Middleton Energy Storage Limited (formerly Kona Asset 1 Limited)

Company Registration No. 13524329

MIDDLETON ENERGY STORAGE LIMITED (FORMERLY KONA ASSET 1 LIMITED)

Annual Report and Financial Statements
For the year ended 31 March 2023

Annual Report and Financial Statements 31 March 2023

Officers and Professional Advisers

Directors
Arima, Suminori (appointed 28 October 2022)
Cheshire, John-Michael (appointed 28 October 2022)
Willis, Andrew Harry (appointed 22 July 2021, resigned 28 October 2022)

Registered office (up until 28 October 2022)
Orchard Works
Carterton Industrial Estate
Carterton
OX18 3EZ

Registered office (with effect from 28 October 2022)
8th Floor
100 Bishopsgate
London
EC2N 4AG

Independent Auditor
Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EB

Administrator
Apex Group Fiduciary Services (UK) Limited (formerly Sanne Fiduciary Services (UK) Limited)
6th Floor
125 London Wall
London
EC2Y 5AS

Secretary
Law Debenture Corporate Services Limited (appointed 28th October 2022)
8th Floor
100 Bishopsgate
London
EC2N 4AG

Directors' report
For the year ended 31 March 2023

The Directors' present their report as part of the annual report and financial statements of Middleton Energy Storage Limited (formerly Kona Asset 1 Limited) (the "Company") for the year ended 31 March 2023. The prior period unaudited information is presented for the period ended 31 March 2022.

Principal activity and status
The Company was incorporated in England and Wales on 22 July 2021 with the company number 13524329 and registered as a private company limited by shares. The Company's principal activity is the construction and installation of a commercial battery storage project.

Results and dividends
The financial statements of the Company for the year ended 31 March 2023 appear on pages 8 to 26. The loss for the year ended 31 March 2023 was £249,381 (period ended 31 March 2022: £nil). The Directors recommend that no dividend be paid in respect of the year ended 31 March 2023 (period ended 31 March 2022: £nil).

Future developments
The Company is satisfied with the results for the year ended 31 March 2023 and will continue to work with Gore Street Capital Limited (the "Manager") in pursuing its investment objectives of the installation and operation of a commercial battery storage project.

Directors
The Directors who held office during the period and subsequently are stated below:

Director	Date of Appointment	Date of Resignation
Arima, Suminori	28 October 2022	
Cheshire, John-Michael	28 October 2022	
Willis, Andrew Harry	22 July 2021	28 October 2022

Strategic Report
In accordance with Section 414B of Companies Act 2006, the Company is entitled to the small companies exemption in relation to the strategic report. As such, the Directors have elected not to prepare a strategic report.

Financial Risk Management
Note 16 to the financial statements provides details in connection with the Company's financial risk management objectives and policies and the financial risk to which it is exposed.

Going concern
The Company is currently in a net deficit position, and has a signed letter of support from its ultimate parent, Gore Street Energy Storage Fund Plc ("Plc"), to provide any additional support for the period to 30 September 2024, being at least 12 months from the date of the approval of the Company's annual report and financial statements.

Disclosure of Information to Auditors
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- The Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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Directors' report (continued)
For the year ended 31 March 2023

Independent Auditors
The auditors have expressed their willingness to continue as auditor for the Company. Ernst & Young LLP were appointed as auditors by the Directors during the year, and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Suminori Arima
Director
Date: 8 September 2023

Statement of Directors' responsibilities in respect of the preparation of the Directors' Report and Annual Financial Report

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with UK-adopted International Accounting Standards. Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance.

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

The Directors of the Company each confirm to the best of their knowledge, that:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Company taken as a whole; and
- this annual financial report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The Directors consider that the annual financial report taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Directors confirm that they have complied with their responsibilities and with the above requirements throughout the period and subsequently.

The report of the Directors was approved by the Board and was signed on its behalf by:

Suminori Arima
Director
Date: 8 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDDLETON ENERGY STORAGE LIMITED (the "Company")

Opinion

We have audited the financial statements of Middleton Energy Storage Limited (formerly Kona Asset 1 Limited) (the "Company") for the period ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Other matter

The financial statements of the Company for the year ended 31 March 2022 were unaudited.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period to 30 September 2024, being at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDDLETON ENERGY STORAGE LIMITED (the "Company") (Continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or;
- the Directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report and from the requirements to prepare a strategic report.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDDLETON ENERGY STORAGE LIMITED (the "Company") (Continued)

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are UK-adopted international accounting standards, the Companies Act and the relevant direct and indirect tax compliance regulation in the United Kingdom.

- We understood how the Company is complying with those frameworks by making enquiries of management and by seeking representation from those charged with governance to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated this by reviewing board meeting minutes of the Directors and relevant policy and procedures manuals.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by making enquiries of management and those charged with governance to understand where they considered there was susceptibility to fraud. We performed journal entry testing by specific risk criteria, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the Company's business.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance, review of legal and professional expenses and review of meeting minutes of the board.

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

Use of our report

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

Ernst & Young LLP

Caroline Mercer (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh

Date: 8 September 2023

Statement of Comprehensive Income

For the year ended 31 March 2023

	Notes	Year ended 31 March 2023 (£)	(unaudited) Period from 22 July 2021 to 31 March 2022 (£)
Administrative and other expenses	8	(122,861)	-
Interest expense		(126,520)	-
Loss before tax		**(249,381)**	**-**
Taxation	9	-	-
Loss after tax for the year / period		**(249,381)**	**-**

All items dealt with in arriving at the result for the year relate to continuing operations.

The results for the current year and for the prior period are equal to the total comprehensive income of the Company.

The Company does not have any other comprehensive income (2022: £nil), therefore no statement of other comprehensive income was prepared for the year ended 31 March 2023 and period from 22 July 2021 to 31 March 2022.

Statement of Financial Position

As at 31 March 2023
Company number 13524329

	Notes	As at 31 March 2023 (£)	(unaudited) As at 31 March 2022 (£)
Non-current assets			
Construction in progress	10	11,880,757	-
Right-of-use asset	13	3,381,633	-
		15,262,390	-
Current assets			
Cash and short-term deposits		-	-
Trade and other receivables	11	26,605	1
		26,605	1
Total assets		**15,288,995**	**1**
Non-current liabilities			
Loans from related parties	14	(11,964,101)	-
Lease liabilities	13	(3,547,432)	-
		(15,511,533)	-
Current liabilities			
Trade and other payables	12	(26,842)	-
		(26,842)	-
Total liabilities		**(15,538,375)**	**-**
Net (liabilities)/assets		**(249,380)**	**1**
Shareholders equity			
Share capital	17	1	1
Accumulated loss	18	(249,381)	-
		(249,380)	1
Total shareholders (deficit)/equity		**(249,380)**	**1**

The annual financial statements were approved and authorised for issue by the Board of Directors and is signed on its behalf by:

Suminori Arima
Director
Date: 8 September 2023

The notes on pages 12 to 26 form an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 31 March 2023

	Share capital (£)	Accumulated loss (£)	Total shareholders equity (£)
As at 22 July 2021 (unaudited)	-	-	-
Issuance of Share Capital during the period (unaudited)	1	-	1
Total Comprehensive loss for the period (unaudited)	-	-	-
As at 31 March 2022 (unaudited)	**1**	**-**	**1**
Total Comprehensive loss for the year	-	(249,381)	(249,381)
As at 31 March 2023	**1**	**(249,381)**	**(249,380)**

The notes on pages 12 to 26 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 March 2023

	Year ended 31 March 2023 (£)	(unaudited) Period from 22 July 2021 to 31 March 2022 (£)
Cash flows used in operating activities		
Loss before tax	(249,381)	-
Depreciation of right-of-use assets	66,231	-
Lease finance costs payable	125,906	-
Increase in trade and other receivables	(26,605)	-
Increase in trade and other payables	26,842	-
Net cash used in operating activities	(57,007)	-
Cash flows used in investing activities		
Purchase of construction in progress	(11,630,380)	-
Capitalised parent loan interest	(250,377)	-
Net cash used in investing activities	(11,880,757)	-
Cash flows generated by financing activities		
Proceeds from parent loan	11,964,101	-
Lease payments	(26,337)	
Net cash generated from financing activities	11,937,764	-
Net change in cash and cash equivalents for the year / period	-	-
Cash and cash equivalents at the beginning of the year / period	-	-
Cash and cash equivalents at the end of the year / period	-	-

The notes on pages 12 to 26 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2023

1. General information

Middleton Energy Storage Limited (formerly Kona Asset 1 Limited) (the "Company") was incorporated in England and Wales on 22 July 2021 with the company number 13524329. With effect from 28 October 2022, the registered office of the Company is 8th Floor, 100 Bishopsgate, London, EC2N 4AG.

Its share capital is denominated in Pounds (GBP) and currently consists of ordinary shares. The Company's principal activity is the construction and installation of a commercial battery storage project.

2. Basis of preparation

Statement of compliance

The annual financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IFRSs") in conformity with the requirements of the Companies Act 2006 as applicable to companies using UK-adopted International Standards.

The Company has historically prepared its annual report and financial statements in accordance with Financial Reporting Standard 105, the Financial Reporting Standard applicable to the Micro-entities Regime in the United Kingdom and Republic of Ireland ("FRS 105") and this is the first year that the Company has prepared financial statements to comply with UK-adopted International Accounting Standards.

The accounting policies and basis of preparation differ from those set out in the report and accounts for the period from 22 July 2021 to 31 March 2022. The disclosures required by IFRS 1, First-time Adoption of UK adopted International Financial Reporting Standards for the transition from FRS 105 to International Accounting Standards are included in the notes to the financial statements.

Refer to Note 22 for information on how the Company adopted UK adopted International Accounting Standards and the impact of the change on the basis of preparation.

The financial statements have been prepared on a historical cost basis except for financial assets and liabilities at fair value through the profit or loss.

Functional and presentation currency

The currency of the primary economic environment in which the Company operates (the functional currency) is GBP ("GBP or £") which is also the presentation currency.

Going Concern

The Company is currently in a net deficit position, and has a signed letter of support from its ultimate parent, Gore Street Energy Storage Fund Plc ("Plc"), to provide any additional support for the period to 30 September 2024, being at least 12 months from the date of the approval of the Company's annual report and financial statements.

The Directors of the Plc have made an assessment of going concern on an overall group level, which included the Company, by reviewing the current performance and business outlook in the near term. A stress test analysis was undertaken on the group's liquidity, which demonstrated the Plc's ability to provide sufficient liquidity to the Company to meet its obligations as and when they fall due for the period to at least 30 September 2024, if required.

As such, the Directors believe that the Company has sufficient liquidity to meet its ongoing obligations for the period to 30 September 2024 and that the preparation of the financial statements on a going concern basis remains appropriate.

Notes to the financial statements (continued)

For the year ended 31 March 2023

3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Leases - estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, the Company uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

During the period the Directors did not consider any other judgements, estimates and assumptions to be significant with the exception of impairment of assets and estimating the incremental borrowing rate.

4. New and revised standards and interpretations

New and revised IFRSs adopted by the Company

The accounting policies used in the preparation of the financial statements have been consistently applied during the year ended 31 March 2023.

In February 2021, the International Accounting Standards Board issued further amendments to IAS8: Accounting Policies, Changes in Accounting Estimates and Errors. Those amendments clarify the distinction between changes in accounting estimates, changes in accounting policies and correction of errors. They further clarify how entities use measurement techniques and inputs to develop accounting estimates. These amendments are effective for periods beginning on or after 1 January 2023 and having reviewed the amendments, the Directors are of the opinion that these amendments will not have a material impact on the Company's financial statements.

In May 2021, the IASB issued amendments to IAS 12: Income Taxes regarding deferred tax relating to Assets and Liabilities arising from a Single Transaction. The amendments introduce an exception to the 'initial recognition exemption' for an entity, whereby deferred tax previously did not need to be recognised when, in a transaction that is not a business combination, an entity purchased an asset that would not be deductible for tax purposes (even though there is a difference between the asset's carrying amount and its tax base). These amendments are effective for periods beginning on or after 1 January 2023 and having reviewed the amendments, the Directors are of the opinion that these amendments will not have a material impact on the Company's financial statements.

There have been no new standards, amendments to current standards, or new interpretations which the directors feel have an impact on these financial statements.

New and revised IFRSs in issue but not yet effective

In January 2020, the International Accounting Standards Board issued amendments to IAS 1: Presentation of Financial Statements to clarify how an entity classifies debt and other financial liabilities as current or non-current. The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and having reviewed the amendments, the Directors are of the opinion that these amendments will not have a material impact on the Company's financial statements.

Notes to the financial statements (continued)

For the year ended 31 March 2023

5. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below:

Expenses

Expenses are accounted for on an accrual basis and charged to the Statement of Comprehensive Income.

Taxation

There is a single corporation tax rate of 19%. Current Tax and movements in deferred tax asset and liability is recognised in Statement of Comprehensive Income except to the extent that it relates to the items recognised as direct movements in equity, in which case it is similarly recognised as a direct movement in equity. Current tax is the expected tax payable on any taxable income for the period, using tax rates enacted or substantively enacted at the end of the relevant period.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements. Deferred taxation assets are recognised where, in the opinion of the Directors, it is more likely than not that these amounts will be realised in future periods, at the tax rate expected to be applicable at realisation.

Construction in progress

Construction in progress is measured at cost and includes all the costs associated with the construction of the assets, which includes capitalised borrowing costs, less any accumulated impairment losses.

Impairment of Construction in progress

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently stated at amortised cost, less impairment. Any impairment losses arising are recognised as an expense in the Statement of Comprehensive Income.

Cash and cash equivalents

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

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently stated at amortised cost.

Leases

i) Right-of-use assets

The Company recognises the right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received (if applicable).

The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets in line with IFRS 16. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use asset is also subject to impairment.

Notes to the financial statements (continued)
For the year ended 31 March 2023

5. Summary of significant accounting policies (continued)

ii) Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include, where applicable, fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. The Company uses its incremental borrowing rate on the date of commencement as its discount rate.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The lease liability is presented as a separate line in the Statement of Financial Position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

The Company's lease liabilities are included in current and non-current liabilities.

Equity
Ordinary shares are classified as equity. Equity instruments issued by the Company are recorded at the amount of the proceeds received, net of directly attributable issue costs. Costs not directly attributable to the issue are immediately expensed in the Statement of Comprehensive income.

Dividends
Dividends are recognised when they become legally payable, as a reduction in equity in the financial statements. Interim equity dividends are recognised when legally payable. Final equity dividends will be recognised when approved by the shareholders.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

Financial Instruments
In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of amortised cost or fair value through profit or loss.

Financial assets
The Company classifies its financial assets at amortised cost or fair value through profit or loss on the basis of both:

- the entity's business model for managing the financial assets
- the contractual cash flow characteristics of the financial asset

Notes to the financial statements (continued)

For the year ended 31 March 2023

5. Summary of significant accounting policies (continued)

ii) Lease liabilities (continued)

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables including cash and trade and other receivables.

Financial asset measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

a) its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or

b) it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

c) it is classified as held for trading (derivative contracts in an asset position).

The Company includes in this category equity instruments and loans including investments in subsidiaries. At the year end, the Company did not hold any equity instruments or loans to investments. There are no investments in or consolidated subsidiaries.

Financial liabilities

Financial liabilities measured at fair value through profit or loss (FVPL)

A financial liability is measured at FVPL if it meets the definition of held for trading of which the Company had none. The Company includes in this category, derivative contracts in a liability position. At the period end, the Company did not hold any derivative contracts.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss, including loans and short-term payables.

Recognition and derecognition

Financial assets are recognised on trade date, the date on which the Company commits to purchase or sell an asset. A financial asset is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Impairment of financial assets

The Company holds trade receivables with no financing component, and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company uses the provision matrix as a practical expedient to measure ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix based on historical observed loss rates over the expected life of the receivables and is adjusted for forward looking estimates.

Notes to the financial statements (continued)

For the year ended 31 March 2023

6. Fees and expenses

Audit, Administration, accounting and secretarial

Law Debenture Corporate Services Limited has been appointed to act as secretary for the Company through the Company Secretarial Agreement for the year ended 31 March 2023 from 28 October 2022.

During the year, expenses incurred with Law Debenture Corporate Services Limited for company secretarial services amounted to £597, with £nil payable at year end.

Apex Group Fiduciary Services (UK) Limited has been appointed to provide accounting and administration services for the year ended 31 March 2023.

During the year ended 31 March 2023, expenses incurred with Apex Group Fiduciary Services (UK) Limited for accounting, administrative and secretarial services amounted to £5,250 (period from 22 July 2021 to 31 March 2022: £nil) with £1,500 payable at year end (2022: £nil).

During the year audit fees amounted to £5,700 (period from 22 July 2021 to 31 March 2022: £nil) with £5,700 payable at year end (2022: £nil).

7. Staff costs and Directors' fees

No members of staff were employed during the year ended 31 March 2023 (period from 22 July 2021 to 31 March 2022: £nil).

The Directors earn no fees from the entity, therefore total Directors' fees amounted to £nil being outstanding and payable at the year end (2022: £nil).

8. Administrative and other expenses

	Year ended 31 March 2023 (£)	(unaudited) Period from 22 July 2021 to 31 March 2022 (£)
Administration fees	5,847	-
Depreciation (lease)	66,231	-
Legal and professional fees	2,823	-
Management fees	37,735	-
Statutory audit fees	5,700	-
Tax advisor fees	4,525	-
	122,861	**-**

Notes to the financial statements (continued)

For the year ended 31 March 2023

9. Taxation

The Company is taxed at the main rate of 19% (2022: 19%)

	Year ended 31 March 2023 (£)	(unaudited) Period from 22 July 2021 to 31 March 2022 (£)
(a) Analysis of tax charge / (credit) for the year		
Current tax	-	-
UK corporation tax at 19% (2022:19%)	-	-
Deferred tax		-
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Tax on loss on ordinary activities	**-**	**-**
Provision for deferred tax		
Fixed asset timing differences	62,594	-
Losses and other deductions	(62,594)	
Total deferred tax asset	-	-
Movement in provision:		
Provision at start of period / year	-	-
Deferred tax charged in the Statement of Comprehensive Income	-	-
Provision at the end of year / period	**-**	**-**
Deferred tax asset not recognised	**(62,338)**	**-**
(b) Reconciliation of tax charge		
Loss on ordinary activities before tax	(249,381)	-
Tax on loss on ordinary activities at standard CT rate of 19%	(47,382)	-
Effects of:		
Expenses not deductible for tax purposes	5	-
Deferred tax not recognised	47,377	-
Tax charge for the year / period	**-**	**-**

From 1 April 2023 the main UK corporation tax rate increased to 25%. The closing deferred tax balances have been calculated at 25% as that is the rate expected to apply.

Notes to the financial statements (continued)

For the year ended 31 March 2023

10. Construction in progress

	As at 31 March 2023 (£)	(unaudited) As at 31 March 2022 (£)
Opening balance as at 1 April 2022 / 22 July 2021	-	-
Additions	11,630,380	-
Capitalised interest	250,377	-
	11,880,757	**-**

The asset under construction is made up of £11,630,380 of direct construction cost, capitalised in accordance with IAS 16 Property, Plant and Equipment and £250,377 of capitalised loan interest, as defined under IAS 23 Borrowing Costs. The Directors have assessed the value of asset under construction and believe that no impairment is required (see note 5).

11. Trade and other receivables

	As at 31 March 2023 (£)	(unaudited) As at 31 March 2022 (£)
Other debtors	18,102	-
Unpaid share capital	1	1
VAT receivable	8,502	-
	26,605	**1**

12. Trade and other payables

	As at 31 March 2023 (£)	(unaudited) As at 31 March 2022 (£)
Accrued operating expenses	11,842	-
Trade creditors	15,000	-
	26,842	**-**

Notes to the financial statements (continued)

For the year ended 31 March 2023

13. Leases

The Company has a lease contract for land use in its operations for the installation and construction of a commercial battery storage project. Leases of land generally have lease term of between 0 and 30 years. The Company's obligations under its lease are secured by the lessor's title to the leased asset.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Right-of-use-asset (ROU)	**As at 31 March 2023 (£)**	**(unaudited) As at 31 March 2022 (£)**
Gross carrying amount		
Balance at 1 April / 22 July	-	-
Additions in the year / period	3,447,864	-
Balance at 31 March	**3,447,864**	**-**
Depreciation and impairment		
Balance at 1 April / 22 July	-	-
Depreciation in the year / period	(66,231)	-
Balance at 31 March	**(66,231)**	**-**
Carrying amounts		
As at 31 March	**3,381,633**	**-**

Notes to the financial statements (continued)

For the year ended 31 March 2023

13. Leases (continued)

Set out below are the carrying amounts of lease liabilities (included under current and non-current liabilities) and the movements during the period:

Lease Liabilities	As at 31 March 2023 (£)	(unaudited) Period from 22 July 2021 to 31 March 2022 (£)
Balance at 1 April	-	-
Initial recognition of lease liability	3,447,864	-
Interest	125,905	-
Payments	(26,337)	-
Balance at 31 March	**3,547,432**	**-**
Non-current	3,547,432	-
	3,547,432	**-**

The following are the amounts recognised in profit or loss:

	Year ended 31 March 2023 (£)	(unaudited) Period from 22 July 2021 to 31 March 2022 (£)
Depreciation expense of right-of-use assets	(66,231)	-
Interest expense on lease liabilities	(125,906)	-
Total amount recognised in profit or loss	**(192,137)**	**-**

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 March 2023 were as follows:

	Within 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Lease payments	60,000	1,182,100	582,000	5,084,000	6,908,100
Finance charges	(212,062)	(185,907)	(467,007)	(2,495,691)	(3,360,667)
	(152,062)	**996,193**	**114,993**	**2,588,309**	**3,547,433**

The Company was not party to any lease during the prior period.

Notes to the financial statements (continued)

For the year ended 31 March 2023

14. Loans from related parties

	As at 31 March 2023 (£)	(unaudited) As at 31 March 2022 (£)
Amounts due to GSF England Limited	11,964,101	-
	11,964,101	**-**

The Company has a loan from its Parent company (GSF England Limited) in Sterling (£). This loan is unsecured and attracts interest at 5% per annum. During the year ended 31 March 2023, £250,377 (period from 22 July 2021 to 31 March 2022: £nil) of interest was capitalised to the loan principal amount with £614 expensed in the Statement of Comprehensive Income (period from 22 July 2021 to 31 March 2022: £nil).

15. Categories of financial instruments

	As at 31 March 2023 (£)	(unaudited) As at 31 March 2022 (£)
Financial assets		
Financial assets at amortised cost:		
Trade and other receivables	26,605	-
Total financial assets	**26,605**	**-**
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	(26,842)	-
Loans from related parties	(11,964,101)	-
Lease liabilities	(3,547,432)	-
Total financial liabilities	**(15,538,375)**	**-**

Notes to the financial statements (continued)

For the year ended 31 March 2023

16. Financial risk management

The Company is exposed to certain risk through the ordinary course of business and the Company's financial risk management objective is to minimise the effect of these risks. The management of risks is performed by the Directors of the Company and the exposure to each financial risk is considered potentially material to the Company, how it arises and the policy for managing it is summarised below:

- **Credit risk**

Cash and other assets that are required to be held in custody will be held at a bank. Cash and other assets may not be treated as segregated assets and will therefore not be segregated from the bank's own assets in the event of the insolvency of a custodian. The Company will therefore be subject to the creditworthiness of the bank. In the event of the insolvency of the bank, the Company will rank as a general creditor in relation thereto and may not be able to recover such cash in full, or at all.

The Company regularly assesses its credit risk exposure and considers the creditworthiness of its customers and counterparties, by completing a high-level analysis which considers both historical and forward-looking information.

- **Market risk**

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in prices. Market risk reflects interest rate risk, currency risk and other price risks. The objective is to minimise market risk through managing and controlling these risks to acceptable parameters, while optimising returns. The Company uses financial instruments in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company is exposed to interest rate risk through loans from related parties. Loans from related parties carry a fixed rate of interest for an initial period of 20 years. The Company is not exposed to changes in variable market rates of interest and has therefore not considered any sensitivity to interest rates.

Currency risk

The majority of transactions during the current period together with its asset are denominated in Pounds Sterling, thus minimal foreign exchange differences arose. The Company does not hold any significant financial instruments at year end which are not denominated in Pounds Sterling and is therefore not exposed to any significant currency risk.

Price risk

Price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in prices. The Company relies on the market knowledge of the experienced Investment Advisor.

- **Liquidity risk**

The objective of liquidity management is to ensure that all commitments which are required to be funded can be met out of readily available and secure sources of funding. The Company has a loan with GSF England Limited (GSF) of £11,964,101 (2022: £nil) which is made up of £250,377 (2022: £nil) of capitalised interest and £614 expensed in the Statement of Comprehensive Income with £11,713,110 (2022: £nil) being the principal amount. The Company's only financial liabilities are trade and other payables, the lease liability and the loan facility from GSF.

GSF England Limited will continue to make funds available as required by the Company and will not seek repayments of the amounts currently made available.

Notes to the financial statements (continued)

For the year ended 31 March 2023

16. Financial risk management (continued)

- **Liquidity risk (continued)**

The following table reflects the maturity analysis of financial assets and liabilities.

As at 31 March 2023	< 1 year (£)	1 to 2 years (£)	2 to 5 years (£)	> 5 years (£)	Total (£)
Financial assets					
Financial assets at amortised cost:					
Trade and other receivables	26,605	-	-	-	26,605
Total financial assets	**26,605**	**-**	**-**	**-**	**26,605**
Financial liabilities					
Financial liabilities at amortised cost:					
Trade and other payables	(26,842)	-	-	-	(26,842)
Loans from related parties	-	-	-	(11,964,101)	(11,964,101)
Lease liabilities	152,062	(996,193)	(114,993)	(2,588,309)	(3,547,432)
Total financial liabilities	**125,220**	**(996,193)**	**(114,993)**	**(14,552,410)**	**(15,538,375)**

As at 31 March 2022	< 1 year (£)	1 to 2 years (£)	2 to 5 years (£)	> 5 years (£)	Total (£)
Financial assets					
Financial assets at amortised cost:					
Trade and other receivables	1	-	-	-	1
Total financial assets	**1**	**-**	**-**	**-**	**1**
Financial liabilities					
Financial liabilities at amortised cost:					
Trade and other payables	-	-	-	-	-
Loans from related parties	-	-	-	-	-
Lease liabilities	-	-	-	-	-
Total financial liabilities	**-**	**-**	**-**	**-**	**-**

- **Capital risk management**

The capital structure of the Company at year end consists of equity attributable to equity holders of the Company, comprising issued capital and accumulated loss, along with an interest bearing loan payable to the equity holders of the Company.. The Company has no return on capital benchmark, but the Board continues to monitor the balance of the overall capital structure so as to maintain investor and market confidence. The Company is not subject to any external capital requirements.

Notes to the financial statements (continued)

For the year ended 31 March 2023

17. Share Capital

	Ordinary shares Number (£)	Share capital (£)	Total shareholders equity (£)
As at 22 July 2021	1	1	1
As at 31 March 2022	**1**	**1**	**1**
As at 31 March 2023	**1**	**1**	**1**

Share capital and share premium account
On incorporation the Company issued 1 ordinary share of £1 with a total nominal value of £1.

Ordinary shareholders are entitled to all dividends declared by the Company and to all of the Company's assets after repayment of its borrowings and ordinary creditors. Ordinary shareholders have the right to vote at meetings of the company. All ordinary shares carry equal voting rights.

18. Accumulated losses

Accumulated losses represent cumulative net gains and losses recognised in the Statement of Comprehensive Income. The only movements in reserves during the year are disclosed in the Statement of Changes in Equity.

19. Transactions with related parties

The Company's immediate parent company is GSF England Limited. The Ultimate controlling party of the Company is Gore Street Energy Storage Fund Plc (Plc).

Details of related parties are set out below:

Loans from related parties

The Company has a loan from its immediate parent company in Sterling (£). This loan is interest bearing and attracts interest at 5% per annum.

Management fee

During the year, the Company incurred management fees of £37,735 (2022: £nil).

The fee is calculated at cost plus a 15% markup and is payable quarterly in line with the Commercial Management Agreement.

Directors

John-Michael Cheshire and Suminori Arima are directors of the Company. They are both employees of Gore Street Capital Limited, the Investment Advisor to the Group. No director's remuneration was paid during the year (2022: £nil) and no remuneration was outstanding at year end (2022: £nil).

20. Capital commitments

There are no contingencies and no other significant commitments at the reporting date.

Notes to the financial statements (continued)

For the year ended 31 March 2023

21. Post balance sheet events

The Directors have evaluated the need for disclosures and / or adjustments resulting from post balance sheet events through 30 September 2023, the date the financial statements were available to be issued.

With effect from 1 April 2023, and with a view to current commercial market rates, the Directors have approved a change in the interest rate applied to the parent loan from 5% to 8.5%.

There were no adjusting post balance sheet events and as such no adjustments have been made to the valuation of assets and liabilities as at 31 March 2023.

22. Change in basis of preparation of the financial statements

For the year ended 31 March 2023, the Directors resolved to prepare the financial statements in accordance with UK adopted International Accounting Standards instead of FRS 105 as was done in the preceding period. This was done to align the Company's accounting policies with that of Gore Street Energy Storage Group. No restatement of the comparative period financial statements is required as a result of the transition.