds were used to make a voluntary prepayment under the Group's refinanced loan facility of the full outstanding principal of c.£53m. At 31 December 2022, the Group had a drawn-down amount of £65m (31 December 2021: £nil). Cash within the Group is available to be moved between subsidiaries as needed, as part of a well-established, group-wide treasury management process.

On the basis of enquiries made, and the fact that the Group has confirmed it will continue to support the Company, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Directors

The directors who served the Company during the year were as follows:
P Thompson (resigned 1 October 2022)
T Mortlock (appointed 1 October 2022)
G Urwin (appointed 1 October 2022 and resigned 1 December 2022)
G Blain (appointed 1 December 2022)

The directors had no beneficial interest in the share capital of the Company at any time during the period. However, T Mortlock, G Urwin and G Blain held interests in the share capital of the ultimate parent company Smart Metering Systems plc, an AIM listed Company, during the period.

Post balance sheet events

There have been no post balance sheet events to note.

Small companies provision

The accounts have been prepared in accordance with certain provisions relating to small size companies under section 415A of the Companies Act 2006. In addition, no Strategic report has been prepared as part of these accounts as a result of the small companies' Strategic report exemption being applied.

On behalf of the board

G Blain
Director
Date: 26 September 2023

Income statement and statement of comprehensive income

For the period ended 31 December 2022

	Notes	1 December 2021 – 31 December 2022	1 December 2020 – 30 November 2021
		£	£
Turnover		—	—
Cost of sales		—	—
Gross profit		—	—
Administrative expenses		—	(319)
Operating profit/(loss)		—	**(319)**
Finance income		—	—
Finance costs		—	—
Profit/(loss) before taxation			
Taxation		—	—
Profit/(loss) for the financial year		—	**(319)**
Other comprehensive income		—	—
Total comprehensive income/(loss)		—	**(319)**

Statement of financial position

As at 31 December 2022

	Notes	31 December 2022 £	30 November 2021 £
Fixed assets			
Tangible assets	6	859,317	—
		859,317	—
Current assets			
Stock	5	—	61,559
Debtors: amounts falling due within one year	7	162,455	—
		162,455	**61,559**
Current liabilities			
Creditors: amounts falling due within one year	8	(1,021,991)	(61,778)
		(1,021,991)	(61,778)
Net current liabilities		**(859,536)**	**(219)**
Total assets less current liabilities		**(859,536)**	**(219)**
Net liabilities		**(219)**	**(219)**
Capital and reserves			
Called up share capital	9	100	100
Retained earnings		(319)	(319)
Total equity		**(219)**	**(219)**

The notes on pages 8 to 17 are an integral part of these financial statements.

For the financial period ended 31 December 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary undertakings.

The members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to the small companies' regime.

These financial statements were authorised for issue by the Board of directors on 26 September 2023 and were signed on its behalf.

G Blain
Director

Statement of changes in equity

For the period ended 31 December 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance as at 1 December 2020	100	—	100
Total comprehensive loss for the period	—	(319)	—
Balance as at 30 November 2021	**100**	**(319)**	**(219)**
Total comprehensive income/(loss) for the period	—	—	—
Balance as at 31 December 2022	**100**	**(319)**	**(219)**

Notes to the financial statements

For the period ended 31 December 2022

1. General information

Balance Energy 3 Limited (the "Company") is a private company limited by shares, incorporated in England and Wales in the United Kingdom under the Companies Act 2006 (registration number 12341398). The Company is domiciled in the United Kingdom and its registered address is Prennau House Copse Walk, Pontprennau, Cardiff, Wales, CF23 8XH. The Company is ultimately controlled by Smart Metering Systems (SMS) plc (SC367563) which is registered in Scotland, United Kingdom.

The Company owns the rights to develop, commission and trade a 50MW grid-scale battery storage site. Grid-scale battery storage is a key asset class required by the UK energy system to provide flexibility services to balance the grid and support the continued introduction of more intermittent renewable generation.

2. Significant accounting policies

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.

2.1 Basis of preparation

The financial statements of Balance Energy 3 Ltd have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain financial assets and financial liabilities that have been measured at fair value.

The financial statements are presented in British Pounds Sterling (£) and all values are rounded to the nearest pound except where otherwise indicated.

These financial statements are the first financial statements of the Company to be prepared under FRS 101. The financial statements of the Company for the period ended 31 November 2021 were prepared under FRS 102. The date of transition to FRS 101 is 1 December 2020.

Some of the FRS 101 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from FRS 102. Consequently the directors have amended certain accounting policies to comply with FRS 101. None of these changes have resulted in any adjustments to the comparative figures.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.2.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).

Notes to the financial statements
For the period ended 31 December 2022

2.1 Basis of preparation *(continued)*

- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS)
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B–D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.
- Paragraph 74A (b) of IAS 16, 'Property, plant and equipment'.

2.1.1 New standards, amendments and IFRIC interpretations

No amendments to accounting standards, or IFRIC interpretations, that are effective for the years ended 31 December 2022 or 31 December 2021, have had a material impact on the Company.

2.1.2 Reporting period

Following the acquisition of the Company and its immediate parent by SMS plc on 1 October 2022, its accounting reference date was changed from 30 November to 31 December in order to align with the accounting reference date of other subsidiaries within the Group. The financial statements are therefore made up to 31 December 2022 from 30 November 2021, the end date of the previous accounting period. Comparative amounts presented in the financial statements, including the related notes, are therefore not entirely comparable.

2.2 Use of estimates and judgements

The directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Tangible assets comprise an asset under construction relating to the development of a grid-scale battery storage site. They are reviewed for impairment whenever events indicate that the carrying value may

Notes to the financial statements

For the period ended 31 December 2022

2.2 Use of estimates and judgements *(continued)*

not be recoverable. The directors have concluded that there are no indicators of impairment at 31 December 2022.

It is possible that changes in economic conditions or unexpected deviations from plan in the development of the grid-scale battery storage site could result in a material adjustment to the carrying amount of tangible assets in future years. Management will remain alert to any indicators of impairment as appropriate.

2.3 Going concern

The Company has recognised a profit after tax of £nil (30 November 2021: loss after tax of £319) for the period ended 31 December 2022 and as at that date had net current liabilities of £859,536 (2021: £219) and net liabilities of £219 (2021: £219). The Company has amounts owed to Group undertakings and as these amounts are repayable on demand, they have been classified as current obligations and drive the net current liability position at 31 December 2022. The directors are comfortable that this does not impact the Company's going concern assessment as they are of the understanding that the Group undertakings acting as lenders to the company have no intention of seeking repayment within the twelve months.

The Company is a wholly-owned subsidiary of the Smart Metering Systems plc Group ("the Group"). The Group has provided a letter of support to confirm it will continue to provide financial support to the Company for the period to 31 December 2024.

Management prepares budgets and forecasts on a five-year forward-looking basis for the Group. These forecasts cover operational cash flows and investment capital expenditure and are prepared based on management's estimation of installation run rates through the UK smart meter rollout and rollout of the grid-scale battery portfolio. The directors have performed their assessment of the entity's ability to continue as a going concern, from the date of issue of these financial statements to 31 December 2024.

Management has modelled several different meter installation and grid-scale battery storage scenarios, including a downside scenario which assumed a reduced rollout of new meter installations over the five-year period and delayed the energisation of grid-scale battery storage sites. The scenario proved that the business would still have sufficient cash flow to continue to operate, banking covenants would remain satisfied with adequate headroom, and adequate cash would be available to cover liabilities and operating costs. This modelling provides confidence to management that, even in adverse circumstances, the business will still have sufficient resources to continue to operate.

In September 2021, the Group completed the refinancing of its revolving credit facility in order to support ongoing investment in its established carbon reduction ('CaRe') assets. The total available funding under the new loan facility is £420m and the maturity date is December 2025. In October 2021, the Group completed a successful equity placing, raising proceeds of c.£175m. These proceeds were used to make a voluntary prepayment under the Group's refinanced loan facility of the full outstanding principal of c.£53m. At 31 December 2022, the Group had a drawn-down amount of £65m (31 December 2021: £nil). Cash within the Group is available to be moved between subsidiaries as needed, as part of a well-established, group-wide treasury management process.

On the basis of enquiries made, and the fact that the Group has confirmed it will continue to support the Company, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Notes to the financial statements

For the period ended 31 December 2022

2.4 Financial assets

The Company's financial assets include other debtors.

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (FVPL)); and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Financial assets are initially recognised on trade date. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade and other debtors

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost. They are generally due for settlement within 30 days and are therefore all classified as current. Due to their short-term nature, carrying value is considered to approximate fair value.

Impairment

The Company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debtors and accrued income, which include amounts relating to intercompany trading, contract assets and billed and unbilled receivables arising from contracts with customers and operating leases, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the debtors.

Trade debtors and accrued income are written off, and de-recognised, where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the customer ceasing trading and entering administration with no expected recovery from the supplier of last resort process, or a failure by the customer to make contractual payments for a period of greater than or equal to 365 days past due. Indicators are assessed on an individual customer basis. Impairment losses, including the loss allowance, on trade debtors and contract assets are presented within administrative expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

Notes to the financial statements

For the period ended 31 December 2022

2.4 Financial assets *(continued)*

Subsequent measurement

After initial recognition, loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Financial assets at FVPL and available-for-sale financial assets are held at fair value.

2.5 Financial liabilities

The Company's financial liabilities include trade and other creditors, and amounts owed to Group undertakings.

Classification

Financial liabilities are classified as financial liabilities at fair value through profit or loss or loans and borrowings, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Recognition

All financial liabilities are recognised initially at fair value and, in the case of bank loans, net of directly attributable transaction costs.

Measurement

Trade and other creditors

Trade and other creditors, are subsequently measured at amortised cost using the effective interest rate method. Trade and other creditors are presented as current liabilities unless payment is not due within twelve months after the reporting period. Due to their short-term nature, carrying value is considered to approximate fair value.

Amounts owed to Group undertakings

Amounts owed to Group undertakings consist of outstanding loan balances, classified as debt instruments under IFRS 9. These are unsecured and interest free. All loans between Group undertakings are repayable on demand and classified as creditors due within one year. Amortised cost is equal to the principal value, which is considered to approximate fair value.

2.6 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position, if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.7 Impairment

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of

Notes to the financial statements

For the period ended 31 December 2022

2.7 Impairment *(continued)*

future cash flows have been adjusted.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

2.8 Tangible assets

Tangible assets are stated at cost, net of accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing part of the tangible asset. When significant parts of these assets are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively.

All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

Acquired development and construction rights together with directly attributable costs incurred in relation to the construction of the grid-scale battery storage site are recorded at cost and classified as part of assets under construction. Whilst under construction no depreciation is recorded. Once the asset is energised and available for trading, costs are transferred from assets under construction to battery assets and depreciated in line with the policy below.

For each asset depreciation is calculated using the straight line method to allocate its cost, net of its residual value if applicable, over its estimated useful life as follows:

- Right-of-use assets: Shorter of the asset's useful life and the lease term.
- Grid-scale assets: Shorter of the lease term or 2.5% to 10%
  Battery assets – 10%

A tangible asset and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised. The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.9 Stock

Stock is stated at the lower of cost and net realisable value. Cost comprises direct materials and purchases at cost. Net realisable value represents the estimated selling price for stock less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.10 Share capital

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

Notes to the financial statements
For the period ended 31 December 2022

2.11 Taxation

Tax currently payable is based on the taxable profit for the year and any adjustment to tax payable in respect of prior years. Taxable profit differs from accounting profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the asset or liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. It is recognised in the income statement except when it relates to items recognised in other comprehensive income or directly in equity, such as share-based payments. In this case, the deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Their carrying amount is reviewed at each balance sheet date on the same basis.

Deferred tax liabilities are recognised for all temporary differences, except in respect of:

- temporary differences arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3. Particulars of employees

The Company did not have any employees during current and prior period.

4. Directors' Emoluments

During the period, all directors' emoluments were paid through SMS Connections Limited, a wholly owned subsidiary of SMS plc and allocation of their services as directors of the Company and other Group companies cannot be made. Accordingly, no disclosure is made in respect of the remuneration of the directors.

Notes to the financial statements

For the period ended 31 December 2022

5. Stock

	2022	2021
	£	£
Stock	—	61,559
	—	**61,559**

Stock in the year to 30 November 2021 related to the cost of construction of a grid-scale battery storage site including directly attributable construction costs. Following the acquisition of the Company by SMS plc on 1 October 2022, amounts previously recognised as stock have been reclassified to assets under construction, within tangible assets (see note 6), to align with management's business intention regarding the grid-scale battery storage site.

6. Tangible assets

	Assets under construction	Total
	£	£
Cost		
As at 1 December 2021	—	—
Additions	797,758	797,758
Reclassification	61,559	61,559
At 31 December 2022	**859,317**	**859,317**
Accumulated depreciation		
As at 1 December 2021	—	—
Charge for year	—	—
At 31 December 2022	—	—
Net book value		
At 31 December 2022	**859,317**	**859,317**
At 30 November 2021	—	—

The reclassification of £61,559 within Assets under construction relates to costs previously recorded within Stock at 30 November 2021.

7. Debtors

	2022	2021
Amounts falling due within one year:	**£**	**£**
Other taxation and social security	162,455	—
	162,455	—

The directors consider that the carrying amount of debtors approximates to their fair value.

Receivables are all in sterling denominations.

Notes to the financial statements

For the period ended 31 December 2022

8. Creditors

Amounts falling due within one year:	**2022 £**	**2021 £**
Amounts owed to Group undertakings	982,904	61,778
Accruals and deferred income	39,087	—
	1,021,991	**61,778**

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Within the accruals and deferred income is £39,087 (30 November 2021: £nil) which relates to intercompany trading.

The directors consider that the carrying amount of creditors approximates to their fair value.

Creditors are denominated in Sterling.

9. Called up share capital

	2022 £	**2021 £**
Authorised, issued and fully paid:		
100 Ordinary shares of £1 each	**100**	**100**

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

10. Related party transactions

The Company has taken advantage of the exemptions under FRS 101 not to disclose key management compensation or related party transactions entered into with fellow group members.

There were no other transactions with related parties during the year.

11. Ultimate Parent Company

Until 1 October 2022, Balance Energy 3 Limited was a 100% subsidiary of Balance Power Projects Limited, a company incorporated in England and Wales, whose registered office is at 107 Mere Grange, St. Helens, Merseyside, England, WA9 5GG. The ultimate parent undertaking, and controlling party, is Central Asset Holdings Limited, a company incorporated in England and Wales, whose registered office is at C/O Smr, 17 Ensign House, Admirals Way, London, England, E14 9WQ.

On 1 October 2022, 100% of the share capital of the Company was sold to Care Assets Limited, a wholly owned subsidiary of the SMS plc Group. The immediate parent is Care Assets Limited and the ultimate parent undertaking, and controlling party, is SMS plc. Consolidated financial statements for the Group can be obtained from 2nd Floor, 48 St. Vincent Street, Glasgow, G2 5TS.

There is no ultimate controlling party of SMS plc by virtue of the diverse shareholder base.

Notes to the financial statements

For the period ended 31 December 2022

12. Post balance sheet events

There have been no post balance sheet events to note.