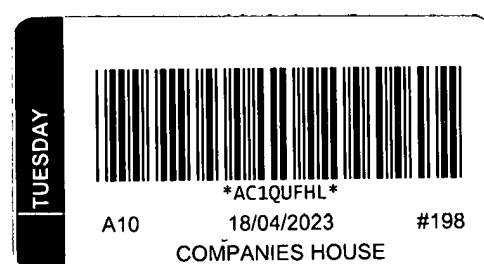


Registration number: 01589961

# Renewable Energy Systems Limited

Annual Report and Financial Statements

for the Year Ended 31 October 2022



## **Renewable Energy Systems Limited**

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## **Renewable Energy Systems Limited**

### **Company Information**

<b>Directors</b>	Mr D Hearth
	Mr I Hunter
	Mr E Medina Sanchez
	Ms R Ruffle
	Mr R Russell
	Ms L Whitford
<b>Company secretary</b>	Mr D Hearth
<b>Registered office</b>	Beaufort Court Egg Farm Lane Kings Langley Hertfordshire WD4 8LR
<b>Bankers</b>	Lloyds Bank PO Box 72 Bailey Drive Gillingham Business Park Gillingham Kent ME8 0LS
<b>Auditor</b>	Deloitte LLP 2 New Street Square London United Kingdom EC4A 3BZ

## **Renewable Energy Systems Limited**

### **Strategic Report for the Year Ended 31 October 2022**

The directors present their strategic report for the year ended 31 October 2022.

#### **Principal activity**

The principal activity of the Company is the provision of development, engineering, technical, procurement, project management and environmental services in relation to the development, construction, operation and maintenance of renewable energy projects and associated infrastructure.

The Company also provides engineering, technical and managerial support services to other companies in the Renewable Energy Systems Holdings Limited Group ("the Group").

#### **Fair review of the business**

The Company's vision is to create a future where everyone has access to affordable zero carbon energy. One of the principal ways in which the Company plans to achieve this is through its mission to innovate to reduce cost, create value and sustainable growth. Delivery of our vision and mission is underpinned by our values of Passion, Accountability, Collaboration and Excellence. These values define the Company's culture and enable its vision. The Directors actively promote the values, vision and culture of the Company and use them to create a motivational environment for all employees.

The Company continues to provide its project development, engineering, procurement, construction, operation and maintenance services to the onshore wind, offshore wind, solar PV, energy storage and green hydrogen industries. This includes wind and solar farms and battery storage systems in development, construction and operation in the United Kingdom and Ireland.

The Company provides engineering, technical and managerial services to support the growth of the Group. The Company holds investments in the Group's worldwide interest across wind energy, solar energy, storage systems, distributed energy and transmission.

The Company continues to see increased opportunities in the renewable energy market following a growing consensus of the need to move to renewables to reduce global emissions. Government and corporate commitments to reduce greenhouse gas emissions in accordance COP commitments, will require significant deployment of renewables and is a strong growth driver for the business.

The requirements for management of these renewable assets and operations & maintenance activity will grow as the installed base of renewables increases. The Company continues to focus on support services for these renewable assets and is growing this business by investing in technology to maximise value to the owners of operational sites.

Over the next decade the sizes of the markets in which we operate are forecasted to grow three times its current size as governments and corporations commit to limiting global warming. To take advantage of this opportunity and accelerate the growth of the business, the Company considered various methods to raise additional capital to support its growth. The Company concluded the sale of the French development and construction platform in October 2021 recording a profit on disposal of £630,865,000 raising significant capital to support its future growth plans.

## Renewable Energy Systems Limited

### Strategic Report for the Year Ended 31 October 2022

The Company's key financial and other performance indicators during the year were as follows:

	Unit	2022	2021
Turnover	£'000	107,855	97,627
(Loss)/profit after tax	£'000	(67,024)	692,248

Net assets at 31 October 2022 were £630.2 million (2021: £800.4 million). Cash in bank and in hand at 31 October 2022 totalled £182.1 million (2021: £649.7 million).

The decrease in net assets is driven by the loss after tax £67.0 million and dividends paid of £79.0 million. The decrease in cash in bank and in hand is primarily driven by the investment in corporate bonds £199.9 million, loans advanced £130.8 million, defined benefit pension contributions made of £22.5 million and an increase in equity investments £10.0 million.

The decrease in profit after tax compared to prior year was due to the profit from the sale of the Company's development, construction and generation activities in France, generating a profit on disposal of £630.8 million in 2021. In the current year the loss after tax is significantly impacted by net investment and loan write offs (where the carrying value of the Company's investments and loans exceed the recoverable value) of £73.9 million (2021: £7.7 million) and a reduction in dividend income (£0.2 million (2021: £99.7 million) offset by foreign exchange gains of £23.4 million (2021: £1.0 million losses).

In addition, the Company monitors a number of financial and non-financial Key Performance Indicators ("KPIs") by value stream: wind, solar, storage, asset management and operations and maintenance. These KPIs focus on the following areas: safety, people, sustainability, clients and operations and are tracked on a monthly basis, with accountability delegated to responsible Accountable Lead Managers.

The Company completed two developed wind projects totalling 96 MW, one developed solar projects totalling 134 MW and two storage projects totalling 100 MW. The Company also constructed wind and storage projects totalling 19 MW during the year.

## **Renewable Energy Systems Limited**

### **Strategic Report for the Year Ended 31 October 2022**

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

The directors believe the principal risks and uncertainties facing the Company continue to arise from the unpredictable duration of planning processes, health and safety risks, contracting risk, uncertainty associated with future wholesale electricity prices and credit risk.

The unpredictable duration of local permitting processes necessary to develop sites is a risk to the Company. This risk is mitigated by having a sufficient pipeline of development projects and close engagement with local stakeholders to ensure any concerns are appropriately addressed. Permitting is recognised as a key barrier to deployment of renewables and industry bodies and governments are working on streamlining processes to meet decarbonisation commitments.

The Company faces a variety of risks to health and safety across each business stream. The Company regards this risk with high importance and have a dedicated health and safety team who are responsible for mitigating and monitoring risks and ensuring compliance with the Company's policies and local regulations. Health and safety metrics are key performance indicators of the Company.

The coronavirus pandemic continues to be a challenge in some countries which may impact our supply chain. The situation has been, and continues to be, monitored closely by the Group Executive team. Since the start of the pandemic, the Company has seen a limited impact to its business with development sales, construction and support services activities continuing with increased health and safety measures.

The Company is exposed to risks in its construction and support services activities, that could impact on the delivery to clients on time, on budget and to the required specification. Rigorous policies and procedures are in place for mobilisation, monitoring and management of contract performance and maintains a focus on identifying and reporting risks at every stage of the contract. Regular contract reviews are undertaken at several levels within the business.

Development project sales are impacted by changes in the long term forecasted electricity price which have been significantly impacted by the war on Ukraine and energy security in Europe. This risk is monitored by the Group using appropriate project and risk reporting at project and Board level, with appropriate actions taken to minimise risks and by diversifying those activities by both geographical location and technology.

The transition to net zero carbon emissions will attract larger competitors and new entrants, who will be able to benefit from procurement scale and balance sheet strength. Recently we have seen large oil and gas majors significantly increasing their investment in the sector. The Company focuses on our strengths including flexibility, expertise and technical and engineering innovation which are considered industry leading. In addition, the Company's own capital raising exercise has increased its financial resilience.

## **Renewable Energy Systems Limited**

### **Strategic Report for the Year Ended 31 October 2022**

#### **Director responsibilities**

The Directors welcome the reporting requirements in relation to their duty under section 172 of the Companies Act 2006 and confirm they have acted in a way, in good faith, that would most likely promote the success of the Company for the benefit of its members as a whole, based on information available to them at the time. In doing so, directors have given regard to, amongst other matters, the:

- likely consequences of any decisions in the long-term;
- interest of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

The Company's vision and values are a fundamental foundation which underpins the actions taken and decisions made not just by directors, but by all our employees.

#### **Section 172 statement**

For the year ended 31 October 2022, the Company has applied the Wates Corporate Governance Principles for Large Private Companies. The Company has included the additional Corporate Governance disclosures within the Strategic Report and the Directors' Report.

#### *Purpose and leadership*

The Directors are responsible for effective decision-making with independent oversight. A Stage Gate Process has been developed to provide governance over key decision making. This process provides transparency and sets delegated approval limits to provide greater efficiency in the decision making process.

The Stage Gate Process mirrors the Company's values:

Passion - Authorising great projects and transactions to help achieve the Company's Mission

Accountability - Empowering people to ensure that decisions are made at the right level and not the highest level, with the right information, and involving the right expertise

Collaboration - Engaging different parts and levels of the organisation with the objective of delivering value for customers and for the Company

Excellence - The Company strives for excellence by talking to clients, understanding what they need and surpassing their expectations.

To support the decision making process, RES has a Major Transactions Committee (MTC), a subset of the Group Executive Committee, which approves key transactions, acquisitions and material commitments within the Company. The MTC is comprised of Eduardo Medina (Group Chief Executive Officer), Richard Russell (Chief Financial Officer), Dominic Hearth (Group General Counsel), Jaz Bains (Group Risk & Investment Director) and, depending on the business unit in which the opportunity arises, can also include Rachel Ruffle (CEO, EMEA Development and Construction) or Marco Perona (CEO, Support Services).

Prior to decisions being taken to MTC, RES also has a Risk & Investment Committee (RIC) which is comprised of a multi-disciplinary and diverse team, whom analyse the approval request and make a written recommendation to the MTC, with any key risks or uncertainties clearly highlighted.

## **Renewable Energy Systems Limited**

### **Strategic Report for the Year Ended 31 October 2022**

#### **Section 172 statement (continued)**

##### *Opportunity and risk*

The Directors are responsible for promoting the long-term sustainable success of the Company, identifying opportunities and establishing oversight for the identification and mitigation of risks.

The Directors promote and oversee the long-term sustainable success of the Company through the governance around key decisions with the established MTC described above and through three-year strategic forecasts prepared at business unit level and reviewed by the Group Executive Committee annually. The nature of the business also lends itself to sustainable success as the development pipeline requires investment several years in advance of when a sale is expected to be made. Therefore, the success of the Company is made over a long-term period rather than through short-term gains.

#### **Energy and carbon report**

As a renewable energy company, the Company is deeply aware of the implications of climate change, from evolving policies to new low-carbon technologies and enhanced physical risks. For over 40 years, addressing climate-related opportunities and risks has been, and continues to be, integral to how the Company conducts business and is embedded in its vision and company strategy.

In the last financial year, the Company avoided emissions of 1.2 million tonnes of carbon dioxide annually through its operations in construction and development in the UK.

The Company's definition of net zero emissions means that its business activity will not cause or result in the net release of greenhouse gases into the atmosphere. The Company recognises the urgency of the Climate Crisis and are on a journey to becoming even greener. The Company has aligned to the Science Based Target Initiative. This initiative champions the adoption of "science-based" greenhouse gas emission reduction targets in-line with what the latest climate science says is necessary to meet the goals of the Paris Agreement - to limit global warming to well-below 2°C above pre-industrial levels and pursue limiting warming to 1.5°C. This net zero strategy is strongly aligned to the Company's vision. For this financial year, the Company will also offset its direct emissions, indirect market-based emissions associated with electricity and employee business travel, for example, via supporting reforestation projects.

The Company have accreditation to ISO 14001, the environmental management system standard. The Company has recognition for its asset management services with the ISO 55001 certification. This ISO 55001 certification reflects the Company's capabilities in developing an active approach to lifecycle asset management.

## Renewable Energy Systems Limited

### Strategic Report for the Year Ended 31 October 2022

#### Energy Use, Emissions and Intensity Metrics

Data reported for the Streamlined Energy and Carbon Reporting requirements are quoted below.

	UK&I	UK&I
	FY2022	FY2021
Scope 1 emissions	95 tCO <sub>2</sub> e	98 tCO <sub>2</sub> e
Scope 2 emissions (location-based approach)	87 tCO <sub>2</sub> e	69 tCO <sub>2</sub> e
Scope 2 emissions (market-based approach)	19 tCO <sub>2</sub> e	32 tCO <sub>2</sub> e
Energy use	967,608 kWh	862,219 kWh
Other Scope 3 emissions – employee business travel	573 tCO <sub>2</sub> e	205 tCO <sub>2</sub> e
Total gross emissions based on the above**	688 tCO <sub>2</sub> e	335 tCO <sub>2</sub> e
Total carbon intensity ratio (emissions/UK&I revenue)	5.1 tCO <sub>2</sub> e/fm	4 tCO <sub>2</sub> e/fm

\*\*Includes market-based Scope 2 emissions

Due to increased business activity in RES's offices and business travel post-pandemic there has been an increase in the Group's emissions for Financial Year 2022 compared with the previous financial year. The Company has also improved the rigour and depth of RES's emissions data collection processes.

#### Energy Efficiency Action

The Company was an early adopter of energy efficiency action with its environmentally friendly head office building incorporating many examples of renewable energy generation, sustainable design techniques and energy efficiency. The Company has a sustainable approach to office spaces and has objectives to source renewable power at our managed sites.

The Company also recognises the importance of electric vehicles (EVs) in decarbonising transport emissions and has installed additional EV chargers at various offices, to support and encourage employee and visitor use of EVs. The Company offers a cycle to work scheme and EV car scheme to support low carbon commuting for its people.


In 2022, the Company started a programme of work to move most European based computing services to the cloud. Cloud services run with a power usage efficiency that drives an approximate 33% reduction in power consumed compared with on-premises infrastructure. The Company collaborated with a supplier that has committed to be carbon negative by 2030 and to use 100% renewable energy by 2025. In 2022, over 150 UK servers and services were assessed to determine whether they could be consolidated or decommissioned, and the majority were migrated to the cloud.

**Renewable Energy Systems Limited**  
**Strategic Report for the Year Ended 31 October 2022**

*Methodologies*

The Company defines its organisational boundary according to the financial control approach. The reporting period is aligned with our financial year. Data has been collected in accordance with the standards set out by the Greenhouse Gas Protocol. We have sought to reduce data uncertainties in our reported figures where practical.

Approved and authorised by the Board on 14 April 2023 and signed on its behalf by:

DocuSigned by:  
  
7C20A2473908417...  
Mr R Russell  
Director

## **Renewable Energy Systems Limited**

### **Directors' Report for the Year Ended 31 October 2022**

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

#### **Directors of the Company**

The directors who held office during the year, and up to the date of signing this report unless otherwise stated, were as follows:

Mr D Hearsh - Company secretary and director

Mr I Hunter

Mr D Joyce (resigned 31 December 2021)

Mr C Marsh (resigned 6 April 2023)

Mr E Medina Sanchez (appointed 1 November 2021)

Ms R Ruffle

Mr R Russell

Ms L Whitford

#### **Dividends**

During the year the Company paid an interim dividend of £79,000,000, £1.85 per share, (2021: £10,000,000). The directors do not recommend the payment of a final dividend (2021: £nil).

Quarterly dividends totalling £74,000 (2021: £63,000) were received from The Renewables Infrastructure Group ("TRIG"), along with a scrip issue of £129,000 (2021: £nil).

#### **Financial risk management**

##### ***Objectives and policies***

Policies are in place to limit where possible the Company's risk to liabilities incidental to the Company's main operating activities.

##### ***Currency risk, credit risk and liquidity risk***

The Company's activities expose it to a number of financial risks including currency risk, credit risk and liquidity risk.

##### **(i) Currency risk**

Exposure to foreign currency movements from operating activities is hedged through the use of forward foreign exchange contracts. The company seeks to hedge intra-Group borrowings to the trading cash flows that service these borrowings, by lending to subsidiaries in currencies other than Pounds Sterling.

##### **(ii) Credit risk**

The Company's policy is to limit counterparty exposures by setting credit limits for each counterparty, where possible by reference to published credit ratings.

##### **(iii) Liquidity risk**

Cash forecasts identifying the liquidity requirements of the Company are produced monthly. These are reviewed by the Board to ensure that sufficient financial facilities are available for at least the following twelve month period.

## **Renewable Energy Systems Limited**

### **Directors' Report for the Year Ended 31 October 2022**

#### **Employment of disabled persons**

In dealing with disabled persons, the Company acts in accordance with its Diversity and Inclusion policy which specifies that employees with disabilities will receive fair treatment and be considered according to their ability to do the job, following reasonable adjustments where appropriate. Decisions on recruitment, selection, training, promotion and career management are based on objective and job-related criteria.

#### **Employee involvement**

The Company's employees are critical to its current and future success. Nothing is more important to the Company than making sure that everyone goes home safe and healthy every day. As a key strategic objective, the Company's North Star is zero harm with the goal of targeting world-class safety performance.

Information affecting the Company's employees is communicated using a combination of methods including self-service intranet, email, team meetings and individual consultation. The Company performs "pulse surveys" to receive feedback from employees on key issues which may be impacting them. A Group-wide bonus scheme is in operation to enable employees to share in the success of the Company and to recognise their efforts in contributing to that success.

Information affecting the performance of the Company is provided to employees through quarterly town hall updates in each region and bi-annual performance updates given by the Group Executive team.

#### **Diversity and inclusion**

The Company believes that diverse, talented and creative teams add value to the business by enabling it to respond positively and flexibly to changes in competitive domestic and international markets. The Directors continue to promote and support diversity and inclusion, valuing the talent of all our staff and ensuring that we can compete in attracting, retaining and developing high calibre employees with wide-ranging experience and abilities.

A key tool is the creation of the "RESpect" initiative, which is the Group's commitment to embrace diversity and create an inclusive culture that is fair to all. As an integral part of this, RES are proud to support five employee-led Affinity Networks covering gender, race, disability, age, and sexual orientation and gender identity. These are groups of people from across RES united in their passion for making our workplace more inclusive. They help build a common understanding of the different challenges and barriers that under-represented groups may experience and work to address these, powering change for RES employees and wider society.

## **Renewable Energy Systems Limited**

### **Directors' Report for the Year Ended 31 October 2022**

#### **Stakeholder relationships and engagement**

For 40 years, the Company has been leading efforts to create a future where everyone has access to affordable zero carbon energy.

Sustainability lies at the core of the Company's business activities and values. The Company continues to build a culture that allows it to integrate sustainability into every part of its day-to-day operations and beyond. This is also about having a positive impact on the lives of its employees, stakeholders and communities close to its projects.

The Company's sustainability agenda is to power positive change by ensuring that its operations, products and services make a net positive contribution to society and the environment. This agenda is supported by principles in three core areas:

- Business - position the Company for sustainable growth by combining long-term strategic thinking with focused short-term action, to create value for all our stakeholders
- Environment - manage activities to maximise the environmental benefits of our projects and our business while operating in compliance or exceeding environmental regulations
- Social - provide a safe and healthy work environment, which is diverse and inclusive, encourages employee development and creates opportunities to positively contribute to our stakeholders and the wider community

For more information, please refer to our sustainability report - the Power for Good report, which can be found on the Group's website.

A core activity of the Company and a good example of long term planning with consideration of stakeholders is the investment in the Company's development pipeline. Once a development site for a windfarm, solar farm or battery storage facility has been approved internally for investment, a wide variety of stakeholders are consulted prior to construction. Key stakeholders include landowners, local communities, offtakers, local councils and planning committees, power infrastructure stakeholders and project partners. The Company works with the local community to provide local employment and prioritises local suppliers when possible. The Company assesses the impact to the local natural environment of any development and works with specialists to ensure there is no detrimental impact when considering the construction of one of the Company's renewable energy assets. Without the support of the local community, the development is unlikely to be a success therefore consulting with these stakeholders is essential.

#### **Future developments**

Further information regarding future developments are disclosed in the Strategic Report.

#### **Events after the reporting period**

The Directors are not aware of any material events after the reporting period.

#### **Research and development**

The Company continues to invest in developing wind, solar, green hydrogen and battery storage sites across its core markets, expensing development costs until there is sufficient certainty that the project is economically viable and construction is able to commence. The Company has a leading position in the energy storage market globally and has invested resources in creating a platform ("RESolve") which controls the operational performance of the battery, optimising the service provided to clients. The Company will continue to invest in this platform as the storage market is expected to grow due to its role as an enabling technology to facilitate greater deployment of intermittent wind and solar energy generation. The Company continues to invest in several initiatives to enable continuing reductions in the levelised cost of renewable energy.

## Renewable Energy Systems Limited

### Directors' Report for the Year Ended 31 October 2022

#### Going concern

The Company's ability to continue as a going concern is assessed in conjunction with the ability of the Group's ability to continue as a going concern. The Company's viability is dependent upon the Group's ability and willingness to provide ongoing funds for working capital needs.

The Group has confirmed to the directors that it will not demand repayment of existing unsecured intercompany loans such that insolvency would result, and will continue to provide financial support to enable the Company to meet its liabilities as they fall due for the foreseeable future, in particular for a period of at least 12 months from the date of signing this annual report and financial statements.

The directors have considered the Group's cash flow forecast for the 12 months from the date of signing these financial statements. The directors of the Company are satisfied after appropriate consultation with the directors of the Group, and review of forecasts and projections, and taking account of reasonable possible changes in trading performance and current funds available, that the Company is able to operate for at least 12 months from the signing of this annual report and financial statements. For this reason the directors believe that the Company has adequate resources to continue in operational existence and therefore it is appropriate that the Company continues to adopt the going concern basis in preparing this annual report and financial statements.

#### Auditor


Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The auditor Deloitte LLP have expressed its willingness to continue in office as auditor and appropriate arrangements have been made for it to be deemed reappointed as Auditor under section 487(2) of the Companies Act 2006.

Approved and authorised by the Board on 14 April 2023 and signed on its behalf by:

DocuSigned by:  
  
7C20A2473908417...  
Mr R Russell  
Director

## **Renewable Energy Systems Limited**

### **Statement of Directors' Responsibilities**

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

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

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

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

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

## **Renewable Energy Systems Limited**

### **Independent Auditor's Report to the Members of Renewable Energy Systems Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Renewable Energy Systems Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 October 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account,
- the Statement of Comprehensive Income,
- the Balance Sheet,
- the Statement of Changes in Equity, and
- the related notes 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

##### **Other information**

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

## **Renewable Energy Systems Limited**

### **Independent Auditor's Report to the Members of Renewable Energy Systems Limited**

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

#### **Responsibilities of directors**

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

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

#### **Auditor Responsibilities for the audit of the financial statements**

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

## **Renewable Energy Systems Limited**

### **Independent Auditor's Report to the Members of Renewable Energy Systems Limited**

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included health & safety regulations, data protection laws and environmental legislation.

We discussed among the audit engagement team including relevant internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Revenue recognition for construction contracts is a significant risk due to the high degree of estimation uncertainty. We held meetings with senior project personnel to challenge the forecasts, recalculated total revenue and performed procedures on individual contracts. ; and
- Revenue recognition for development sales is a significant risk due to the judgement required in determining the timing of revenue recognition in accordance with IFRS 15. We reviewed the signed agreements, challenged the recognition of contingent amounts and assessed compliance with necessary performance obligations.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

#### **Report on other legal and regulatory requirements**

##### **Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

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

## **Renewable Energy Systems Limited**

### **Independent Auditor's Report to the Members of Renewable Energy Systems Limited**

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

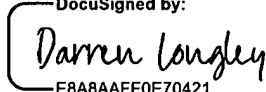
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

We have nothing to report in respect of these matters.

#### **Use of our report**

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

DocuSigned by:



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Darren Longley FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP, Statutory Auditor

2 New Street Square  
London  
United Kingdom  
EC4A 3BZ

14 April 2023

## Renewable Energy Systems Limited

### Profit and Loss Account for the Year Ended 31 October 2022

	Note	2022 £ 000	2021 £ 000
Turnover	4	107,855	97,627
Cost of sales		<u>(101,286)</u>	<u>(84,483)</u>
<b>Gross profit</b>		6,569	13,144
Administrative expenses		(1,217)	(38,561)
Other (losses) / gains	5	(25)	83
Exceptional costs	6	<u>(73,919)</u>	<u>(7,668)</u>
<b>Operating loss</b>	7	(68,592)	(33,002)
Dividend income		203	99,770
Income from participating interests		6,573	3,978
Income from disposal of subsidiary in discontinued operations		-	630,865
Interest receivable and similar income	8	4,742	1,275
Interest payable and similar charges	9	<u>(5,048)</u>	<u>(10,363)</u>
<b>(Loss)/profit before taxation</b>		(62,122)	692,523
Taxation	13	<u>(4,902)</u>	<u>(275)</u>
<b>(Loss)/profit for the financial year</b>		<u><u>(67,024)</u></u>	<u><u>692,248</u></u>

The above results were derived from continuing operations.

# Renewable Energy Systems Limited

## Statement of Comprehensive Income for the Year Ended 31 October 2022

	2022 £ 000	2021 £ 000
(Loss)/profit for the financial year	<u>(67,024)</u>	<u>692,248</u>
Deferred tax on previous years foreign currency translation difference	-	836
Remeasurement of net defined benefit pension liability	(18,276)	2,312
Deferred tax on remeasurement (loss) of net defined benefit pension liability	4,569	(439)
Change in fair value of equity investments and bonds	(10,524)	(25)
Deferred tax on change in fair value of equity investments	<u>39</u>	<u>4</u>
Other comprehensive (loss)/income	<u>(24,192)</u>	<u>2,688</u>
<b>Total comprehensive (loss)/income</b>	<u><b>(91,216)</b></u>	<u><b>694,936</b></u>

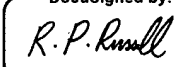
The notes on pages 22 to 64 form an integral part of these financial statements.

# Renewable Energy Systems Limited

(Registration number: 01589961)  
Balance Sheet as at 31 October 2022

	Note	2022 £ 000	2021 £ 000
<b>Fixed assets</b>			
Intangible assets	14	6,804	5,061
Tangible assets	15	5,988	6,044
Investments	16	169,094	154,848
Other investments	17	11,905	1,232
		<u>193,791</u>	<u>167,185</u>
<b>Current assets</b>			
Stocks	18	2,764	26,378
Debtors: Amounts falling due within and after one year	19	96,095	159,411
Other current assets	20	294,640	-
Cash at bank and in hand	21	182,077	649,682
		<u>575,576</u>	<u>835,471</u>
<b>Creditors: Amounts falling due within one year</b>	22	<u>(129,939)</u>	<u>(189,092)</u>
<b>Net current assets</b>		<u>445,637</u>	<u>646,379</u>
<b>Total assets less current liabilities</b>		639,428	813,564
<b>Provisions for liabilities</b>	23	<u>(1,367)</u>	<u>(1,288)</u>
<b>Net assets excluding pension liability</b>		638,061	812,276
<b>Net pension liability</b>	24	<u>(7,842)</u>	<u>(11,841)</u>
<b>Net assets</b>		<u>630,219</u>	<u>800,435</u>
<b>Capital and reserves</b>			
Called-up share capital	25	42,801	42,801
Revaluation reserve	26	(10,339)	185
Profit and loss account	26	<u>597,757</u>	<u>757,449</u>
<b>Total equity</b>		<u>630,219</u>	<u>800,435</u>

Approved and authorised by the Board on 14 April 2023 and signed on its behalf by:

DocuSigned by:  
  
 7C20A2473908417...  
 Mr R Russell  
 Director

## Renewable Energy Systems Limited

### Statement of Changes in Equity for the Year Ended 31 October 2022

	Note	Called-up share capital £ 000	Revaluation reserve £ 000	Profit and loss account £ 000	Total £ 000
<b>At 1 November 2021</b>		<u>42,801</u>	<u>185</u>	<u>757,449</u>	<u>800,435</u>
Loss for the financial year		-	-	(67,024)	(67,024)
Other comprehensive (loss)		-	(10,524)	(13,668)	(24,192)
Total comprehensive loss		-	(10,524)	(80,692)	(91,216)
Dividends	28	-	-	(79,000)	(79,000)
<b>At 31 October 2022</b>		<u>42,801</u>	<u>(10,339)</u>	<u>597,757</u>	<u>630,219</u>

	Note	Called-up share capital £ 000	Revaluation reserve £ 000	Profit and loss account £ 000	Total £ 000
<b>At 1 November 2020</b>		<u>42,801</u>	<u>210</u>	<u>72,488</u>	<u>115,499</u>
Profit for the financial year		-	-	692,248	692,248
Other comprehensive (loss)/income		-	(25)	2,713	2,688
Total comprehensive (loss)/income		-	(25)	694,961	694,936
Dividends	28	-	-	(10,000)	(10,000)
<b>At 31 October 2021</b>		<u>42,801</u>	<u>185</u>	<u>757,449</u>	<u>800,435</u>

The notes on pages 22 to 64 form an integral part of these financial statements.

## **Renewable Energy Systems Limited**

### **Notes to the Financial Statements for the Year Ended 31 October 2022**

#### **1 General information**

The Company is a private company limited by share capital, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales.

The address of its registered office is:

Beaufort Court  
Egg Farm Lane  
Kings Langley  
Hertfordshire  
WD4 8LR  
United Kingdom

These financial statements were authorised for issue by the Board on 14 April 2023.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The Annual Report and Financial Statements (including the notes) are presented in pounds sterling, rounded to the nearest thousand pounds.

##### **Summary of disclosure exemptions**

The Company has taken advantage of the exemption under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company includes the Company's cash flows in its own consolidated financial statements.

The Company has taken advantage of the exemption under FRS 102 paragraph 1.12(c), from disclosing the financial instruments measured at amortised costs, on the basis that it is a qualifying entity and its ultimate parent company includes comparable disclosures in its own consolidated financial statements.

The Company has taken advantage of the exemption under FRS 102 paragraph 1.12(e), from disclosing the key management personnel compensation, on the basis that it is a qualifying entity and its ultimate parent company includes comparable disclosures in its own consolidated financial statements.

The Company has taken advantage of the exemption available under paragraph 33 of FRS 102 and therefore not disclosed transactions with its wholly owned subsidiaries and fellow undertakings.

## **Renewable Energy Systems Limited**

### **Notes to the Financial Statements for the Year Ended 31 October 2022**

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

##### **Going concern**

The Company's ability to continue as a going concern is assessed in conjunction with the ability of the Group's ability to continue as a going concern. The Company's viability is dependent upon the Group's ability and willingness to provide ongoing funds for working capital needs.

The Group has confirmed to the Directors that it will not demand repayment of existing unsecured intercompany loans such that insolvency would result, and will continue to provide financial support to enable the Company to meet its liabilities as they fall due for the foreseeable future, in particular for a period of at least 12 months from the date of signing this annual report and financial statements.

The directors have considered the Group's cash flow forecast for the period to the 12 months from the date of signing these financial statements. The directors of the Company are satisfied after appropriate consultation with the directors of the Group, and review of the forecasts and projections, and taking account of reasonable possible changes in trading performance and the current funds available, that the Company is able to operate for at least 12 months from the signing of this annual report and financial statements.

For this reason the directors believe that the Company has adequate resources to continue in operational existence and therefore it is appropriate that the Company continues to adopt the going concern basis in preparing this annual report and financial statements.

##### **Exemption from preparing group accounts**

The financial statements contain information about Renewable Energy Systems Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Renewable Energy Systems Holdings Limited, a company incorporated in UK.

##### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities.

## **Renewable Energy Systems Limited**

### **Notes to the Financial Statements for the Year Ended 31 October 2022**

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

##### **Contract revenue recognition**

For construction contracts, revenue and costs are recognised when the outcome of the contract can be estimated reliably. If the contract is considered profitable, revenue and the associated costs are recognised based on the percentage of total costs incurred up to the reporting date. This is due to the single performance obligation specified by the respective contract being met over time. If the contract is not considered profitable, the total expected loss is recognised within the reporting period in which the indication the contract will become loss-making occurred.

Revenue in respect of variations to contracts is recognised when it has been agreed by the customer. Revenue in respect of claims against customers is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty is subsequently resolved.

Turbine costs, and the related income, are to be recognised in the income statement following commissioning as prior to this point there has been no transfer of control of the turbines to the customer. Turbine costs incurred prior to commissioning are capitalised in the balance sheet within inventories and are not included within the percentage complete calculation for the recognition of construction contract revenue and costs. Following commissioning, turbine costs incurred to date are included in the income statement and the remaining costs are then recognised in line with the Turbine Supply Agreement.

Provision is made for all known or expected losses on individual contracts once such losses are foreseen.

Revenue is earned on Development Service Agreements (DSAs) for advice and facilitation of project preparation up to the point of construction, recognised on a milestone basis at substantial completion of the services.

Revenue is earned on Support Services contracts, where wind, solar, storage and hydrogen sites are operated and managed by the Company on behalf of third parties, and Operations and Maintenance (O&M) service contracts where on-site plant and equipment are inspected and maintained by the Company on behalf of third parties. Revenue is recognised on a straight-line basis over the life of the contract, unless an alternative pattern of recognition is more commensurate with the transfer of risk and reward for the services provided.

##### **Finance income and costs policy**

Interest received and paid is recognised on a time apportioned basis.

##### **Foreign currency transactions and balances**

Transactions of UK companies denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at rates of exchange ruling at that date. The translation differences are dealt with in the profit and loss account.

Exchange differences on certain foreign currency borrowings, to the extent that they hedge the Company's investment in such operations, are reported in the statement of comprehensive income. Exchange differences on other foreign currency borrowings are recognised in the profit and loss account.

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 2 Accounting policies (continued)

##### Exceptional items

Exceptional items are one off items that arise from activities that are not in the ordinary course of business. Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount, and to assist users of the financial statements with their understanding and interpretation of the performance of the Company.

##### Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax is recognised in respect of all temporary differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the temporary difference.

##### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

##### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	20% straight line
Fixtures, fittings and equipment	20% straight line
Motor vehicles	35% reducing balance
Other plant and equipment	33% straight line

##### Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 2 Accounting policies (continued)

##### Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

##### Intangible assets

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

##### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Customer relationships	15 years straight line
Customer contracts	10 years straight line

##### Investments

Investments in subsidiaries and joint ventures are measured at cost less impairment.

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

## **Renewable Energy Systems Limited**

### **Notes to the Financial Statements for the Year Ended 31 October 2022**

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

##### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The recognition of uninstalled materials such as wind turbines are included within inventories until the assets have been commissioned.

Work-in-progress is measured at the lower of cost and fair value less costs to sell and arises principally on those contracts for services provided by the Company which feature revenue and related cost recognition on substantial completion of the contract. Amounts included within work-in-progress represent the cumulative costs incurred on specific contracts, net of amounts recognised in cost of sales by applying the percentage completion method and less provision for anticipated future losses on contracts.

The cost of finished goods comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

The carrying amount of inventory is assessed for impairment at each reporting date and provision is made to reduce the carrying amount to recoverable amount for all known or expected losses on stocks or work in progress.

##### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Provisions**

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

## **Renewable Energy Systems Limited**

### **Notes to the Financial Statements for the Year Ended 31 October 2022**

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

##### **Impairment**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

##### *Financial assets*

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

##### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Dividends**

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

##### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

## **Renewable Energy Systems Limited**

### **Notes to the Financial Statements for the Year Ended 31 October 2022**

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

##### **Defined benefit pension obligation**

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

The Company participates in the defined benefits section of the Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme. The Company's agreed share of the defined benefit obligation is 10%. This is based on the agreed proportion of annual contributions to fund the scheme obligation. In the event that a contributing member to the scheme is unable to fulfill its annual contributions to the scheme, the contributions would fall due to the other contributing member. The risk of this contingent liability becoming realised is considered to be remote.

##### **Long term employee benefits**

The Group operates a long term incentive plan for senior employees. Cash payments are made over the vesting period based on various financial accounting metrics of the Group, including net assets and profit before tax as defined in the rule of the scheme. The charges under the scheme are allocated to the relevant accounting period in which the company benefits from the services of the employees concerned. This varies depending on the award dates, the vesting dates and the conditions imposed on continuing employment within the Group.

## **Renewable Energy Systems Limited**

### **Notes to the Financial Statements for the Year Ended 31 October 2022**

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

##### **Financial instruments**

###### ***Classification***

The Company classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

A financial asset is classified at fair value through profit or loss if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current. The Company classifies cash held in term deposit accounts and notice accounts, where the term or notice period is longer than three months, as other financial assets.

The Company has invested in a portfolio of corporate bonds. The bonds are investment securities held by a third party for a set period of time in exchange for regular interest payments. They are considered to be basic financial instruments. The bonds are included in current assets despite their maturity date based on the business model that the Company retains the right to liquidate the portfolio at short notice should the need arise.

In line with the allowances of FRS 102 Section 11 the company has chosen to adopt the IFRS 9 framework for initial measurement and subsequent recognition of the bonds. The bonds are measured at fair value and based on the Company's business model, changes to the fair value are recorded in other comprehensive income. As a result fair value movements are recorded within other comprehensive income.

Loans and receivables are other non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Company's loans and receivables include trade and other debtors and cash and cash equivalents, and subsequent to initial recognition are carried at amortised cost using the effective interest method.

##### **Derivative financial instruments and hedging**

###### ***Derivatives***

The Company uses derivative financial instruments to reduce exposure to foreign currency movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The Company does not apply hedge accounting on derivative financial instruments. Therefore, the gain or loss on the instruments is recognised directly in the profit and loss account in finance costs or finance income as appropriate.

## **Renewable Energy Systems Limited**

### **Notes to the Financial Statements for the Year Ended 31 October 2022**

#### **3 Judgements and Estimations**

Judgements and estimations are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The carrying value of investments in subsidiaries (judgements and area of estimation uncertainty) - in line with the Company's accounting policy for impairments (see note 2). The Company is required to make judgements about whether indicators of impairment of its subsidiary investments exist and to make estimates and assumptions about the cash flows and profits when performing impairment assessments that have a significant impact on the amounts recognised for carrying amounts of the investments that are not readily apparent from other sources. The key estimates are considered to be: enterprise value multiples applied to construction results, as well as the values and probability weightings applied to the development portfolio estimates. These judgements, estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

#### **Judgements**

Development and pre-contract costs - The Company incurs a variety of costs in the investigative and preliminary phases of wind, solar, storage and hydrogen farm projects, including land options costs, geological and ecological studies, grid studies, energy yield assessments and engineering costs. Judgement is required in determining whether or not the recoverability of these development phase costs is probable, either from future operation by the Company of resulting infrastructure assets that it will own or through recovery from revenues earned under development, construction or support services contracts with third parties. In exercising those judgements, management takes into account the regulatory approval and consent regime along with experience of actual recoveries, if any, from other similar previous circumstances. In the Company's judgement it is appropriate to expense non-refundable development and pre-contract costs incurred in the early stages of a development, as recovery cannot be considered probable until a relatively late stage in the development phase following approval by authorities and execution of contracts with third parties.

Warranty provisions - Following completion of a construction contract, the majority of customers enter into a warranty period, for which the terms are unique to each contract. Warranty periods are typically 2-5 years, with a broader warranty for the first two years and a more limited warranty for the remaining periods. The Company accrues a warranty provision upon substantial completion of each construction contract based on the estimated warranty expense, which is usually a percentage of the contract value.

#### **Key sources of estimation uncertainty**

Revenue and margin recognition - The Company's revenue recognition and margin recognition policies are set out in note 2. These policies require forecasts of the outcomes of long-term construction service contracts. Revenue and margins are calculated based on the percentage completion of the contract, which is based on costs incurred as a proportion of total contract costs, as this indicates the proportion of the performance obligation complete. All costs associated with each contract are estimated using cost quotations specific to the contract. The range of potential outcomes as a result of uncertain future events could result in a materially positive or negative swing to profitability and cash flow. The Company updates its total cost estimate whenever new information arises.

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 4 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2022	2021
	£ 000	£ 000
Rendering of services	107,855	97,627

The analysis of the Company's turnover for the year by market is as follows:

	2022	2021
	£ 000	£ 000
UK	101,154	89,940
Europe	3,275	4,818
Rest of world	3,426	2,869
	107,855	97,627

	2022	2021
	£'000	£'000
Development	11,882	7,849
Construction	42,138	40,788
Support Services	37,343	32,151
Other	16,492	16,839
	107,855	97,627

Other revenue includes amounts invoiced to other group companies in respect of group management fees and time spent by UK employees on other subsidiary's projects. The amount of intra-group revenue included within other revenue is £9,285,000 (2021: £8,952,000).

The stage of completion on construction contracts in progress is measured by calculating the costs incurred and installed to date as a percentage of the total forecast costs for the project. The calculation is performed separately for turbine components and balance of plant.

#### 5 Other losses and gains

The analysis of the Company's other losses and gains for the year is as follows:

	2022	2021
	£ 000	£ 000
Loss on disposal of tangible assets	(1)	(16)
(Loss)/gain on disposal of other investments	(24)	99
	(25)	83

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 6 Exceptional costs

The analysis of the company's exceptional costs for the year is as follows:

	2022	2021
	£ 000	£ 000
Gain/(loss) from writing off intercompany loans (receivable) / payable	6,318	(5,855)
Impairment of investment in non-current assets	<u>(80,237)</u>	<u>(1,813)</u>
	<u>(73,919)</u>	<u>(7,668)</u>

The gain is attributable to the release of the provisions recorded against intercompany loans where the Company believes the loan is fully recoverable.

The Company has reviewed the carrying value of its investment in RES Americas Inc as compared to the net asset position of that subsidiary and concluded that an impairment charge of £82,000,000 should be recognised in the current year to fully provide against this investment.

The Company has also reviewed the carrying value of its investment in RES Services SAS as compared to the net asset position of that subsidiary and concluded that the prior year impairment charge of £1,763,000 should be released in the current year.

#### 7 Operating profit/(loss)

Operating loss is stated after charging the following:

	2022	2021
	£ 000	£ 000
Depreciation expense	1,632	3,007
Amortisation expense	537	546
Operating lease expense - property	484	492
Loss on disposal of tangible assets	1	16

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 8 Interest receivable and similar income

	2022	2021
	£ 000	£ 000
Interest income on financial assets	-	790
Interest income on bank deposits	1,782	10
Other finance income	2,960	475
	<u>4,742</u>	<u>1,275</u>

Other finance income includes interest receivable on the Company's bond investments £2,260,000 (2021: £Nil)

#### 9 Interest payable and similar expenses

	2022	2021
	£ 000	£ 000
Interest expense on other finance liabilities	2	1,667
Interest on defined benefit pension liability	24 1,110	1,296
Interest payable on loans from group undertakings	3,936	7,400
	<u>5,048</u>	<u>10,363</u>

#### 10 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£ 000	£ 000
Wages and salaries	38,451	42,430
Social security costs	4,681	4,082
Pension costs, defined contribution scheme	1,870	1,732
	<u>45,002</u>	<u>48,244</u>

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2022	2021
	Number	Number
Production	464	397
Administration and support	102	94
	<u>566</u>	<u>491</u>

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 11 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £ 000	2021 £ 000
Remuneration	2,646	3,536
Contributions paid to money purchase schemes	50	44
	<u>2,696</u>	<u>3,580</u>

In addition to the above, entitlement under long term incentive plans was £624,000 (2021: £3,798,000).

In respect of the highest paid director:

	2022 £ 000	2021 £ 000
Remuneration	<u>656</u>	<u>1,097</u>

In addition to the above, entitlement of the highest paid Director under long-term incentive plans was £209,000 (2021: £2,378,000).

#### 12 Auditor's remuneration

	2022 £ 000	2021 £ 000
Audit of the financial statements	<u>95</u>	<u>80</u>

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 13 Taxation

Tax charged in the income statement:

	2022 £ 000	2021 £ 000
<b>Current taxation</b>		
UK corporation tax	-	(2,868)
UK corporation tax adjustment to prior periods	279	149
	<u>279</u>	<u>(2,719)</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	-	(786)
Arising from changes in tax rates and laws	-	9
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	54	(2,163)
Arising from write-down or reversal of write-down of deferred tax asset	4,569	5,934
Total deferred tax	<u>4,623</u>	<u>2,994</u>
Tax charge in the income statement	<u>4,902</u>	<u>275</u>

The tax on (loss)/profit before taxation for the year is higher than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
(Loss)/profit before taxation	<u>(62,122)</u>	<u>692,523</u>
Corporation tax at standard rate	(11,803)	131,579
Effect of revenues exempt from taxation	(109)	(137,113)
Effect of expense not deductible in determining taxable profit (tax loss)	14,014	1,739
UK deferred tax credit relating to changes in tax rates or laws	-	(54)
Deferred tax expense from unrecognised tax loss or credit	2,480	6,184
Increase/(decrease) in current tax from adjustment for prior periods	333	(2,014)
Tax increase arising from group relief surrendered without payment	258	-
Tax decrease from effect of research and development tax credit	<u>(271)</u>	<u>(46)</u>
Total tax charge	<u>4,902</u>	<u>275</u>

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 13 Taxation (continued)

The March 2021 budget announced an increase to the main rate of corporation tax from 19% to 25% from April 2023. This was substantially enacted on 24 May 2021. The rate that has been applied in the tax accounting is 19% on the basis that reversals after the change in tax rate on 1 April 2023 at the higher rate will not have a significant impact on the tax expense recognised in the income statement or on the deferred tax recognised on the balance sheet.

#### Deferred tax

Deferred tax assets and liabilities

	Asset £ 000	Liability £ 000
<b>2022</b>		
Other timing differences	-	52
	-	52
	-	52
<b>2021</b>		
Other timing differences	-	37
	-	37
	-	37

There are £320,000 of unused tax losses (2021 : £333,000) and £7,227,000 of other timing differences (2021 : £5,260,000) for which no deferred tax asset is recognised in the Balance Sheet.

The amount of the net reversal of deferred tax assets and deferred tax liabilities expected to occur during the year beginning after the reporting period is £Nil (2021 : £Nil).

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 14 Intangible assets

	Goodwill £ 000	Contractual customer relationships £ 000	Total £ 000
<b>Cost</b>			
At 1 November 2021	2,690	3,649	6,339
Additions	-	2,280	2,280
At 31 October 2022	<u>2,690</u>	<u>5,929</u>	<u>8,619</u>
<b>Amortisation</b>			
At 1 November 2021	319	959	1,278
Charge for the year	263	274	537
At 31 October 2022	<u>582</u>	<u>1,233</u>	<u>1,815</u>
<b>Net book value</b>			
At 31 October 2022	<u>2,108</u>	<u>4,696</u>	<u>6,804</u>
At 31 October 2021	<u>2,371</u>	<u>2,690</u>	<u>5,061</u>

The Company acquired some operational and maintenance contracts within the year for £2,280,000 as part of the Company's growth strategy.

The aggregate amount of research and development expenditure recognised as an expense during the period is £Nil (2021 : £Nil).

# Renewable Energy Systems Limited

## Notes to the Financial Statements for the Year Ended 31 October 2022

### 15 Tangible assets

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Motor vehicles £ 000	Other property, plant and equipment £ 000	Total £ 000
<b>Cost or valuation</b>					
At 1 November 2021	1,407	1,688	82	11,235	14,412
Additions	-	216	7	1,355	1,578
Disposals	-	-	-	(7)	(7)
At 31 October 2022	1,407	1,904	89	12,583	15,983
<b>Depreciation</b>					
At 1 November 2021	1,144	419	78	6,727	8,368
Charge for the year	128	239	2	1,263	1,632
Disposals	-	-	-	(5)	(5)
At 31 October 2022	1,272	658	80	7,985	9,995
<b>Net book value</b>					
At 31 October 2022	135	1,246	9	4,598	5,988
At 31 October 2021	263	1,269	4	4,508	6,044

Included within the net book value of land and buildings above is £27,000 (2021 : £27,000) in respect of freehold land and buildings and £108,000 (2021 : £236,000) in respect of long leasehold land and buildings.

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 16 Investments in subsidiaries, joint ventures and associates

	2022 £ 000	2021 £ 000
Investments in subsidiaries	169,094	154,702
Investments in joint ventures	-	146
	<u>169,094</u>	<u>154,848</u>
<b>Subsidiaries</b>		<b>£ 000</b>
<b>Cost or valuation</b>		
At 1 November 2021		296,161
Additions		109,052
Disposals		<u>(14,423)</u>
At 31 October 2022		<u>390,790</u>
<b>Provision</b>		
At 1 November 2021		141,459
Provision		<u>80,237</u>
At 31 October 2022		<u>221,696</u>
<b>Net book value</b>		
At 31 October 2022		<u>169,094</u>
At 31 October 2021		<u>154,702</u>

As described in the Strategic Report, following the prior year disposal of the French development and construction business, a re-organisation resulted in the Company acquiring direct ownership of RES Antolia Holding Anonim Sirketi for £21,837,000. The Company also increased its investment in RES Americas Inc by £87,214,000 and transferred its investment in RES UK & Ireland Ltd for £14,423,000 to Renewable Energy Systems Holdings Ltd.

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 16 Investments in subsidiaries, joint ventures and associates (continued)

<b>Joint ventures</b>	<b>£ 000</b>
<b>Cost</b>	
At 1 November 2021	987
Disposals	(146)
At 31 October 2022	<u>841</u>
<b>Provision</b>	
At 1 November 2021 and 31 October 2022	<u>841</u>
<b>Carrying amount</b>	
At 31 October 2022	<u>-</u>
At 31 October 2021	<u>146</u>

The Company disposed of its investment in Australian Trust Vehicles - MW Land Co for £146,000.

## **Renewable Energy Systems Limited**

### **Notes to the Financial Statements for the Year Ended 31 October 2022**

#### **16 Investments in subsidiaries, joint ventures and associates (continued)**

##### **Details of undertakings**

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are detailed in the table below. The registered office addresses are :

- (1) Beaufort Court, Egg Farm Lane, Kings Langley, Hertfordshire, WD4 8LR
- (2) Unit C1 & C2, Willowbank Business Park, Millbrook, Larne, BT40 2SF
- (3) Level 4, Deutsche Bank Place, 126-130 Phillip Street, Sydney, NSW 2000
- (4) 5605 Avenue de Gaspé, Suite 508, Montreal, Quebec, H2T 2A4
- (5) 115 rue du Mourelet, Z.I. de Courtine, 8400, Avignon
- (6) 6th Floor, 2 Grand Canal Square, Dublin, Ireland
- (7) Wergelandsveien 23B, 0167, Oslo, Norway
- (8) 1209 Orange Street, Wilmington, DE, 19801
- (9) Cumhuriyet Caddesi, Pegasus Evi: 48/1 Elmadag, Sisli, 34367, Istanbul
- (10) 102-1015 Wilkes Avenue, Winnipeg, Manitoba R3P 2R8
- (11) Unit 3 Ballyheerin, Kilmacrennan, Letterkenny, Co.Donegal
- (12) Level 1, Tower Building, 50 Customhouse Quay, Wellington, New Zealand
- (13) Mazars House, Rialto Road, Grand Moorings Precinct, Century City, 7441 South Africa
- (14) 2 Grand Canal Square, Dublin 2 Ireland
- (15) Via San Marino 12, 00198, Roma, Italy
- (16) Republic of Chile
- (17) 421-7th Avenue SW, Suite 4000, Calgary, Alberta T2P 4K9
- (18) 44 Chipman Hill, Suite 1000, Saint John, New Brunswick E2L 2A9
- (19) 199 Bay Street, Suite 4000, Commerce Court West, Toronto, Ontario M5L 1A9
- (20) 1959 Upper Water Street, Suite 9000, Halifax, Nova Scotia B3J 3N2, Canada
- (21) 40 rue de la Boetie, 75008, Paris, France
- (22) Gartenstrasse 1, 78136, Schonach im Schwarzwald, Germany
- (23) Garvis Carlssons gata 5169 41 Solna"
- (24) NV Nordisk Vindkraft AB, Lilla Bommen 1SE-411 04 Göteborg
- (25) Level 6, 165 Walker Street, North Sydney, NSW 2060
- (26) King & wood Mallesons, Level 61 Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000
- (27) Reutener Straße 18 79279 Vörsstetten
- (28) 66 Wellington Street West, Suite 5300, Toronto, Ontario M5K
- (29) 1959 Upper Water Street, Suite 900, Halifax, Nova Scotia B3J 3N2
- (30) Level 7, 1 Margaret Street, Sydney, NSW 2000
- (31) 1500-1874 Scarth St, Regina, Saskatchewan S4P 4R9
- (32) Third Floor, STV, Pacific Quay, Glasgow, G51 1PQ
- (33) 255 Queens Avenue, Suite 2010, London, Ontario, Canada, N6A 5R8

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 16 Investments in subsidiaries, joint ventures and associates (continued)

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
RES UK & Ireland Limited	(1) UK	Ordinary Shares	0%	100%
Renewable Energy Centre Limited	(1) UK	Ordinary Shares	100%	100%
Renewable Energy Group Limited	(1) UK	Ordinary Shares	100%	100%
Wind Energy Systems Limited	(1) UK	Ordinary Shares	100%	100%
White Newco B Limited	(1) UK	Ordinary shares	100%	100%
RES Australia Pty Limited	(3) Australia	Ordinary Shares	100%	100%
Renewable Energy Systems Canada Inc	(4) Canada	Ordinary Shares	100%	100%
RES Deutschland GMBH	(27) Germany	Ordinary Shares	100%	100%
RES New Zealand Limited	(12) New Zealand	Ordinary Shares	100%	100%
Renewable Energy Systems Southern Africa Pty	(13) South Africa	Ordinary Shares	100%	100%
RES Renewable Norden AB	(24) Sweden	Ordinary Shares	100%	100%
Renewable Energy Systems Americas Inc	(8) USA	Ordinary Shares	100%	100%
Solar Slate Limited	(1) UK	Ordinary Shares	100%	100%
Aberarder Wind Farm LLP	(1) UK	Ordinary Shares	73%	73%
RES Solar Ireland Limited	(6) ROI	Ordinary Shares	100%	100%
RES Italia s.r.l.	(15) Italy	Ordinary Shares	100%	100%
RES Anatolia Holding Anonim Şirketi	(9) Turkey	Ordinary Shares	100%	100%
Sarcon (NO. 999) Limited	(1) UK	Ordinary Shares	100%	100%
Hanti Enerji Üretim Anonim Şirketi	(9) Turkey	Ordinary Shares	100%	100%

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 16 Investments in subsidiaries, joint ventures and associates (continued)

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
Eşref Enerji Üretim Anonim Şirketi	(9) UK	Ordinary Shares	100%	100%
RES Participations S.A.S	(5) France	Ordinary Shares	100%	100%
RES Sud Europe S.A.S	(5) France	Ordinary Shares	100%	100%
<b>Joint ventures and other investments</b>				
Murra Warra Solar Holdings Pty Ltd	(3) Australia	Ordinary shares	50%	50%
Murra Warra Energy Storage Pty Ltd	(26) Australia	Ordinary Shares	50%	50%
Murra Warra Solar Pty Ltd	(3) Australia	Ordinary shares	50%	50%
Murra Warra Solar Finance Pty Ltd	(3) Australia	Ordinary shares	50%	50%
Murra Warra II Project Co Pty Ltd	(26) Australia	Ordinary shares	50%	50%
Murra Warra Land Co Pty Ltd	(12) Australia	Ordinary shares	0%	50%
SPR Development Holdings, LLC	(8) USA	Ordinary Shares	49%	49%
Sequoia Renewable Energy Systems LP	(10) Canada	Ordinary Shares	50%	50%
Eenou Windcorp Inc	(4) Canada	Ordinary Shares	40%	40%
Northern Lights AOO LP	(28) Canada	Ordinary Shares	49%	49%
Northern Lights LP	(28) Canada	Ordinary Shares	49%	49%
5529442 Manitoba Limited	(10) Canada	Ordinary Shares	50%	50%
<b>Indirect subsidiary undertakings:</b>				
Operating subsidiaries and projects in construction:				
Alexandra Dock Energy Limited	(1) UK	Ordinary Shares	-	100%
Blary Hill Land Limited	(1) UK	Ordinary Shares	-	100%
Kingston Solar Limited (formerly Cairn Duhie Energy Limited)	(1) UK	Ordinary Shares	-	100%

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 16 Investments in subsidiaries, joint ventures and associates (continued)

Derril Water Solar Limited	(1) UK	Ordinary Shares	-	100%
Eastern Wind Farms Limited	(1) UK	Ordinary Shares	-	100%
Spennymoor Energy Storage Limited	(1) UK	Ordinary Shares	-	100%
Llanerfyl Access Road Consortium Limited	(1) UK	Ordinary Shares	-	50%
Monadhliath Energy Limited	(1) UK	Ordinary Shares	-	100%
North Blyth Energy Limited	(1) UK	Ordinary Shares	-	100%
Petre Street Storage Ltd	(1) UK	Ordinary Shares	-	100%
Rayburn Wind Farm Limited	(1) UK	Ordinary Shares	-	100%
Renewable Energy Systems (Northern Ireland) Limited	(2) UK	Ordinary Shares	-	100%
RES Developments Limited	(1) UK	Ordinary Shares	-	100%
RES White Limited	(1) UK	Ordinary Shares	100%	100%
Rufford Solar Limited	(1) UK	Ordinary Shares	-	100%
Stony Energy Storage Ltd	(1) UK	Ordinary Shares	-	100%
Wind Turbine Developments Limited	(1) UK	Ordinary Shares	-	100%
Lakeside Energy Storage Limited	(1) UK	Ordinary Shares	-	100%
Corlacky Energy Limited	(2) UK	Ordinary Shares	-	100%
Barr Cregg Energy Limited	(2) UK	Ordinary Shares	-	100%
Dunbeg South Energy Limited	(2) UK	Ordinary Shares	-	100%
Renewable Energy Systems Limited (Branch)	(6) ROI	Ordinary Shares	100%	100%
RES Storage Ireland Limited	(6) ROI	Ordinary Shares	-	100%
Ballymoreen Project Limited	(6) ROI	Ordinary Shares	-	100%

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 16 Investments in subsidiaries, joint ventures and associates (continued)

RES Southern Cross PTY Limited	(3) Australia	Ordinary Shares	80%	80%
Southern Cross Windpower PTY Limited	(3) Australia	Ordinary Shares	100%	100%
Murra Warra Energy PTY Limited	(3) Australia	Ordinary Shares	100%	100%
Twin Creek Energy PTY Limited	(3) Australia	Ordinary Shares	100%	100%
Blueshore Pty Ltd	(30) Australia	Ordinary Shares	100%	100%
Dalby Energy Holdings Pty Ltd	(3) Australia	Ordinary Shares	100%	100%
Dalby Energy Project Pty Ltd	(3) Australia	Ordinary Shares	100%	100%
Dalby Energy Finance Pty Ltd	(3) Australia	Ordinary Shares	100%	100%
2308274 Alberta Ltd	(17) Canada	Ordinary Shares	100%	100%
Assiniboine Wind G.P. Inc	(17) Canada	Ordinary Shares	100%	100%
Assiniboine Wind L.P.	(17) Canada	Ordinary Shares	100%	100%
Athelstane Wind Farm LP	(28) Canada	Ordinary Shares	100%	100%
Bekevar Wind G.P Inc	(31) Canada	Ordinary Shares	100%	100%
Bekevar Wind L.P	(31) Canada	Ordinary Shares	89%	89%
Eastern Fields Wind Farm LP	(28) Canada	Ordinary Shares	100%	100%
Eastern Fields Wind Farm (GP) Inc.	(28) Canada	Ordinary Shares	100%	100%
Enterprise Solar GP Inc	(28) Canada	Ordinary Shares	100%	100%
Enterprise Solar LP	(28) Canada	Ordinary Shares	100%	100%
Hilda Wind L.P.	(17) Canada	Ordinary Shares	100%	100%
Hilda Wind G.P. Inc	(17) Canada	Ordinary Shares	100%	100%
Renewable Energy Systems Quebec Inc	(4) Canada	Ordinary Shares	100%	100%

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 16 Investments in subsidiaries, joint ventures and associates (continued)

RES Canada Asset Management GP Inc	(4) Canada	Ordinary Shares	100%	100%
RES Canada Asset Management LP	(4) Canada	Ordinary Shares	100%	100%
RES Canada Construction (Ontario) Inc	(28) Canada	Ordinary Shares	100%	100%
RES Canada Construction (Ontario) LP	(28) Canada	Ordinary Shares	100%	100%
RES Canada Construction GP, Inc	(4) Canada	Ordinary Shares	100%	100%
RES Canada Construction LP	(4) Canada	Ordinary Shares	100%	100%
RES Canada Energy Storage Inc	(28) Canada	Ordinary Shares	100%	100%
RES Canada Energy Storage LP	(28) Canada	Ordinary Shares	100%	100%
RES Canada Support Services GP Inc.	(4) Canada	Ordinary Shares	100%	100%
RES Canada Support Services LP	(4) Canada	Ordinary Shares	100%	100%
RES Canada Land LP	(4) Canada	Ordinary Shares	100%	100%
RES Oyen Wind GP Corp	(17) Canada	Ordinary Shares	100%	100%
RES Oyen Wind LP	(17) Canada	Ordinary Shares	100%	100%
Windy Ridge I GP Inc	(29) Canada	Ordinary Shares	100%	100%
Windy Ridge I Limited Partnership	(29) Canada	Ordinary Shares	100%	100%
Windy Ridge II GP Inc	(29) Canada	Ordinary Shares	100%	100%
Windy Ridge II Limited Partnership	(29) Canada	Ordinary Shares	100%	100%
Nova Solar G.P. Inc.	(17) Canada	Ordinary Shares	100%	-
Nova Solar L.P.	(17) Canada	Ordinary Shares	100%	-
RES Forty Mile Wind GP Corp.	(17) Canada	Ordinary Shares	100%	-
RES Forty Mile Wind LP	(17) Canada	Ordinary Shares	100%	-

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 16 Investments in subsidiaries, joint ventures and associates (continued)

Big Sky Solar GP Inc.	(17) Canada	Ordinary Shares	100%	-
Big Sky Solar LP	(17) Canada	Ordinary Shares	100%	-
Barley Energy Storage GP Inc.	(33) Canada	Ordinary Shares	100%	-
Barley Energy Storage L.P.	(33) Canada	Ordinary Shares	100%	-
Wheat Energy Storage GP Inc.	(33) Canada	Ordinary Shares	100%	-
Wheat Energy Storage L.P.	(33) Canada	Ordinary Shares	100%	-
Soy Energy Storage GP Inc.	(33) Canada	Ordinary Shares	100%	-
Soy Energy Storage L.P.	(33) Canada	Ordinary Shares	100%	-
RES S.A.S	(5) France	Ordinary Shares	100%	100%
12 RES Deutschland Wind GmbH & Co KG	(27) Germany	Ordinary Shares	100%	100%
13 RES Deutschland Wind GmbH & Co KG	(27) Germany	Ordinary Shares	100%	100%
RES Deutschland Verwaltungs GmbH	(27) Germany	Ordinary Shares	100%	100%
Windkraft Schonach GmbH	(22) Germany	Ordinary Shares	85%	85%
Windpark Wasen GmbH & Co KG	(22) Germany	Ordinary Shares	100%	100%
Blaberg Vindkraft AS	(7) Norway	Ordinary Shares	100%	100%
Hovatn Aust Vindkraft AS	(7) Norway	Ordinary Shares	100%	100%
Nordisk Vindkraft Norge AS	(7) Norway	Ordinary Shares	100%	100%
Skveneheii Vindkraft AS	(7) Norway	Ordinary Shares	100%	100%
RES Chile SpA	(16) Chile	Ordinary Shares	100%	100%
Pinon Blanco SpA	(16) Chile	Ordinary Shares	50%	50%
REI Desarrollo SpA	(16) Chile	Ordinary Shares	50%	50%

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 16 Investments in subsidiaries, joint ventures and associates (continued)

RES Chile Construction SpA	(16) Chile	Ordinary Shares	50%	50%
Bjornberget Vindkraft AB	(24) Sweden	Ordinary Shares	100%	100%
Degerkölen Vindkraft AB	(24) Sweden	Ordinary Shares	100%	100%
Granliden Vindkraft AB	(24) Sweden	Ordinary Shares	100%	100%
Gubbaberget Vindkraft AB	(24) Sweden	Ordinary Shares	100%	100%
Havsnäs Vindkraft Elnät AB	(24) Sweden	Ordinary Shares	100%	100%
Hornmyran Vindkraft AB	(24) Sweden	Ordinary Shares	100%	100%
NV Nordisk Vindkraft AB	(24) Sweden	Ordinary Shares	100%	100%
Storåsen Vindkraft AB	(24) Sweden	Ordinary Shares	100%	100%
Skyttmon Borgvattnet AB	(24) Sweden	Ordinary Shares	100%	100%
Trysslinge Vindkraft AB	(24) Sweden	Ordinary Shares	100%	100%
Vargträsk Vindkraft AB	(24) Sweden	Ordinary Shares	100%	100%
Vindkraft i Fjällberg AB	(24) Sweden	Ordinary Shares	100%	100%
Vindkraft i Norrhälsinge AB	(24) Sweden	Ordinary Shares	100%	100%
Vinliden Vindkraft AB	(24) Sweden	Ordinary Shares	100%	100%
Stora Uvberget Vind AB	(24) Sweden	Ordinary Shares	100%	100%
Cetmi Ruzgar Enerjisinden Elektrik Uretimi Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Ahiyuva Enerji Üretim Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Arzava Enerji Üretim Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Canik Enerji Üretim Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Çubuk Enerji Üretim Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 16 Investments in subsidiaries, joint ventures and associates (continued)

Dilmaç Enerji Üretim Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Eratna Enerji Üretim Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Esref Enerji Üretim Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Frig Enerji Üretim Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Galatya Enerji Üretim Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Germiyan Enerji Üretim Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Hanti Enerji Üretim Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Inal Enerji Üretim Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Inanç Enerji Üretim Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Mengucek Enerji Üretim Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Pervane Enerji Üretim Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Saltuk Enerji Üretim Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Saruhan Enerji Üretim Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Sökmen Enerji Üretim Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Tuspa Enerji Üretim Limited Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Zerocarbon Enerji Üretim Anonim Sirketi	(9) Turkey	Ordinary Shares	100%	100%
Battery Utility of Ohio, LLC	(8) USA	Ordinary Shares	100%	100%
Black Bear Wind Energy LLC	(8) USA	Ordinary Shares	100%	100%
Clear Fork Solar, LLC	(8) USA	Ordinary Shares	100%	100%
Clip Road Solar, LLC	(8) USA	Ordinary Shares	100%	100%
Crooked Creek Solar, LLC	(8) USA	Ordinary Shares	100%	100%

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 16 Investments in subsidiaries, joint ventures and associates (continued)

DSR Solar Energy LLC	(8) USA	Ordinary Shares	100%	100%
Freedom Way Solar, LLC	(8) USA	Ordinary Shares	100%	100%
Glacier Ridge Wind Farm, LLC	(8) USA	Ordinary Shares	100%	100%
Honeysuckle Solar LLC	(8) USA	Ordinary Shares	100%	100%
Honey Ranch Solar, LLC	(8) USA	Ordinary Shares	100%	100%
Joilet Battery Storage, LLC	(8) USA	Ordinary Shares	100%	100%
Karnes Community Solar LLC	(8) USA	Ordinary shares	100%	100%
Keys Hollow Solar, LLC	(8) USA	Ordinary Shares	100%	100%
KPUB Solar Energy, LLC	(8) USA	Ordinary Shares	100%	100%
Mines Wind Energy LLC	(8) USA	Ordinary Shares	100%	100%
Northern Illinois Battery Storage LLC	(8) USA	Ordinary Shares	100%	100%
Oklahoma Land Partners, LLC	(8) USA	Ordinary Shares	100%	100%
Opuntia Solar, LLC	(8) USA	Ordinary Shares	100%	100%
Quarter Horse Solar, LLC	(8) USA	Ordinary Shares	100%	100%
RES (Construction) GP LLC	(8) USA	Ordinary Shares	100%	100%
RES (Construction) LP, LLC	(8) USA	Ordinary Shares	100%	100%
RES (Construction), LP	(8) USA	Ordinary Shares	100%	100%
RES America Construction Inc.	(8) USA	Ordinary Shares	100%	100%
RES America Developments Inc.	(8) USA	Ordinary Shares	100%	100%
RES America Engineering Inc.	(8) USA	Ordinary Shares	100%	100%
RES America Investments Inc.	(8) USA	Ordinary Shares	100%	100%

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 16 Investments in subsidiaries, joint ventures and associates (continued)

RES America Asset Management Inc.	(8) USA	Ordinary Shares	100%	100%
RES America Support Services Inc.	(8) USA	Ordinary Shares	100%	100%
RES Battery Storage Holdings, LLC	(8) USA	Ordinary Shares	100%	100%
RES Distributed Holdings LLC	(8) USA	Ordinary Shares	100%	100%
RES Distributed LLC	(8) USA	Ordinary Shares	100%	100%
RES Energy Storage Holdings, LLC	(8) USA	Ordinary Shares	100%	100%
RES North America Leasing, LLC	(8) USA	Ordinary Shares	100%	100%
RES System 3, Holdings LLC	(8) USA	Ordinary Shares	100%	100%
RES System 3, LLC	(8) USA	Ordinary Shares	100%	100%
RES Technologies, LLC	(8) USA	Ordinary Shares	100%	100%
Rocky Solar, LLC	(8) USA	Ordinary Shares	100%	100%
S.E. Wind Energy LLC	(8) USA	Ordinary Shares	100%	100%
Southwest Land Partners, LLC	(8) USA	Ordinary Shares	100%	100%
Spoon River Solar, LLC	(8) USA	Ordinary Shares	100%	100%
Summit Lake Wind, LLC	(8) USA	Ordinary Shares	100%	100%
Sure Shot Solar, LLC	(8) USA	Ordinary Shares	100%	100%
Texas GP Holdings, LLC	(8) USA	Ordinary Shares	100%	100%
Texas Land Partners, LP	(8) USA	Ordinary Shares	100%	100%
Texas LP Holdings, LLC	(8) USA	Ordinary Shares	100%	100%
Thunderbird Solar, LLC	(8) USA	Ordinary Shares	100%	100%
Vista Mountain Wind, LLC	(8) USA	Ordinary Shares	100%	100%

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 16 Investments in subsidiaries, joint ventures and associates (continued)

Walleye Wind Project, LLC	(8) USA	Ordinary Shares	100%	100%
West Chicago Battery Storage LLC	(8) USA	Ordinary Shares	100%	100%
Weser Solar, LLC	(8) USA	Ordinary Shares	100%	100%
White River Solar Energy, LLC	(8) USA	Ordinary Shares	100%	100%
Wolf Tail Solar, LLC	(8) USA	Ordinary Shares	100%	100%
Yaupon Solar, LLC	(8) USA	Ordinary Shares	100%	100%
Yellow Jacket Wind, LLC	(8) USA	Ordinary Shares	100%	100%
Beaty Hills Solar, LLC	(8) USA	Ordinary Shares	100%	-
Big Road Solar, LLC	(8) USA	Ordinary Shares	100%	-
Cash Solar, LLC	(8) USA	Ordinary Shares	100%	-
Driftwood Solar, LLC	(8) USA	Ordinary Shares	100%	-
Healing Dove Solar, LLC	(8) USA	Ordinary Shares	100%	-
House Solar, LLC	(8) USA	Ordinary Shares	100%	-
Iron Belly Solar, LLC	(8) USA	Ordinary Shares	100%	-
Jasper Solar, LLC	(8) USA	Ordinary Shares	100%	-
King Solar, LLC	(8) USA	Ordinary Shares	100%	-
Loblolly Solar, LLC	(8) USA	Ordinary Shares	100%	-
Mudbug Solar, LLC	(8) USA	Ordinary Shares	100%	-
Pinetop Solar, LLC	(8) USA	Ordinary Shares	100%	-
Perry Creek Solar, LLC	(8) USA	Ordinary Shares	100%	-
Rainwater Lake Solar, LLC	(8) USA	Ordinary Shares	100%	-

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 16 Investments in subsidiaries, joint ventures and associates (continued)

Red Owl Solar, LLC	(8) USA	Ordinary Shares	100%	-
Red Wing Solar, LLC	(8) USA	Ordinary Shares	100%	-
Rooster Solar, LLC	(8) USA	Ordinary Shares	100%	-
Transmission and Development, LLC	(8) USA	Ordinary Shares	100%	-

The principal activity of the above companies is the development, construction, and operation of wind farms, solar farms, green hydrogen and battery storage facilities and their year end is the same as the Company. Each shareholding is of ordinary shares with no special rights or constraints attached to them.

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 17 Other investments

	2022 £ 000	2021 £ 000
Other investments	<u>11,905</u>	<u>1,232</u>

Other investments represent the Company's investment in the ordinary share capital of The Renewables Infrastructure Group plc.

#### 18 Stocks

	2022 £ 000	2021 £ 000
Work in progress	1,404	25,632
Finished goods and goods for resale	<u>1,360</u>	<u>746</u>
	<u>2,764</u>	<u>26,378</u>

#### 19 Debtors

		2022 £ 000	2021 £ 000
<b>Current</b>	<b>Note</b>		
Trade debtors		12,057	7,968
Amounts owed by related parties	29	64,115	135,802
Other debtors		2,029	2,797
Prepayments		1,484	1,676
Accrued income		6,912	5,540
Income tax asset	13	<u>5,045</u>	<u>4,752</u>
		<u>91,642</u>	<u>158,535</u>

Amounts owed by related parties shown above includes various loans due from direct and indirect subsidiary companies, provided to fund short term working capital requirements. The interest rate on loans relating to operations in established markets is linked to the base rate of the relevant country where the loan has been provided, plus a premium where appropriate, and range from 2.25% to 6.25%. The repayment date for loans falling under the original "Inter Company Loan (Working Capital) Agreement" is 30 October 2023. Subsequent loan advances and other amounts due from related parties are repayable on demand.

Amounts owed by related parties also includes a debtor due from an entity under the control of The McAlpine Partnership Trust (incorporated in the UK), which ultimately owns 100% of the Company's shares. The loan bears interest at 2% above the Bank of England base rate and has a repayment date of 31 December 2025.

		2022 £ 000	2021 £ 000
<b>Non-current</b>	<b>Note</b>		
Amounts owed by related parties	29	<u>4,453</u>	<u>876</u>

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 20 Other current assets

	2022 £ 000	2021 £ 000
Bonds	190,057	-
Short Term Deposits	104,583	-
	<u>294,640</u>	<u>-</u>

The Company invested £199.9 million into bonds during the year which have a range of maturity dates but can be readily liquidated. The bonds are fair valued through the OCI. None of the bonds are considered to be level 1 in the fair value hierarchy. The bonds are fair valued using inputs (other than quoted prices) that are observable directly or indirectly or unobservable - i.e. all bonds are considered to be level 2 in the fair value hierarchy. The valuations are derived from third party financial institutions, using observable market data where it is available. The Company does not consider that any counterparties to the bonds have credit risk that materially impacts the calculated fair value of the instruments. During the year the Company recognised a fair value loss of £10.4m in OCI.

#### 21 Cash at bank and in hand

	2022 £ 000	2021 £ 000
Cash at bank	130,000	649,682
Short-term deposits	52,077	-
	<u>182,077</u>	<u>649,682</u>

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 22 Creditors

	2022 £ 000	2021 £ 000
<b>Due within one year</b>		
Trade creditors	4,667	5,364
Amounts due to related parties	105,426	121,057
Social security and other taxes	684	1,783
Accrued expenses	16,705	28,394
Other current financial liabilities	-	18
Deferred income	2,457	32,476
	<u>129,939</u>	<u>189,092</u>

Amounts due to related parties shown above includes an amount of £5,732,000 (2021: £22,999,000) due to the parent company, Renewable Energy Systems Holdings Limited, and various working capital loans from direct and indirect subsidiary companies. The interest rate on the loans is linked to the base rate of the relevant country where the loan has been provided, plus a premium where appropriate, and range from 0.25% to 6.45%. The repayment date for loans falling under the original "Inter Company Loan (Working Capital) Agreement" is 30 October 2023. Subsequent loan advances and other amounts due to related parties are repayable on demand.

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 23 Provisions

	Warranties £ 000	Deferred tax £ 000	Total £ 000
At 1 November 2021	1,251	37	1,288
Charged to the profit and loss account and the statement of comprehensive income	183	15	198
Utilised in the year	<u>(119)</u>	<u>-</u>	<u>(119)</u>
At 31 October 2022	<u>1,315</u>	<u>52</u>	<u>1,367</u>

The warranty provision relates to future losses anticipated on long term contracts and is expected to be utilised within the next two years.

Additional provision of £15,000 deferred tax charge consists of £4,623,000 charge in the profit and loss account and a credit of £4,608,000 in the statement of comprehensive income.

#### 24 Pension and other schemes

##### Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £1,869,950 (2021 : £1,732,367). There were no contributions outstanding at the end of the year.

## **Renewable Energy Systems Limited**

### **Notes to the Financial Statements for the Year Ended 31 October 2022**

#### **24 Pension and other schemes (continued)**

##### **Defined benefit pension schemes**

##### **The Sir Robert McAlpine Limited Staff Pension and Life Assurance Scheme**

The scheme provides benefits to current and former employees, based on their salary and length of service at the date of their retirement. The Company's agreed share of the total defined benefit obligation of the scheme is 10%. This is based on the agreed proportion of annual contributions to fund the scheme obligation. In the event that a contributing member to the scheme is unable to fulfill its annual contributions to the scheme, the contributions would fall due to the other contributing member. The risk of this contingent liability becoming realised is considered to be remote.

On 1 May 2016 it was considered by the Directors that the historical agreement that members would share equally in any surplus or deficit was no longer practical given the level of deficit and future contributions and that the employer companies would assume 100% of the responsibility for past and future service and agreed to charge the net defined benefit cost of the Scheme to each of the participating employers. As a result, following this change in funding, the group has accounted for its share of the net deficit and the change in defined benefit liability as an expense (included within exceptional items) in measuring profit or loss in the previous reporting period.

The date of the most recent comprehensive actuarial valuation was 31 October 2022. The valuation was completed by Isio and calculated the various estimates by reference to actuarial advice in accordance with published statistics and experience.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £230,000 (2021 : £400,000).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2021 :£Nil).

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 24 Pension and other schemes (continued)

##### *Reconciliation of scheme assets and liabilities to assets and liabilities recognised*

The amounts recognised in the balance sheet are as follows:

	2022 £ 000	2021 £ 000
Fair value of scheme assets	34,488	53,327
Present value of defined benefit obligation	<u>(42,330)</u>	<u>(65,168)</u>
Defined benefit pension scheme deficit	<u><u>(7,842)</u></u>	<u><u>(11,841)</u></u>

##### *Defined benefit obligation*

Changes in the defined benefit obligation are as follows:

	2022 £ 000
Present value at start of year	(65,168)
Interest cost	(1,110)
Actuarial gains and losses	20,988
Benefits paid	<u>2,960</u>
Present value at end of year	<u><u>(42,330)</u></u>

##### *Fair value of scheme assets*

Changes in the fair value of scheme assets are as follows:

	2022 £ 000
Fair value at start of year	53,327
Interest income	970
Return on plan assets, excluding amounts included in interest income/(expense)	(20,400)
Administration expenses	(90)
Employer contributions	22,504
Benefits paid	(2,960)
Remeasurement of plan asset allocated to the Company	<u>(18,864)</u>
Fair value at end of year	<u><u>34,487</u></u>

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 24 Pension and other schemes (continued)

##### *Analysis of assets*

The major categories of scheme assets are as follows:

	2022 %	2021 %
Equity instruments	15	27
Debt instruments	43	43
Multi-asset fund	-	22
Other	42	8
	<u>100</u>	<u>100</u>

##### *Return on scheme assets*

	2022 £ 000	2021 £ 000
Return on scheme assets	<u>3,640</u>	<u>3,280</u>

The pension scheme has not invested in any of the Company's own financial instruments or in properties or other assets used by the Company.

##### *Principal actuarial assumptions*

The principal actuarial assumptions at the balance sheet date are as follows:

	2022 %	2021 %
Discount rate	4.80	1.80
Future salary increases	-	2.35
Future pension increases	2.15	2.35
Inflation (RPI)	3.05	3.25
Inflation (CPI)	<u>2.15</u>	<u>2.35</u>

##### *Post retirement mortality assumptions*

	2022 Years	2021 Years
Current UK pensioners at retirement age - male	24.10	21.80
Current UK pensioners at retirement age - female	25.60	23.70
Future UK pensioners at retirement age - male	25.00	22.20
Future UK pensioners at retirement age - female	<u>27.40</u>	<u>24.30</u>

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 25 Share capital

##### Allotted, called-up and fully paid shares

	No. 000	2022 £ 000	No. 000	2021 £ 000
Ordinary Shares of £1 each	<u>42,801</u>	<u>42,801</u>	<u>42,801</u>	<u>42,801</u>

The Company has one class of ordinary shares which carry no right to fixed income.

#### 26 Reserves

##### Share capital:

Ordinary share capital was provided on the Company's incorporation by its parent.

##### Revaluation reserve:

The revaluation reserve arises from revaluations of other financial assets.

##### Profit and loss account:

The profit and loss account is the accumulated profits and losses made by the company since its incorporation.

#### 27 Operating lease commitments

##### Operating leases

The total of future minimum lease payments is as follows:

	2022 £ 000	2021 £ 000
Within one year	452	467
Between one and five years	841	350
After five years	<u>-</u>	<u>709</u>
	<u>1,293</u>	<u>1,526</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £484,000 (2021 : £492,000).

#### 28 Dividends

	2022 £ 000	2021 £ 000
Interim dividend of £1.8458 (2021 - £0.2336) per ordinary share	<u>79,000</u>	<u>10,000</u>

## Renewable Energy Systems Limited

### Notes to the Financial Statements for the Year Ended 31 October 2022

#### 29 Related party transactions

The company has taken advantage of the exemption under paragraph 33 of FRS 102 and therefore not disclosed transactions with its wholly owned subsidiaries and fellow undertakings.

##### Summary of transactions with entities with joint control or significant interest

Related parties with joint control or significant influence comprise entities subject to common control by the ultimate parent. These principally include the sub-group headed by Newarthill Limited, which includes the Sir Robert McAlpine construction group of companies, which are owned by the same shareholders as the parent of the RES Group.

All receivables and payables with related parties of the Company are transacted on an arm's length basis on normal commercial terms and conditions.

#### Income and receivables from related parties

	Entities with joint control or significant influence £ 000
<b>2022</b>	<b>4,453</b>
Amounts receivable from related party	<u>4,453</u>
	Entities with joint control or significant influence £ 000
<b>2021</b>	<b>876</b>
Amounts receivable from related party	<u>876</u>

#### Expenditure with and payables to related parties

	Entities with joint control or significant influence £ 000
<b>2022</b>	<b>4,563</b>
Rendering of services	<u>4,563</u>
	Entities with joint control or significant influence £ 000
<b>2021</b>	<b>4,203</b>
Rendering of services	<u>4,203</u>
Amounts payable to related party	<u>21</u>

## **Renewable Energy Systems Limited**

### **Notes to the Financial Statements for the Year Ended 31 October 2022**

#### **30 Parent and ultimate parent undertaking**

The Company's immediate parent is Renewable Energy Systems Holdings Limited, incorporated in the United Kingdom.

The ultimate parent is The McAlpine Partnership Trust, incorporated in the United Kingdom.

The most senior parent entity producing publicly available financial statements is Renewable Energy Systems Holdings Limited. These financial statements are available upon request from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ

The ultimate controlling party is The McAlpine Partnership Trust.

#### **31 Events after the financial period**

In March 2023, the Company completed two acquisitions. Acquiring Anemo Analytics, a Danish technology and engineering company which offers wind turbine analytics solutions that enable improved monitoring and optimisation of assets for DKK 18.8 million (£2.2 million at the March 2023 GBP:DKK rate 1:8.48). Anemo Analytics' technology will support RES to further diversify the types of services and solutions it offers its clients.

The Company also acquired IM Future a Spanish Operations and Maintenance provider and with it, contracts to provide support services for wind turbines in Spain and Portugal for initial consideration of EUR 15.0 million (£13.3 million at the March 2023 GBP:EUR rate 1:1.13).