Ventient Energy Limited

Annual report and financial statements

Registered number 10595093

Year ended 31 December 2022

Contents

Strategic report

The Directors present their Strategic report for the year ended 31 December 2022.

Principal activities

The current principal activity of Ventient Energy Limited ("VEL") and its subsidiaries, together the "Group", is the generation and sale of electricity from onshore wind turbines in the UK. The Group operate 34 onshore wind farms in the UK with an installed capacity of 689.5MW/h.

VEL is the UK subsidiary of Ventient Energy Sarl ("VES"), one of Europe's top independent producers of renewable energy with total installed capacity at 31 December 2022 of over 2.8GW across 140 wind farms in Belgium, France, Germany, Portugal, Spain and the United Kingdom. Ventient Energy Sarl is owned by IIF International Holding LP ("IIF") advised by J.P. Morgan Asset Management.

Environment, Social and Governance

The Global Real Estate Sustainability Benchmarks (GRESB) survey completed by VES in 2022 produced an outstanding result, with VES once again achieving a five-star rating and a maximum overall score of 100 out of 100 for the first time. VES was recognised in the 2022 GRESB Infrastructure Assessment as Sector Leader in the categories of Renewable Power and Wind Power Generation, achieving Sector Leader status for the fourth time and was again ranked number one across all renewable and real estate companies measured for our performance. The GRESB assessment benchmarks our Environmental, Social and Governance (ESG) performance across the industry against our peers, both within the renewables industry and other businesses owned by IIF.

As a "large" group of companies, as defined by the Companies Act 2006, the Group falls under scope for the Streamlined Energy and Carbon Reporting disclosures required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. However by virtue of having no constituent companies which individually qualify for the purpose as "large" companies, the Group is exempt from the reporting requirements of the regulations. Nevertheless VES continues to work towards net zero carbon emissions in all territories and has recently recalculated its base year footprint covering scopes 1 to 3 in order to more accurately capture its emissions and produce its most comprehensive footprint yet.

Business Review and Performance Summary

Revenue for the year was £197.2M, well ahead of the prior year (£144.4M) and Gross Profit increased to £107.8M (2021: £80.9M), mainly due to a 15% increase in generation and a 13% increase in average sales price. Administrative expenses were broadly in line with 2021. In addition the Group benefitted from £10.0M of management fees charged to related companies in the wider VES group. EBITDA of £133M (operating profit of £61M adjusted to exclude depreciation and amortisation), was considerably ahead of the £96M in 2021 (based on operating profit of £26M) and also ahead of the budget of £119M. Including depreciation, amortisation and financing expense, the profit before tax is £30.7M, a £34.5M improvement over the prior year, consistent with increased revenue whilst maintaining a level cost base. Net asset position as at 31 December 2022 is £151M (2021: £101M).

Strategic report *(continued)*

Key Performance Indicators

KPI	Unit of Measure	Actual 2022	Budget 2022	Actual 2021
Electricity Generation	GWh	1,586	1,701	1,368
Price	£/MW	117.12	111.90	104.00
Availability	%	93.95	95.02	94.80

Group electricity generation of 1,586 GWh was 7% behind plan (Budget 2022: 1,701 GWh) due to somewhat reduced wind resource and lower availability. Average selling price per MWh at £117.12 was higher than plan (Budget 2022: £111.90) due to a significant rise in wholesale energy prices at certain sites and an increase in ROC recycle price. Availability, a time measure of the windfarms' readiness to generate electricity, irrespective of wind, was slightly below expected performance due to greater than expected turbine faults.

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Group and the mitigating factors taken by the Group against these risks are detailed below. The principal risks noted below are not all the risks faced by the Group but are those risks which VEL perceives as those which could have a significant impact on the Group's performance and future prospects.

The principal risks and uncertainties facing the business are linked to wind conditions, energy pricing secured, asset performance and market regulation:

- Wind resource falling significantly below expectations. This could have a negative impact on revenues and cash flows resulting in the Company and the Group being unable to meet their financing arrangements renegotiated in 2017 at the point of the Ventient Group formation. These originally consisted of a £610M loan (balance at 31 December 2022: £424M) from a syndicate of eight banks (some of which has since been refinanced) and a loan from the owning Infrastructure Investment Fund (IIF) of £524M (31 December 2022: £113M). This is mitigated by the Group financing covenants which are set or hurdled against a low wind stress test cash flow modelling to ensure any one low wind year will not impact the Company's ability to meet the Company's future long-term obligations.

- Significant turbine serial defect or early end of life failure. This would have a negative impact on revenue and cash flows resulting in potential impairment of the tangible assets and the Company and the Group being unable to meet their financing arrangements as detailed above. However, the business consists of a large number of different turbine manufacturers and models with a wide age range located within a diverse geography. This ensures minimal impact on the portfolio if significant issues were to develop with any one model of turbine. The wind farms are appropriately insured against the impact of serial defect with suitable property Damage and Business Interruption policies.

- A significant failure of the electricity grid or infrastructure on or near a wind farm. A large, prolonged event would have a negative impact on revenue and cash flows resulting in potential impairment of the assets. The business ensures all appropriate maintenance and monitoring is carried out on its wind farm sites. The wind farms are appropriately insured against loss of grid through business interruption policies.

Strategic report *(continued)*

- Power Price falling significantly below market forecast which the Ventient Group obtains from third party energy market data providers (e.g.Afry). This would have a negative impact on turnover and cash flows resulting in potential impairment of the tangible assets and the Company and the Group being unable to meet future obligations as they fall due. All wind farms have ROC inflated to RPI annually, guaranteed under the UK government Renewable Obligation Scheme. They also benefit from a Power Purchase Agreement with an Investment level off-taker. This risk to meeting finance obligations is mitigated by modelling cash flows against a low power price assumption produced by independent energy consultants.

- Performance falling below expectations: The availability to generate of our windfarms is an important driver of revenue after considering price and wind. VEL maintains strong in-house skills and presence as well as a comprehensive control room infrastructure and asset performance activities, all of which combine toward the goal of maintaining and improving individual turbine and windfarm availability. The geographical and manufacturer diversity also contributes to mitigation of the risk of degradation of portfolio availability.

- Regulation: Wind projects operate in a twofold regulatory environment, involving specific renewables regulation and energy markets regulation. These two often intersect, not always in a beneficial manner for a renewable asset class or for particular generation locations. VEL maintains strong relationship with industry bodies as well as pursuing its own dialogues where possible to monitor, anticipate and model potential regulatory outcomes. Current charging reviews are ongoing by regulators and government and may result in reduced EBITDA if implemented, although any amounts are yet to be determined.

- System integrity risk – the risk from cyber attacks continues to increase globally. The Company is part of a Group that has an advanced protection system and the directors consider that it is appropriately protected. However, the risk in this area is rapidly changing and an advanced protection system cannot categorically conclude that this risk is fully mitigated.

- Ukraine conflict: The continuing war in Ukraine has given rise to additional risks related to high energy prices and the volatility of the energy markets. The Company operates on a regulated market that protects the return on investment in the long term. Whilst it is not possible to determine what regulatory changes may take place in the future, it is not foreseen that any such changes are likely to have a negative material effect on the Company.

As growth through acquisition occurs, VEL also needs to be ready to effectively risk assess future acquisitions, incorporate those efficiently and ensure performance to expectations. VEL is developing its staff and adding to its personnel in order to support its growth opportunities.

Strategic report *(continued)*

Directors' Duties to Stakeholders (s172 statement)

The directors through the course of their actions take a long-term outlook on the ownership, operation and growth of the VEL business and these are driven by the needs of the stakeholders. The VEL vision is to be a trusted partner, providing value driven, innovative and responsible solutions for the energy needs of the future. VEL strives to be a partner of choice for employees, suppliers, landowners and local communities, and to grow the business portfolio sustainably.

VEL is represented in the first instance by its employees. VEL strives to employ people who embody its values and seek to create a working environment of respect, learning and support. Our people are encouraged to help community organisations and activities in the areas where VEL operates and VEL provides staff with paid time off work to do so. VEL regularly interacts with its employees asking a range of questions relating to many aspects of the employee work experience. Employees are able to submit feedback anonymously allowing the company to build a picture of employee welfare and concerns that enable further discussion and improvement activity.

VEL has integrated environmental, social and governance (ESG) matters into all aspects of how it conducts operations. VEL's focus in these areas helps to ensure that the business model is sustainable and focused on the long-term. Priorities in 2022 have also included: -

Demonstrating effective stewardship in the communities where we operate

- Implementing a stakeholder engagement plan to maintain strong and positive long-term relationships with our various stakeholders

Ensure the safety and engagement of our people

- Aim for zero serious safety incidents by implementing an effective safety culture across the business
- Expansion of our safety reports scheme and transformation of reports into charitable donations

Minimise the impact of our activities on the environment

- Offsetting our carbon footprint with the aim of fully offsetting our entire CO2 production by 2023
- New processes for monitoring energy consumption and emissions generated by our business travel
- Expansion of our initiatives in harvesting and filtering of rainwater to further reduce CO2 emissions

Conducting our business responsibly

- Implementation of a new GRESB committee to support standardisation of HSQE (health, safety, quality and environment) protocols and GRESB submissions, improving data collection and transparency

ENVIRONMENTAL

VEL is very proud to have a positive impact in helping reduce carbon emissions. Onshore wind represents an efficient low-cost method of renewable generation which can deliver benefits locally, nationally and internationally. It is one of the fastest growing sources of generation in the world.

The business intends to continue to increase positive environmental impact as the portfolio grows and is further committed to minimising the environmental impact of our operations as it does so.

Recognising efforts in this area, VEL retained its five-star rating and attained Sector Lead status with GRESB – the environmental, social and governance (ESG) benchmark for real estate and infrastructure investments across the world.

GRESB works in collaboration with industries to provide standardised and validated ESG for infrastructure businesses including the renewables sector. VEL sustained a high profile within the GRESB reporting process and achieved a five-star rating from GRESB.

Strategic report *(continued)*

SOCIAL

VEL takes great pride in supporting the communities around our wind farm sites. For example, in the United Kingdom VEL has distributed over £2,200,000 in community funding, typically administered and distributed to projects approved through local charitable trusts and community organisations.

Some of the local projects VEL has supported in 2022 include: replacement of a village's Christmas lights; funding of Queen's Jubilee celebrations; activity trips for Brownie and school groups; provision of dance outfits for young dance students; installation of defibrillator equipment at a Heritage Centre; support for food banks in vulnerable communities; upgrades to youth centres and community halls; funding facilities and equipment for rugby, shinty and gymnastic clubs; installing birdboxes as part of a biodiversity project and contributions to installation of broadband in rural communities

Landowners who host VEL projects are key contributors to the success and VEL works closely with them to ensure each wind farm is built upon a strong mutually beneficial relationship.

VEL believes that building strong partnerships with all stakeholders is good for our business. VEL actively listens to the concerns of the local communities in which VEL operates and is committed to a process of continuous engagement with all parties who have an interest in our activities.

VEL is a local employer wherever possible and our wind farm sites employ regionally based staff and contractors to maintain each project.

In support of VEL efforts to create a culture of continual improvement, VEL has successfully attained the international quality standards ISO 9001 (Quality), ISO 14001 (Environment) and ISO 45001 (Health & Safety).

With regard to business practice and achievement in helping staff and contractors get home safely at the end of the working day, VEL continues to achieve recognition in the internationally renowned RoSPA Health and Safety Awards.

GOVERNANCE

VEL is committed to the highest standards of corporate governance and the company's board of directors is composed of expert professionals with a vast range of experience, including energy, finance, M&A, and governance. This ensures that high standards are set for the Company, its employees and officers with an aim to foster a culture of performance, transparency, and accountability.

Being a responsible business means maintaining fair and effective business practices. VEL has implemented strong governance practices to ensure that business is conducted to the highest standards of honesty and integrity while complying with all legal and regulatory requirements. VEL Code of Ethics stipulates the minimum ethical standards of conduct VEL expects from employees, affiliates of the company as well as third party contractors providing services to the company. These standards include the following:

- ensure the health and safety of employees, contractors and guests
- create and maintain a tolerant workplace free from discrimination and harassment
- ensure a clean, safe and healthy environment in all practices
- know and comply with all laws and regulations applicable to your position
- ensure that all business transactions are properly authorized, that the books and records of the Company are complete and accurate and that the Company provides complete and accurate disclosure to its shareholders and government authorities
- avoid situations in which your personal interests conflict or appear to conflict with the interests of the Company
- protect the confidentiality of non-public information concerning the Company and its customers, contractors and shareholders
- not make promises, payments or authorise any gifts or anything of value on behalf of the Company, whether directly or indirectly, to government officials to obtain or retain business

Strategic report *(continued)*

- comply with all applicable Company policies, including those that bar personal or corporate political contributions intended to influence investment decisions by pension funds
- exhibit personal behaviour, both inside and outside of the workplace, which is consistent with and reinforces a positive public image of the Company.

Through our Whistleblowing procedure, VEL maintains a reporting hotline to report suspected unethical, illegal or unsafe behaviour. The reporting hotline can be accessed at wrs.expolink.co.uk/ventientenergy.

Future Developments

It is anticipated that the activities of VEL may grow, and a number of options exist to achieve this, all of which are considered:

(i) beyond the UK as it seeks to grow its operating base,

(ii) in addition to generation from wind, complementary investments may be considered in value accretive infrastructure such as hybridisation (wind combined with non-wind generation) and storage/load shaping.

(iii) In addition to possible expansion through acquisition, VEL also focuses on the extension of operating life on the projects which are currently in operation. This involves the assessment of options to continue generation for a longer life with current turbines, suitably assessed and maintained for that life extension, and the possibility of 'repowering' sites i.e. using sites currently under the control of VEL for more modern and higher generation technology than currently operate on site. Currently market signals do not incentivise sufficiently the repowering option but VEL has made progress in life extension work for older assets in the portfolio.

(iv) Lastly, given the recent developments in Ukraine, and the sanctions being imposed on Russia by many countries as a result, the Directors' view is that whilst these developments and sanctions are unlikely to have a significant direct adverse impact on the financial results of the Group going forward, the situation continues to be monitored and will take all necessary actions where and when necessary to mitigate the risk to the business.

On behalf of the Board

Digitally Signed By PABLO ANDRES MONTE
Signing Time 2023/06/29 16:26:20 UTC +0000
Certificate Profile - Qualified Certificate - Individual

Registered office
Connect House
133-137 Alexandra Road, Wimbledon
London
SW19 7JY

Directors' report

The Directors present their Directors' report and audited consolidated financial statements for Ventient Energy Limited ("VEL") for the year ended 31 December 2022.

Results and dividends
The profit after tax for the year amounted to £22.2 million (2021: loss £33.9 million).

No dividends were paid or proposed in the current year or to the date of this report (2021: nil).

See the Strategic Report for discussion of the results and key performance indicators for the year.

Financial Risk Management
The company aims to minimise financial risk as far as it possibly can. The main purpose of the financial instruments is to provide working capital for the Group's continuing activities and provide funding for future activities. Given the nature of the Group's financial instruments the main risk associated with these is credit risk, however this is minimised due to the fact exposure is spread over several counterparties and customers who are of investment grade status. The main strategies for the Group financial instruments are outlined below:

- Trade Receivables: Power Price agreements are used to fix the electricity price and reduce the exposure to fluctuating market power prices. Customers or off takers are investment grade status
- Cash and Cash Equivalents: Cash flows are monitored regularly in order to meet bank covenant ratios and excess cash balances are returned to the owning stakeholder. There are no significant currency exposures. Based on the profile of major customers and past performance the directors believe that credit risk on cash flows is negligible.
- Loans and other borrowings: Loan debt is at a fixed interest rate and where this is not the case the interest exposure is hedged using interest rate swaps. For the external loan facility, the hedge covers 92% of the outstanding principal. The loans are due to be fully repaid by 31 December 2027.
- Trade Payables: significant suppliers such as operating and maintenance service providers are assessed for their financial viability and incentivised to achieve levels of windfarm performance. Again there is little direct exposure to supplier related foreign currency transactions.

Going Concern
As detailed in note 1.2, the directors are of the opinion that it is appropriate to adopt the going concern basis in the preparation of these financial statements.

Directors' report *(continued)*

Directors
The Directors who held office during the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

Mark R Jones (resigned 28 March 2023)
Pablo Andres
Rui J Maia da Silva

Directors' indemnity and insurance
Throughout the financial year and at the date of approval, both qualifying third-party directors' and officers' liability insurance, and directors' indemnity provision, were in force.

Political contributions
Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2021: nil).

Stakeholder Engagement
The directors through the course of their actions take a long-term outlook on the ownership, operation and growth of the VEL business and these are driven by the needs of the stakeholders. The VEL vision is to generate renewable energy to secure the future of people and the planet. VEL aims to achieve sustainable growth through acquisition, operational excellence and teamwork, allowing our people and communities to safely innovate and thrive. VEL strives to be a partner of choice for employees, suppliers, landowners and local communities, and to grow the business portfolio sustainably.

VEL has integrated environmental, social and governance (ESG) matters into all aspects of how it conducts operations. VEL's focus in these areas helps to ensure that the business model is sustainable and focused on the long-term. Priorities in 2022 have also included: -

Demonstrating effective stewardship in the communities where we operate

- Implementing a stakeholder engagement plan to maintain strong and positive long-term relationships with our various stakeholders

Ensure the safety and engagement of our people

- Approving a new Group HSE policy and encouraging a sustainable safety reporting culture by making donations to nominated ESG charities for each safety incident reported
- Actively promoting our DEI journey through initiatives such as recognising International Days and
- Launching an Internship Programme as part of our Inspiring Futures Programme

Minimise the impact of our activities on the environment

- Introducing a new Supplier Onboarding Policy integrating key ESG considerations into our procurement process, focusing on accessing supplier data for our scope 3 emissions and promoting alignment with our decarbonisation ambitions across our supply chain.
- Tracking the waste generated across our operations in more detail than ever before, allowing us to better understand what type of waste we generate and how it is treated in order to select possibilities to reduce, reuse and recycle wherever possible.

Conducting our business responsibly

- Launching our new Inclusive Committee
- Appointing a Company Secretary to conduct an internal governance audit of the company as a whole, including the Board of Directors and its sub-committees, to identify any gaps in processes and opportunities to strengthen our corporate governance further.

Directors' report *(continued)*

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 6. The ongoing war in Ukraine continues to have a significant effect globally and its impacts are discussed in the Strategic report.

Auditor

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the Board

Digitally Signed By: PABLO ANDRES MONTE
Signing Time: 2023/06/29 16:31 21 UTC +0000
Certificate Profile : Qualified Certificate - Individual

Registered office
Connect House
133-137 Alexandra Road, Wimbledon
London
SW19 7JY

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the 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 101 "Reduced Disclosure Framework", 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 101 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.

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 Ventient Energy Limited

Report on the audit of the Annual report and financial statements

Opinion

In our opinion, Ventient Energy 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 cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 Annual report and financial statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet and the Company Balance Sheet as at 31 December 2022; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the Company Statement 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.

Report on the audit of the Annual report and financial statements *(continued)*

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 in respect of the financial statements, 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 UK health and safety and the Office of Gas and Electric Markets regulations, 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 UK tax laws. 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 the posting of inappropriate journal entries to increase revenue or profit. Audit procedures performed by the engagement team included:

Report on the audit of the Annual report and financial statements *(continued)*

- Evaluation of management's controls designed to prevent and detect irregularities;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud or other matters;
- Reviewing meeting minutes of the Board of Directors;
- Applying professional scepticism and challenging assumptions made by management when auditing significant areas of estimate and judgement; and
- Obtaining the list of all journals entries posted during the year and performing testing of identified higher risk journals, including those involving unusual account combinations impacting revenue, cash, and earnings before interest, taxation, depreciation and amortisation that could indicate manipulation of the results for the year.

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.

Matthew Hall

Matthew Hall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
29 June 2023

Consolidated Statement of Comprehensive Income
Year ended 31 December 2022

	Note	2022	2021
		£000	£000
Revenue	2	197,229	144,433
Cost of sales		(89,423)	(63,580)
Gross profit		107,806	80,853
Administrative expenses		(57,334)	(55,324)
Other income	19	10,037	298
Operating profit	3	60,509	25,827
Finance income	5	232	-
Finance expense	5	(29,998)	(29,601)
Net finance expense		(29,766)	(29,601)
Profit / (loss) before tax		30,743	(3,774)
Taxation	6	(8,560)	(30,134)
Profit/(loss) for the year after tax		22,183	(33,908)
Other comprehensive income/(loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of hedges		37,623	22,737
Income tax on items that are or may be reclassified subsequently to profit or loss		(9,405)	(4,260)
Other comprehensive income for the year		28,218	18,477
Profit/(loss) for the year		22,183	(33,908)
Total comprehensive income/(loss) for the year		**50,401**	**(15,431)**

The notes on pages 22 to 58 form part of these financial statements.

Consolidated Balance Sheet
As at 31 December 2022

	Note	2022	2021
		£000	£000
Non-current assets			
Property, plant and equipment	7	383,202	422,144
Intangible assets	9	404,801	444,054
Derivatives	15	36,622	-
		824,625	866,198
Current assets			
Trade and other receivables	12	110,985	55,805
Cash and cash equivalents		15,054	11,602
		126,039	67,407
Current liabilities			
Interest-bearing loans and borrowings	13	(48,980)	(45,470)
Leases	8	(2,564)	(2,370)
Corporation tax		(9,934)	(2,723)
Trade and other payables	14	(38,550)	(26,661)
		(100,028)	(77,224)
Net current assets/(liabilities)		26,011	(9,817)
Non-current liabilities			
Leases	8	(41,436)	(40,842)
Interest-bearing loans and borrowings	13	(480,458)	(535,346)
Derivative financial liabilities	15	-	(1,001)
Provisions	16	(53,902)	(61,008)
Deferred tax liabilities	11	(123,475)	(117,220)
		(699,271)	(755,417)
Net assets		**151,365**	**100,964**
Equity attributable to equity holders of the parent			
Share capital	17	42,495	42,495
Hedge reserve	17	28,353	135
Capital contribution reserve	17	135,005	135,005
Accumulated losses		(54,488)	(76,671)
Total equity		**151,365**	**100,964**

The notes on pages 22 to 58 form part of these financial statements.

The financial statements on pages 14 to 58 were approved by the Board of Directors on 29 June 2023 and were signed on its behalf by:

Digitally Signed By: PABLO ANDRES MONTE
Signing Time: 2023/06/29 18:14:07 UTC +0000
Certificate Profile - Qualified Certificate - Individual

Company registered number: 10595093

Company Balance Sheet
As at 31 December 2022

	Note	2022	2021
		£000	**£000**
Non-current assets			
Investments	*10*	351,908	351,908
Deferred tax assets	*11*	-	4,310
Derivatives	*15*	36,622	-
		388,530	356,218
Current assets			
Trade and Other receivables	*12*	768,077	862,116
Cash and cash equivalents		1,728	515
		769,805	862,631
Current liabilities			
Interest-bearing loans and borrowings	*13*	(48,980)	(45,470)
Trade and other payables	*14*	(280,640)	(288,272)
		(329,620)	(333,742)
Net current assets		440,185	528,889
Non-current liabilities			
Interest-bearing loans and borrowings	*13*	(480,458)	(535,346)
Derivative financial liabilities	*15*	-	(1,001)
Deferred tax liabilities	*11*	(8,257)	-
		(488,715)	(536,347)
Net assets		**340,000**	**348,760**
Equity attributable to equity holders of the parent			
Share capital	*17*	42,495	42,495
Hedge reserve	*17*	28,353	135
Capital contribution reserve	*17*	176,049	176,049
Retained earnings		93,103	130,081
Total equity		**340,000**	**348,760**

The loss for the Company for the year ended 31 December 2022 was £36,978,000 (2021: loss of £28,196,000).

The notes on pages 22 to 58 form part of these financial statements.

The financial statements on pages 14 to 58 were approved by the Board of Directors on 29 June 2023 and were signed on its behalf by:

Digitally Signed By: PABLO ANDRES MONTE
Signing Time: 2023/06/29 16:17:38 UTC +0000
Certificate Profile : Qualified Certificate : Individual

Company registered number: 10595093

Consolidated Statement of Changes in Equity

Year ended 31 December 2022	Share capital £000	Hedge reserve £000	Capital reserve £000	Accumulated Losses £000	Total equity £000
At 1 January 2022	42,495	135	135,005	(76,671)	100,964
Total comprehensive income for the year					
Profit for the year	-	-	-	22,183	22,183
Effective portion of change in cash flow hedge, net of tax	-	28,218	-	-	28,218
Total comprehensive income for the year	-	28,218	-	22,183	50,401
At 31 December 2022	**42,495**	**28,353**	**135,005**	**(54,488)**	**151,365**

Consolidated Statement of Changes in Equity (Continued)

Year ended 31 December 2021	Share capital £000	Hedge reserve £000	Capital reserve £000	Accumulated Losses £000	Total Equity £000
At 1 January 2021	42,495	(18,342)	135,005	(42,763)	116,395
Total comprehensive (loss) / income for the year					
Loss for the year	-	-	-	(33,908)	(33,908)
Effective portion of change in cash flow hedge, net of tax	-	18,477	-	-	18,477
Total comprehensive loss for the year	-	18,477	-	(33,908)	(15,431)
At 31 December 2021	**42,495**	**135**	**135,005**	**(76,671)**	**100,964**

Company Statement of Changes in Equity

Year ended 31 December 2022	Share capital £000	Hedge reserve £000	Capital Reserve £000	Retained earnings £000	Total Equity £000
At 1 January 2022	42,495	135	176,049	130,081	348,760
Total comprehensive (loss) / income the year					
Loss for the year	-	-	-	(36,978)	(36,978)
Effective part of change in cash flow hedge net of tax	-	28,218	-	-	28,218
Total comprehensive loss for the year	-	28,218	-	(36,978)	(8,760)
At 31 December 2022	**42,495**	**28,353**	**176,049**	**93,103**	**340,000**

Company Statement of Changes in Equity (continued)

	Share capital	Hedge reserve	Capital reserve	(Accumulated losses)/ Retained earnings	Total equity
Year ended 31 December 2021	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 January 2021	42,495	(18,342)	176,049	158,277	358,479
Total comprehensive (loss) / income for the year					
Loss for the year	-	-	-	(28,196)	(28,196)
Effective part of change in cash flow hedge, net of tax	-	18,477	-	-	18,477
Total comprehensive (loss)/income for the year	-	18,477	-	(28,196)	(9,719)
At 31 December 2021	**42,495**	**135**	**176,049**	**130,081**	**348,760**

Consolidated Cash Flow Statement
Year ended 31 December 2022

	2022	2021
	£000	£000
Cash flows from operating activities		
Profit/(Loss) for the year	22,183	(33,908)
Adjusted for:		
Depreciation of tangible fixed assets	32,046	28,533
Amortisation of intangible fixed assets	40,484	41,226
Financial income	(2)	-
Financial expense	29,768	29,602
Taxation	8,560	30,134
	133,039	95,587
(Increase) in trade and other receivables	(55,178)	(11,724)
Increase in trade and other payables	11,857	9,103
	89,718	92,966
Tax paid	(4,500)	(9,060)
Net cash inflow from operating activities	85,218	83,906
Cash flows from investing activities		
Interest received	2	-
Acquisition of property, plant and equipment	(2,009)	(7,212)
Acquisition of software	(1,231)	(175)
Net cash outflow from investing activities	(3,238)	(7,387)
Cash flows from financing activities		
Repayment of loans and borrowings	(57,705)	(54,747)
Lease repayments	(1,095)	(3,018)
Interest paid	(19,728)	(19,927)
Net cash outflow from financing activities	(78,528)	(77,692)
Net increase/(decrease) in cash and cash equivalents	3,452	(1,174)
Cash and cash equivalents at 1 January	11,602	12,776
Cash and cash equivalents at 31 December	**15,054**	**11,602**

Notes to the Financial Statements

1. Accounting policies

Ventient Energy Limited ("VEL") is a private company, limited by shares, incorporated, domiciled and registered in England in the UK. The registered number is 10595093 and the registered address is Connect House, 133-137 Alexandra Road, Wimbledon, London, SW19 7JY. The company was incorporated on 1 February 2017.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Parent Company financial statements present information about the Company as a separate entity and not about its Group. The Parent Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The Group financial statements have been prepared and approved by the Directors in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, and in accordance with the historical cost convention. The Company has elected to prepare its Parent Company financial statements in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). The Group and the Company financial statements are prepared in accordance with the Companies Act 2006.

The Company has taken advantage of the following exemptions from the requirements of IFRS, in accordance with FRS 101:

- 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).
- 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 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

Other than where a new accounting policy has been adopted, the accounting policies set out below have been applied consistently in these Group financial statements.

Notes to the Financial Statements

1 Accounting policies *(continued)*

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in section 1.19.

The Group's financial statements are presented in sterling, which is the Group's functional currency.

1.1 *Measurement convention*

The financial statements are prepared on the historical cost basis except for certain financial instruments which are stated at their fair value. All values are rounded to the nearest thousand (£000) except where otherwise indicated.

1.2 *Going concern*

The directors continually identify and monitor risks and uncertainties facing the business and have specifically conducted a review to assess the ability of the company to continue as a going concern, taking into account financial performance to date, the availability of debt and banking facilities and the Group's commercial strategies, and including debt service stress testing. The Group continues to generate significant cash, earning high margins before accounting for interest, tax, depreciation and amortisation. The Directors continue to take a long-term view for the business and future plans include extending the life of windfarms, particularly the older parts of the UK fleet portfolio.

Some financial performance measures including revenue generation and profit margin are currently tracking behind budget, mainly due to severely reduced wind resource, but management are confident that the outlook remains positive.

Looking forward to the next twelve months the Group has ample headroom to meet its debt service and liquidity obligations, including covenants, even under the assumption of low prices and significantly lower than average expected wind conditions. This headroom increases through 2023 to June 2024. To underpin this, the Group has entered into forward looking Power Purchase Agreements with a diverse variety of blue chip offtakers which guarantees future prices and provides a minimum of 87% certainty of revenue throughout the period under review.

Based on the above the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 *Basis of consolidation*

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Notes to the Financial Statements

1 Accounting policies ***(continued)***

1.4 *Foreign currency*

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the income statement.

1.5 *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortized cost, using the effective interest method, less any impairment loss. A loss allowance is made when collection of the full amount is no longer probable. Bad debts are written-off when identified.

Trade and other payables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortized cost, using the effective interest method.

Investments in debt and equity securities

All fixed asset investments held are stated at cost less impairment. A review of investments held is performed annually to determine whether an impairment trigger has occurred during the year. Any impairment in the value of the investment is charged to the income statement in the year it is identified.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes to the Financial Statements

1 Accounting policies *(continued)*

1.6 *Derivative financial instruments*

Cash flow hedges that qualify for hedge accounting

The Group uses interest rate swaps to hedge its interest rate risk exposure. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cashflow hedges is recognised in the hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses). Amounts taken to OCI are transferred to the Income Statement when the hedging instrument expires or is terminated.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity.

1.7 *Property, plant and equipment*

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs (including interest) directly attributable to bringing the asset to a working condition for its intended use. During the construction phase these assets are held separately and depreciation commences once the asset is commissioned.

The cost of replacing an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the final economic benefits will flow to the Group. The carrying amount of the asset replaced is then derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- wind farm assets up to 30 years
- decommissioning assets up to 30 years
- office equipment 3 years
- office building 10 years
- motor vehicles 4 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Notes to the Financial Statements

1 Accounting policies *(continued)*

1.8 *Leases*

Under IFRS 16, a lessor is required to determine whether a lease is a finance or operating lease. A lessee is not required to make this determination.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease, if the rate can be determined, or the Group's incremental borrowing rate appropriate for the right-of-use asset arising from the lease.

Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit and loss over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line bases as an expense in profit or loss. Short-term leases are leases with a lease term of twelve months or less.

1.9 *Intangible assets*

Wind usage rights

Wind usage rights represent the combination of the Renewable Energy Certificates and Power Purchase Agreements in place at each site at the time of acquisition.

Wind usage rights that are acquired by the Group are stated at fair value as at the acquisition date.

Goodwill

Goodwill arises on the acquisition of businesses and represents any excess of the cost of the acquired entity over the Group's interest in the fair value of the entity's identifiable assets, liabilities and contingent liabilities determined at the date of acquisition (see Business Combinations accounting policy note 1.11). Goodwill in respect of an acquired business is recognised as an intangible asset. Goodwill is carried at cost less any recognised impairment losses and is tested at least annually or where there are indicators of impairment. An impairment loss is recognised if the carrying amount of a CGU exceeds its recoverable amount which is equal to the value of the future discounted cash flows. Impairment losses are recognised in the statement of comprehensive income.

Software

Internal-use software is amortised on a straight-line basis over the estimated useful life of the asset, which is estimated to be five years. When internal-use software that was previously capitalised is abandoned, the cost less the accumulated amortisation, if any, is recorded as amortisation expense.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated remaining useful lives of the intangible assets as at the time of acquisition which is up to 30 years.

Notes to the Financial Statements

1 **Accounting policies** *(continued)*

1.10 *Impairment*

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date 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 or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

1.11 *Business combinations*

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (at fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Where a business combination involves an entity under common control it falls outside the scope of IFRS3 Business Combinations. The Company therefore considers the economic substance of the transaction before exercising the judgement as to whether it is appropriate to apply either acquisition accounting or predecessor accounting (see 1.19 accounting estimates and judgements).

Notes to the Financial Statements

1 **Accounting policies** *(continued)*

1.12 *Provisions*

Decommissioning of wind farms

A provision is made for the decommissioning of the wind farms based on the Group's best estimate of the cost of decommissioning. These costs are a contractual obligation when the planning consent is granted to ensure appropriate restoration of the land.

Provisions for decommissioning are recognised in full when the related facilities are constructed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related plant and equipment as a decommissioning asset. The amount recognised is the estimated cost of decommissioning, discounted to its net present value, and is reassessed at each balance sheet date. Changes in the estimated timing and value of decommissioning costs estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to the decommissioning asset cost. The unwinding of the discount on the decommissioning provision is included as a finance cost.

1.13 *Revenue*

Revenue is the income derived from the sale of generated electricity and associated renewable certificates (ROCs) and embedded benefits, measured at the fair value of consideration received or receivable, net of value added tax to electricity retailers. All revenue is generated in the United Kingdom.

Revenue is recognised where there is a signed unconditional contract of sale and is based upon the quantity of generated electricity exported and the contracted prices on the date of generation. In the case of ROC Recycle income, where the ROC price is not confirmed until after the balance sheet date, income is accrued and recognised based on an estimated unit price as provided by an industry leading independent third party.

Turndown income is the revenue earned by the business through the UK grid balancing mechanism, whereby the grid owner requests Ventient to limit its output and compensates it accordingly. Revenue is recognised as it occurs in accordance with third party confirmation of each restricted output period.

The company is obliged to deliver power and to record the quantity and value accurately. These obligations are satisfied when the wholesale customer submits monthly self-billing statements of usage and these have been matched to the Group's generation records.

1.14 *Expenses*

Royalty payments

Royalty payments to landlords are recognised in the income statement as they accrue, based on the terms of the agreement with the landlord at each site.

1 **Accounting policies** *(continued)*

1.15 *Other operating income*

Other operating income represents management fees received from related parties less management fees paid to related parties and are calculated in accordance with the Group's Transfer Pricing policy.

Notes to the Financial Statements

1 Accounting policies *(continued)*

1.16 *Finance costs*

Finance costs are recognised in the income statement as they accrue, using the effective interest method. Costs incurred in raising finance are capitalised and amortised over the borrowing term. Additional costs incurred due to the redemption of a facility are charged to the income statement in the year in which they are incurred.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time (more than 12 months) to be prepared for use, are capitalised as part of the cost of that asset.

1.17 *Finance income*

Finance income arises on cash deposits and funds invested and is recognised in the income statement as it accrues, using the effective interest method.

1.18 *Employee benefits*

Wages and Salaries and Other short-term obligations

All liabilities in respect of employees' wages and salaries for services rendered, including annual leave are expected to be discharged within 12 months of the end of the reporting period in which these services were rendered. Amounts are measured at the amount expected to be paid when the liabilities are settled.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

1.19 *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax and is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes to the Financial Statements

1 Accounting policies *(continued)*

1.20 *Critical Accounting estimates and judgements*

In the process of applying the Group's accounting policies, management necessarily makes judgments and estimates that have a significant impact on the values recognised in the financial statements. Changes in the assumptions underlying these judgments and estimates could result in a significant impact to the financial statements.

The most critical of these accounting estimates are explained below.

Impairment

In assessing impairment, judgment is required to establish whether there have been indicators of impairment for all amortising and depreciating non-current assets.

We assess whether the carrying values of intangible assets and property, plant and equipment are recoverable. In this assessment, we make significant judgments and estimates to determine if the future cash flows expected to be generated by those assets (value in use) are less than their carrying value. The data necessary for the impairment tests are based on our strategic plans and our estimates of future cash flows, which require estimating revenue growth rates, profit margins future wind conditions, future pricing and cost inflation. The estimated cash flows are discounted using a net present value technique with business-specific discount rates.

Estimation of useful economic life

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the income statement. The useful lives and residual values of the Group's assets are determined by management at the time the asset is acquired and is based on the shorter of technical life, economic life and contractual rights. This then reviewed annually for appropriateness and extended to the extent that the contractual rights allow it to be extended.

Decommissioning provision

Amounts used in recording a provision for decommissioning of wind farms are estimates based on current legal and constructive requirements. Due to changes in relation to these items, the future actual cash outflows in relation to decommissioning are likely to differ in practice. To reflect the effects due to changes in legislation, requirements and technology and price levels, the carrying amounts of decommissioning provisions are reviewed on an annual basis. The effects of changes in estimates do not give rise to prior year adjustments and are dealt with prospectively over the estimated remaining useful lives for each wind farm. While the Group uses its best estimates and judgement, actual results could differ from these estimates. In estimating decommissioning provisions, the Group applies annual inflation rates of 3.88% to 10.20% and discount rates of 3.64% to 10.20%.

ROC recycle

The confirmed price for ROC recycle income is not known until after the balance sheet date. As such, income is recognised based on an estimated unit price as provided by an industry leading independent third party.

1.21 Adopted IFRS not yet applied

Other accounting standards and interpretations have been published and will be mandatory for the Group's accounting period beginning on or after 1 January 2023 or later periods. The impact of these standards is not expected to be material to the reported results and financial position of the Group.

Notes to the Financial Statements

2 Revenue

The group derives revenue from the sale of electricity generated from onshore wind turbines in the UK. Other sources of revenue include curtailment, liquidated damages and temporary agreements.

	2022 £000	2021 £000
Income from external customers	195,908	142,096
Other sources of revenue	1,321	2,337
	197,229	**144,433**

Economic factors that can affect the nature and uncertainty of revenue are the impact of the wholesale energy price on our variable price PPAs. The majority of our PPAs are fixed and others are affected by changes in the traded power market price.

For any revenue stream driven by generation (Traded Power, BSUoS), the performance obligation is satisfied by the transfer of power within the month. This is reconciled in the month of invoicing through receipt of a customer statement, the VEL invoice, and subsequent payment. For the ROC Buyout, the performance obligation is satisfied by the transfer of ROCs from Ofgem to the customer. Both VEL and the customer receive notice of this.

3 Operating profit

Included in operating profit are the following:

	2022 £000	2021 £000
Depreciation of property, plant and equipment	32,046	28,533
- which includes depreciation of right-of-use assets	3,236	2,509
Amortisation of intangible fixed assets	40,484	41,226
Payments to landlords for royalties	9,519	9,586

Auditors' remuneration:

	2022 £000	2021 £000
Audit of these financial statements	250	250

Other than audit fees no amounts were payable to the company's auditors during the year.

Notes to the Financial Statements

4 Staff numbers and costs

The average number of persons (including executive directors) employed by the Group was as follows:

	Number of Employees	
	2022	**2021**
Operations	33	22
Asset Management	17	17
Administration	35	29
	85	68

No persons are employed directly by the company (2021: nil).

The aggregate payroll costs of these persons were as follows:

Amounts payable in respect of employees (excluding directors):

	2022 £000	**2021 £000**
Wages and salaries	7,096	4,417
Social security costs	389	281
Other pension costs	486	253
	7,971	**4,951**

Amounts payable in respect of directors:

Directors' salaries	843	843
Compensation for loss of office	-	140
Directors' social security costs	196	271
Directors' – total salary costs	1,039	1,254
Directors' fees	-	-
Directors' bonus	558	480
Other pension costs	79	85
	1,676	**1,819**

Notes to the Financial Statements

4. Staff numbers and costs ***(continued)***

No defined contribution pension payments were outstanding at the year end.

Information regarding payments to key management personnel, defined as the senior management team:

	2022 £000	2021 £000
Short term employee benefits	2,059	2,183
Other pension costs	96	85
	2,155	2,268

Information regarding the highest paid director is as follows:

	2022 £000	2021 £000
Emoluments	1,002	897
Other pension costs	45	45

5 Finance income and expense

Recognised in the income statement

	2022 £000	2021 £000
Finance income		
Bank and other interest receivable	2	-
Interest on swaps	230	-
Total finance income	**232**	-
Finance expense		
Interest payable on loans and borrowings	(14,413)	(8,097)
Interest payable on loans from related parties	(10,196)	(11,688)
Interest on lease liability	(1,883)	(1,845)
Interest on swaps	-	(5,555)
Amortisation of debt issue costs	(1,675)	(1,669)
Unwinding of discount on decommissioning provision	(1,831)	(747)
Total finance expense	**(29,998)**	**(29,601)**

Notes to the Financial Statements

6 Taxation

Recognised in the income statement

	2022 £000	2021 £000
Current tax expense:		
Current year	11,912	6,251
Adjustments in respect of prior periods	(202)	4,118
Current tax expense	11,710	10,369
Deferred tax (credit) / expense:		
Origination and reversal of temporary differences	(2,360)	(5,405)
Restatement of Deferred Tax balances at 25%	(1,065)	25,399
Adjustments in respect of prior periods	275	(229)
Deferred tax (credit) / expense	(3,150)	19,765
Total tax charge	**8,560**	**30,134**

Income tax recognised in other comprehensive income

	2022 £000	2021 £000
Change in fair value of cash flow hedges	9,405	4,260
	9,405	**4,260**

Notes to the Financial Statements

6 Taxation *(continued)*

Reconciliation of effective tax rate

	2022 £000	2021 £000
Profit/(Loss) for the year before taxation	30,743	(3,773)
Tax using the UK corporation tax rate of 19% (2021: 19%)	5,841	(716)
Permanent timing adjustments	2,260	1,241
Impact of difference between CT and DT rate	1,451	321
Adjustments in respect of prior periods	73	3,889
Change in recognition of deferred tax assets	-	-
Impact of restating deferred tax balances at new DT rate	(1,065)	25,399
Total tax charge	**8,560**	**30,134**

On 3 March 2021, the UK Government announced a change in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The 25% rate was substantively enacted on 10 June 2021. The deferred tax balances at 31 December 2022 have been measured using the rates that apply in the periods when the underlying timing differences, on which deferred tax is recognised, are expected to unwind.

Notes to the Financial Statements

7 Property, plant and equipment

Group	Wind farm assets £000	Decomm-issioning assets £000	Office Equipment £000	Office Building £000	Motor Vehicles £000	Total £000
Cost						
At 1 January 2021	508,054	43,894	486	1,446	163	554,043
Additions	7,212	906	-	-	-	8,119
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
At 31 December 2021	**515,266**	**44,800**	**486**	**1,446**	**163**	**562,162**
At 1 January 2022	515,266	44,800	486	1,446	163	562,162
Additions	1,969	106	40	-	-	2,115
Change in estimate		(9,011)				(9,011)
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
At 31 December 2022	**517,236**	**35,895**	**526**	**1,446**	**163**	**555,266**
Accumulated Depreciation						
At 1 January 2021	100,456	10,491	167	289	82	111,485
Charge for the year	25,036	3,294	-	163	41	28,533
At 31 December 2021	**125,492**	**13,784**	**167**	**452**	**122**	**140,018**
At 1 January 2022	125,492	13,784	167	452	122	140,018
Charge for the year	29,771	2,077	15	142	41	32,046
At 31 December 2022	**155,264**	**15,861**	**182**	**594**	**163**	**172,064**
Net book value						
At 31 December 2022	**361,972**	**20,034**	**344**	**852**	**-**	**383,202**
At 31 December 2021	389,774	31,016	319	994	41	422,144

Notes to the Financial Statements

8 Leases

The Group has lease contracts for windfarm assets used in the operations. The amounts recognised in the financial statements in relation to the leases are as follows:

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Group	2022 £000	2021 £000
Right-of-use assets		
Windfarm assets	31,827	31,630
Office building	852	994
Motor vehicles	-	41
	32,679	32,665
Lease liabilities		
Current	2,564	2,370
Non-current	41,436	40,842
	44,000	43,212

Right-of-use assets are included in Windfarm Assets, Office Building and Motor Vehicles (Note 7).

There were no additions to the right-of-use assets during the 2022 financial year (2021: £nil).
There were also remeasurements, due to changes in the Retail Price Index and Consumer Price Index, of £3,271,000 (2021: £1,095,000).

Notes to the Financial Statements

8 Leases *(continued)*

(ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2022 £000	2021 £000
Depreciation charge of right-of-use assets		
Wind farm assets	3,053	2,305
Office building	142	163
Motor vehicles	41	41
	3,236	2,509
Interest expense (Note 5)	1,883	1,845
Expenses relating to variable lease payments not included in lease payments	5,038	5,398
Future minimum lease payments as at 31 December 2022 are as follows:		
Not later than one year	4,429	4,106
Later than one year and not later than five years	18,420	17,135
Later than five years	36,826	38,125
Total gross payments	59,675	59,366
Impact of finance expense	(15,675)	(16,154)
Carrying amount of liability	44,000	43,212

The total cash outflow for leases in 2022 was £11,216,000 (2021: £8,718,000).

The leases include windfarms, motor vehicles and an office building. Rental contracts are typically made for fixed periods of 6 months to 30 years, although there may be options to extend.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Notes to the Financial Statements

9 Intangible assets

Group	Wind Usage Rights £000	Goodwill £000	Software £000	Total £000
Cost				
At 1 January 2021	579,543	66,789	110	646,442
Transfers	-	-	175	175
At 31 December 2021	579,543	66,789	285	646,617
At 1 January 2022	579,543	66,789	285	646,617
Additions	-	-	1,231	1,231
At 31 December 2022	579,543	66,789	1,516	647,848
Accumulated Amortisation				
At 1 January 2021	161,315	-	22	161,337
Charge for the year	41,204	-	22	41,226
At 31 December 2021	202,519	-	44	202,563
At 1 January 2022	202,519	-	44	202,563
Charge for the year	40,290	-	194	40,484
At 31 December 2022	242,809	-	238	243,047
Net book value				
At 31 December 2022	**336,734**	**66,789**	**1,278**	**404,801**
At 31 December 2021	377,024	66,789	241	444,054

Notes to the Financial Statements

9 Intangible assets *(continued)*

Amortisation charge

The amortisation charge is recognised in the following line items in the income statement:

	2022 £000	2021 £000
Administrative expenses	40,484	41,226
	40,484	**41,226**

Wind usage rights:

Wind usage rights represent the combination of the Renewable Energy Certificates and Power Purchase Agreements in place at each site at the time of acquisition. The remaining amortisation periods range from 2 to 23 years.

At the end of each year, the Group assesses the assets of the windfarms, including wind usage rights, for impairment as described in note 1, by first assessing whether there have been any indicators (both internal and external) that an impairment has occurred. Impairment assessments are considered at individual site level, which is considered an appropriate cash generating unit for this test.

No impairments of assets were identified as a result of the assessments conducted.

Goodwill:

Goodwill is tested for impairment each year.

The goodwill has been allocated to one cash generating unit (CGU) as it arose as part of the same transaction in 2017 on the acquisition of the Mobius wind farms. The impairment assessment was conducted to compare the carrying value of the CGU to the net present value of the future cash flows it is expected to generate, discounted at a rate that management have determined reflects the specific risks relating to the business. The Group forecasts CGU cash flows to the expected end of the wind farm useful lives. The pre-tax discount rate used was 7.10%. Other key assumptions used in the calculation of recoverable amounts are the future forecasted pricing and generation, both of which are based on external sources. The values assigned to the key assumptions therefore represent management's assessment of future trends in the industry and were based on both internal and external sources (prospective and historical data). This impairment test demonstrated that there was significant headroom over the carrying value of the goodwill, and no impairment was required.

The value in use has been assessed for sensitivities, and it was concluded that no reasonable sensitivity applied to the key assumptions of forecast pricing and generation or discount rate give rise to an impairment charge.

Notes to the Financial Statements

10 Investments

Company

	2022 £000	2021 £000
Cost		
At 1 January	351,908	351,908
Additions	-	-
Balance at 31 December	351,908	351,908
Impairment		
At 1 January	-	-
Provisions for the year	-	-
At 31 December	-	-
Net book value		
At 31 December	**351,908**	**351,908**

Notes to the Financial Statements

10 Investments ***(continued)***

The Group and Company have the following investments in subsidiaries:

	Country of incorporation	Class of shares held	2022	2021
Directly held by the Company				
Mobius Wind Holdings Limited	England and Wales	Ordinary	100%	100%
Mobius Wind Holdings 2 Limited	England and Wales	Ordinary	100%	100%
Ventient Energy Services Limited	Scotland	Ordinary	100%	100%
Headwind Development Services Limited	England and Wales	Ordinary	100%	100%
Indirectly held by the Company				
Zephyr Investments Limited	England and Wales	Ordinary	100%	100%
Ardrossan Wind Farm (Scotland) Limited	Scotland	Ordinary	100%	100%
A'Chruach Wind Farm Limited	England and Wales	Ordinary	100%	100%
Bears Down Windfarm Limited	England and Wales	Ordinary	100%	100%
Blackstone Edge Wind Farm Limited	England and Wales	Ordinary	100%	100%
Beaufort Wind Limited	England and Wales	Ordinary	100%	100%
Causeymire Windfarm Limited	Scotland	Ordinary	100%	100%
Dalswinton Windfarm (Scotland) Limited	Scotland	Ordinary	100%	100%
Ffynnon Oer Windfarm Limited	England and Wales	Ordinary	100%	100%
Farr Windfarm Limited	Scotland	Ordinary	100%	100%
Galawhistle Wind Farm Limited	England and Wales	Ordinary	100%	100%
Gordonstown Hill Wind Farm Limited	England and Wales	Ordinary	100%	100%
Glenkerie Wind Farm Limited	England and Wales	Ordinary	100%	100%
Hill of Fiddes Wind Farm Limited	England and Wales	Ordinary	100%	100%
Lissett Airfield Wind Farm Limited	England and Wales	Ordinary	100%	100%
Low Spinney Wind Farm Limited	England and Wales	Ordinary	100%	100%
Minsca Windfarm (Scotland) Limited	Scotland	Ordinary	100%	100%
Mynydd Clogau Windfarm Limited	England and Wales	Ordinary	100%	100%
North Steads Wind Farm Limited	England and Wales	Ordinary	100%	100%
Rheidol Wind Farm Limited	England and Wales	Ordinary	100%	100%
Sisters Wind Farm Limited	England and Wales	Ordinary	100%	100%
Seamer Wind Farm Limited	England and Wales	Ordinary	100%	100%
Tedder Hill Wind Farm Limited	England and Wales	Ordinary	100%	100%
Westfield Wind Farm Limited	England and Wales	Ordinary	100%	100%
Wingates Wind Farm Limited	England and Wales	Ordinary	100%	100%
Mobius Estates Limited	England and Wales	Ordinary	100%	100%
Polwhat Gallow Rig Holdco Limited	Scotland	Ordinary	100%	100%
Polwhat Rig Windfarm Limited	Scotland	Ordinary	100%	100%
Gallow Rig Windfarm Limited	Scotland	Ordinary	100%	100%
Mobius Renewables Generation (GB) Limited	Scotland	Ordinary	100%	100%
Mobius Renewables Generation (GB2) Limited	England and Wales	Ordinary	100%	100%

Notes to the Financial Statements

10 Investments *(continued)*

Companies in liquidation		
Maestro (Holdings 1) Limited	England and Wales	Ordinary
Jupiter Acquisitions Limited*	England and Wales	Ordinary
Ardrossan Wind Farm (Scotland) (Holdings) Limited	Scotland	Ordinary
Mobius Argyle Limited	England and Wales	Ordinary
Mobius Gala Limited	England and Wales	Ordinary
North Steads Wind Farm Holdings Limited	England and Wales	Ordinary

*Jupiter Acquisitions Limited was dissolved on 12 March 2023

The Company owned 100% of the ordinary share capital of all directly and indirectly owned subsidiaries at 31 December 2022 and 2021. The registered address for all companies incorporated in England and Wales above is Connect House, 133-137 Alexandra Road, Wimbledon, London, SW19 7JY, the registered address for all companies incorporated in Scotland above is 50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ.

Under S479A of the Companies Act 2006, all subsidiary companies are exempt from audit with a guarantee by Ventient Energy Limited.

Notes to the Financial Statements

11 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

Group

	Assets 2022 £000	Liabilities 2022 £000	Assets 2021 £000	Liabilities 2021 £000
Property, plant and equipment	-	49,800	-	50,625
Intangible assets	-	79,472	-	88,120
Derivative financial liabilities	-	9,155	(250)	-
Tax value of losses carried forward	(6,629)	-	(9,345)	-
IFRS 16	(2,017)	-	(2,165)	-
Corporate interest relief	(6,306)	-	(9,765)	-
Tax (assets) / liabilities	(14,952)	138,427	(21,525)	138,745
Net tax liabilities	-	**123,475**	-	**117,220**

Movement in deferred tax during the year	1 January 2022 £000	In other comprehensive income £000	In income statement £000	31 December 2022 £000
Property, plant and equipment	50,625	-	(825)	49,800
Intangible assets	88,120	-	(8,648)	79,472
Derivative financial liabilities	(250)	9,405	-	9,155
Tax value of loss carry-forwards utilised	(9,345)	-	2,716	(6,629)
IFRS 16	(2,165)	-	148	(2,017)
Corporate interest relief	(9,765)	-	3,459	(6,306)
	117,220	**9,405**	**(3,150)**	**123,475**

	1 January 2021 £000	In other comprehensive loss £000	In income statement £000	31 December 2021 £000
Property, plant and equipment	37,839	-	12,786	50,625
Intangible assets	77,156	-	10,964	88,120
Derivative financial liabilities	(4,510)	4,260	-	(250)
Tax value of loss carry-forwards utilised	(8,051)	-	(1,294)	(9,345)
IFRS 16	(1,762)	-	(403)	(2,165)
Corporate interest relief	(7,477)	-	(2,288)	(9,765)
	93,195	**4,260**	**19,765**	**117,220**

Notes to the Financial Statements

11 Deferred tax assets and liabilities *(continued)*

Company

	Assets / (Liabilities) 2022 £000	Assets 2021 £000
Derivative financial liabilities	(9,155)	250
Corporate interest relief	898	4,060
Tax (liabilities) / assets	**(8,257)**	**4,310**

Movement in deferred tax during the year	1 January 2022 £000	In Other Comprehensive loss £000	31 December 2022 £000
Derivative financial liabilities	250	(9,405)	(9,155)
Corporate interest relief	4,060	(3,162)	898
	4,310	**(12,567)**	**(8,257)**

	1 January 2021 £000	In Other Comprehensive loss £000	31 December 2021 £000
Derivative financial liabilities	4,510	(4,260)	250
Corporate interest relief	3,086	974	4,060
	7,596	**(3,286)**	**4,310**

Neither the Group nor the Company has any unrecognised tax losses and there is no time limit on the expiry of recognised tax losses.

Notes to the Financial Statements

12 Trade and other receivables

	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Amounts owed by related parties	13,019	433	5,908	433
Amounts owed by group undertakings	-	767,495	-	851,590
Trade receivables	25,505	-	8,181	-
Accrued income	67,401	-	37,141	-
Other receivables	2,988	149	1,321	93
Prepayments	2,072	-	3,254	-
	110,985	**768,077**	**55,805**	**862,116**

The increase in accrued income is principally due to significant increases in both Traded Power and ROC Recycle prices in 2022, plus some additional invoicing which was re-issued in 2023.

13 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. Information relating to interest rates and liquidity is included in note 18.

Group and Company	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Current liabilities				
Secured bank loans	48,980	48,980	45,470	45,470
	48,980	**48,980**	**45,470**	**45,470**
Non-current liabilities				
Secured bank loans	367,696	367,696	407,656	407,656
Amounts owed to related parties	112,762	112,762	127,690	127,690
	480,458	**480,458**	**535,346**	**535,346**

At 31 December 2022 the carrying value of the debt included £7,325,000 (2021: £9,000,000) of unamortised capitalised transaction fees. Amounts owed to related parties are 8.5% loan notes due 2037.

The Group had undrawn borrowing facilities at 31 December 2022 of £47,500,000 (2021: £44,000,000), £8,820,000 (2021: £11,000,000) of the RCF facility was in use to cover issued Letters of Credit.

Notes to the Financial Statements

14 Trade and other payables

	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Current				
Trade payables	4,609	123	6,616	20
Accrued expenses	23,641	925	16,840	6,010
Amounts due to group undertakings	-	279,488	-	282,242
Other payables	10,300	104	3,205	-
	38,550	**280,640**	**26,661**	**288,272**

15 Derivatives

	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Interest rate swaps	36,622	36,622	(1,001)	(1,001)
	36,622	**36,622**	**(1,001)**	**(1,001)**

Interest Rate Swaps

During December 2017 VEL entered into agreements with its lending consortium of banks to hedge the loan funding provided by the consortium for the period of the loan: December 2017 to December 2027.

The loan interest is hedged at 92% of the notional outstanding loan principal at each six-month period for the tenure of the loan. The nominal amount of the interest rate swaps changes every 6 months to reflect the profile of the outstanding loan principal. It decreases from £369,513,000 as at 1 January 2023 to the final balance of £161,820,000 as at 1 July 2027 prior to the end of the swap agreement in December 2027. The hedge is considered to be effective on the basis that the key terms of the interest rate swaps are consistent with those of the loan. The interest rate swaps are expected to be effective for their duration

Notes to the Financial Statements

16 Provisions

Group

	Decommissioning provision £000
At 1 January 2021	59,397
Additions	864
Unwinding of discounted amount	747
Balance at 31 December 2021	**61,008**
Non-current	61,008
Current	-
At 1 January 2022	61,008
Additions	106
Unwinding of discounted amount	1,831
Remeasurement	(9.043)
Balance at 31 December 2022	**53,902**
Non-current	53,902
Current	-

Decommissioning provision

The provision for the decommissioning of the wind farm represents the net present value of the Group's best estimate of the costs to decommission the wind farm at the end of its useful life. The provisions were re-estimated at the end of the year based on an Independent Decommissioning Study prepared by DNV Services in January 2023.

The closing provision has been discounted to its present value for each wind farm separately, based on the yield on a UK gilt maturing at the end of each wind farm's economic life (between 2024 and 2042).

Decommissioning assets are recognised to match the decommissioning liability, refer to Note 7. Unwinding of discount amount is recognised only in the decommissioning liability.

Notes to the Financial Statements

17 Capital and reserves

Share capital

In thousands of shares	Ordinary shares 2022	Ordinary shares 2021
Issued for cash	42,495	42,495
On issue at 31 December – fully paid	**42,495**	**42,495**

	2022 £000	2021 £000
Allotted, called up and fully paid		
Ordinary shares of £1.00 each	42,495	42,495
	42,495	**42,495**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Capital contribution reserve

The capital contribution reserve arose on the Business Combination Under Common Control of the Zephyr portfolio transaction.

Accumulated losses

This reserve account records accumulated losses

Group

	2022 £000	2021 £000
Balance 1 January	76,671	42,763
Net (profit) / loss for the year	(22,183)	33,908
At 31 December	54,488	76,671

Notes to the Financial Statements

18 Financial instruments

Capital management

The Group's policies seek to match long-term assets with long-term finance and to ensure that there is sufficient working capital to meet the Group's commitments as they fall due, comply with the loan covenants and continue to sustain trading. Management will continue to monitor actual cash flows against approved cash flow forecasts.

Financial instruments comprise trade and other receivables, amounts receivable from related parties, cash and cash equivalents, loans and borrowings, trade and other payables and provisions. Financial instruments give rise to credit, liquidity and interest rate risks. Information about these risks and how they are managed is set out below.

Financial instruments – measurement

Financial instruments are classified into the following levels based upon the degree to which fair value is obtainable:

Level 1 – those fair values derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – those fair values derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – those fair values derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of derivative financial instruments is based on broker quotes and classified as Level 2. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

In the opinion of the Directors, the carrying value of all material financial instruments is deemed to be a reasonable approximate of the fair value.

Notes to the Financial Statements

18 Financial instruments *(continued)*

The following table presents the carrying values and the fair values of financial instruments carried at amortised cost on the balance sheet, except interest rate swaps valued at fair value.

Group

	Carrying Value 2022 £000	Fair Value 2022 £000	Carrying Value 2021 £000	Fair Value 2021 £000
Assets measured at amortised cost				
Cash and cash equivalents	15,054	15,054	11,602	11,602
Amounts owed by related parties	13,019	13,019	5,909	5,909
Trade receivables	25,505	25,505	8,181	8,181
Accrued income	67,401	67,401	37,141	37,141
Other receivables	2,988	2,988	1,321	1,321
Assets held at fair value				
Interest rate swaps	36,622	36,622	-	-
Total financial assets	**160,589**	**160,589**	**64,154**	**64,154**
Liabilities measured at amortised cost				
Trade payables	4,609	4,609	6,615	6,615
Accrued expenses	23,641	23,641	16,840	16,840
Leases	44,000	44,000	43,212	43,212
Interest bearing loans	416,676	488,576	453,127	509,723
Amounts payable to related parties	112,762	247,137	127,690	296,793
Other payables	10,300	10,300	3,205	3,205
Liabilities held at fair value				
Interest rate swaps	-	-	1,001	1,001
Total financial liabilities	**611,988**	**818,263**	**651,690**	**877,389**

Due to the nature of cash and cash equivalents and the short-term nature of trade receivables, their carrying amount is considered to be the same as their value.

The carrying amounts of trade and other payable, accrued expenses and interest payable are considered to be the same as their fair values, due to their short-term nature. See note 8 for information on lease liabilities.

Notes to the Financial Statements

18 Financial instruments *(continued)*

Interest bearing loans and amounts payable to related party fair values were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter-party credit risk.

The amounts stated above in respect of amounts owed by related parties, accrued income, other receivables, prepayments and other payables were not disclosed in the 2020 financial statements, but have been disclosed in these financial statements, including the comparative amounts for 2020.

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Market risk – interest rate risk

The Group adopts a policy of ensuring that at least 80% of its exposure to changes in interest rates on borrowings is on a fixed-rate basis, taking into account assets with exposure to changes in interest rates. The Group enters into and designates interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

Sensitivity analysis on interest rates
The Group's treasury department is responsible for managing the interest rate risk associated to activities developed by the Group, contracting derivative financial instruments to mitigate this risk. Given that 92% of the variable portion of debt is covered by hedging the directors consider that any interest rate risk is negligible and detailed sensitivity analysis is not required.

Credit risk

Policies are in place to ensure that the sale of generated electricity is made to customers with appropriate credit ratings. These ratings are monitored to determine if there has been a significant increase in credit risk since initial recognition, due to either or both, a change in the credit rating of the counterparty or instances of default, where the counterparty fails to make payments within 60 days of when they fall due.

Credit quality of financial assets and impairment losses

The ageing of trade receivables at the balance sheet date was:

	2022		2021	
	£000	£000	£000	£000
	Gross	Provisions	Gross	Provisions
Not past due	2,760	-	3,613	-
Past due 1 – 3 months	13,471	-	3,386	-
3-6 months	3,218	10	1,192	10
Past 6 months	6,076	10	10	10
	25,525	20	8,201	20

Notes to the Financial Statements

18 Financial instruments *(continued)*

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Short-term liquidity is reviewed daily by the Treasury function, while the longer-term liquidity position is reviewed on a regular basis by the Board. The Group's Treasury function is also responsible for managing the banking requirements of the Group, risk management relating to interest rate risk, and managing the credit risk relating to the banking counterparties with which it transacts, including ensuring compliance with any banking covenants. The Group can have significant movements in its liquidity position due to movements in electricity prices and working capital requirements.

The Group's policy is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Company's reputation. The Group finances activities with cash from operating activities.

The following are the contractual maturities of financial liabilities (all sterling denominated), including estimated interest payments and excluding the effect of netting agreements:

At 31 December 2022	Nominal interest rate	Year of maturity	Carrying value £000	Cash flows £000	In less than one year £000	Between two and five years £000	In more than five years £000
Non-derivative financial liabilities							
Trade payables		2023	4,609	4,609	4,609	-	-
Accrued expenses		2023	23,641	23,641	23,641	-	-
Interest payable		2023	-	-	-	-	-
Interest bearing borrowings	1.7%+SONIA+CAS	2027	416,676	508,185	74,467	433,718	-
Amounts owed to related party	8.5%	2037	112,762	256,533	9,584	38,339	208,610
Leases			44,000	59,675	4,429	18,420	36,826
Total			**601,688**	**852,643**	**116,730**	**490,477**	**245,436**

Notes to the Financial Statements

18 Financial instruments *(continued)*

At 31 December 2022	Year of maturity	Cash flows £000	In less than one year £000	Between two and five years £000	In more than five years £000
Derivative financial liabilities					
Cash flow hedge	2027	1,097	173	492	432
Total		**1,097**	**173**	**492**	**432**

At 31 December 2021	Nominal interest rate	Year of maturity	Carrying value £000	Cash flows £000	In less than one year £000	Between two and five years £000	In more than five years £000
Non-derivative financial liabilities							
Trade payables		2021	6,615	6,615	6,615	-	-
Accrued expenses		2021	16,840	16,840	16,840	-	-
Interest payable		2021	-	-	-	-	-
Interest bearing borrowings	1.6%+LIBOR	2027	453,127	495,213	54,902	232,203	208,108
Amounts owed to related party	8.5%	2037	127,690	301,348	10,854	43,414	247,080
Leases			43,212	59,366	4,106	17,135	38,125
Total			**647,484**	**879,382**	**93,317**	**292,752**	**493,313**

Notes to the Financial Statements

18 Financial instruments ***(continued)***

At 31 December 2021	**Year of maturity**	**Cash flows £000**	**In less than one year £000**	**Between two and five years £000**	**In more than five years £000**
Derivative financial liabilities					
Cash flow hedge	2027	1,270	173	492	605
Total		**1,270**	**173**	**492**	**605**

Notes to the Financial Statements

19 Related party transactions

Related party transactions occurring during the year and balances outstanding at the year-end are as follows:

Outstanding receivable / (payable)

	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Receivables				
Ventient Energy S.a.r.l.	9,577	-	970	-
Mobius Renewables Midco (Jersey) Limited	433	433	433	433
Ventient Energy Europe Finco Sarl	3,009	-	1,120	-
Beta Participaciones Iberica SLU	-	-	938	-
IEL Exploitation 23	-	-	94	-
Beta Renewables France, SAS	-	-	427	-
EP10 SAS	-	-	65	-
Windpark Spremberg GmbH	-	-	98	-
Ventient Lubbow-Bosel GmbH	-	-	79	-
Ventient Schweskau GmbH	-	-	70	-
Ventient Torbringen GmbH	-	-	24	-
Windpark Mastershausen GmbH	-	-	60	-
Windpark Mastershausen II GmbH	-	-	31	-
Windpark Buren GmbH	-	-	87	-
Windpark Springe-Bennigsen GmbH	-	-	44	-
Ventient Windpark Dabern GmbH	-	-	18	-
Ventient Windpark Eisterwerda GmbH	-	-	9	-
Ventient Windpark Woschkow GmbH	-	-	17	-
Ventient Windpark Lausitz GmbH	-	-	79	-
Ventient Energy Servicos SA	-	-	1,246	-
	13,019	**433**	**5,909**	**433**

	Group 2022 £000	Company 2022 £000	Group 2021 £000	Company 2021 £000
Payables				
8.5% 2037 Loan notes - Ventient Energy UK Holdco Limited	**(112,762)**	**(112,762)**	**(127,690)**	**(127,690)**

During the year payments were made relating to loan notes totalling £29,343,000 and comprising: capital repayment £14,928,000, annual loan interest £10,196,000 and deferred loan interest £4,219,000 (2021: £31,471,000: capital repayment £19,784,000 and annual loan interest £11,687,000). Loan notes are payable to Ventient Energy UK Holdco Limited, a company within the wider European Group

Notes to the Financial Statements

19 Related party transactions *(continued)*

During the year net management fees of £10,036,000 (2021: £298,000) were billed to related companies within the wider European Group, as follows:

Fees/associated costs during the year

	Fees 2022 £000	Costs 2022 £000	Net 2022 £000	Net 2021 £000
Ventient Energy S.a.r.l.	11,139	1,102	10,037	67
Beta Participaciones Iberica SL	-	-	-	60
IEL Exploitation 23	-	-	-	6
Beta Renewables France, SAS	-	-	-	30
EP10 SAS	-	-	-	4
Windpark Spremberg GmbH	-	-	-	7
Ventient Lubbow-Bosel GmbH	-	-	-	6
Ventient Schweskau GmbH	-	-	-	5
Ventient Torbringen GmbH	-	-	-	1
Windpark Mastershausen GmbH	-	-	-	3
Windpark Mastershausen II GmbH	-	-	-	3
Windpark Buren GmbH	-	-	-	6
Windpark Springe-Bennigsen GmbH	-	-	-	3
Ventient Windpark Dabern GmbH	-	-	-	2
Ventient Windpark Eisterwerda GmbH	-	-	-	1
Ventient Windpark Woschkow GmbH	-	-	-	1
Ventient Windpark Lausitz GmbH	-	-	-	6
Ventient Energy Servicos SA	-	-	-	87
	11,139	1,102	10,037	298

20 Capital commitments and guarantees

The group had unexpired Letters of Credit totaling £8,820,000 at 31 December 2022 (2021: £10,600,000).

Notes to the Financial Statements

21 Ultimate parent company and controlling party

The immediate parent company is Ventient Energy UK Holdco Limited incorporated on the 28th November 2019.

The smallest and largest group to consolidate these financial statements is Ventient Energy Sarl, a Luxembourg registered entity which has a registered address of 11 Boulevard De la Foire, L-1528 Luxembourg.

The ultimate parent company is IIF International Holding LP, an entity 100% owned by institutional investors and so there is no ultimate controlling party. IIF International Holding LP is a Cayman Islands exempted limited partnership advised by JP Morgan Investment Management, a registered investment advisor regulated by the US Securities and Exchange Commission and which is a wholly owned subsidiary of JPM Morgan Chase & Co.

22 Post Balance Sheet Event

On 27 June 2023 Ventient Energy and Renantis - owned by institutional investors advised by the Global Infrastructure group at J.P. Morgan Asset Management – announced that they intend to join forces to form one of the largest renewable independent power producers (IPPs) in Europe.

The intended combined organisation will have a total of 4.2GW of installed capacity across 200 plants and will become one of the top five European onshore wind IPPs, operating a diversified portfolio of onshore wind farms, solar plants and energy storage facilities across nine countries in Europe and the USA.

The companies have begun the integration process and expect to operate as a combined group in 2024.

The directors do not expect that the proposed combination will have a significant direct impact on the operating assets of the Group or its financing arrangements within the next twelve month period.