

GREENS POWER LIMITED
FINANCIAL STATEMENTS
30 JUNE 2022

GREENS POWER LIMITED

COMPANY INFORMATION

Directors	Christopher Campbell Matthew Crewe Philip Raymond Emmerson Gold Round Limited (resigned 13 October 2022) W2S Directors Limited (appointed 28 October 2022)
Company secretary	RJP Secretaries Limited
Registered number	05067893
Registered office	4th Floor 24 Old Bond Street Mayfair London W1S 4AW
Independent auditors	Armstrong Watson Audit Limited Chartered Accountants & Statutory Auditor York House Thornfield Business Park Northallerton DL6 2XQ

GREENS POWER LIMITED

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GREENS POWER LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 30 JUNE 2022

Introduction

The directors present their strategic report for the 12 months ended 30 June 2022.

Principal activity

Green's designs, manufactures and provides aftermarket services for industrial boiler equipment including economisers, heat exchangers and heat recovery systems that can be found throughout the world. Its primary markets are energy (including biomass, waste to energy and conventional fuels) industrial, petrochemical and marine.

Business review

In the year to 30 June 2022 the business showed strong growth in revenue, of 30%, delivering turnover of £13.3m and continuing to trade profitably despite considerable economic turbulence in the year, generating operating profit of £47k, and a net profit of £23k.

Like many businesses the performance in the year has been impacted by the significant and sudden increase in raw material prices, notably in the first half of the year, as well as continued rises in energy prices and general inflationary pressure on all costs. This has impacted gross margin albeit raw materials costs, which are a key input, did start to stabilise in the second half of the year.

External factors such as the recovery from the Covid 19 pandemic and its impact on the wider economy, including global supply chains, continue to impact the business in common with many businesses. This will continue to remain an area of uncertainty in the next financial year, but the business has successfully managed these in the financial year under review.

Enquiry levels and order intake are currently running at normal levels with the sectors which the company serves (energy, waste to energy, steel and paper mills) not being severely impacted by a downturn in economic activity.

Included in costs for the financial year is £77k related to a cross guarantee provided by Greens to support the rental of a property for another subsidiary company. The property has now been sublet. These costs are not expected to reoccur in the next financial year and adjusting for this would have improved underlying trading performance, to an operating profit of £124k

Therefore, despite the uncertain economic outlook, the business continues to have a strong order book for both capital projects and service projects helped by the international reach of the business. Projects undertaken in the year ended 30 June 2022 included those delivered in Australasia, North and South America, Europe and the UK, and the order book continues to include projects in multiple jurisdictions which helps insulate the business from shocks in any one market.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the core activities of the business are set out below. Risks are reviewed by the board and appropriate processes put in place to monitor and mitigate them.

- Brexit – Impact on the ease and customers' willingness to source from the UK, or impacting the cost of materials
- Raw materials prices – the impact of the Covid 19 pandemic and also other factors on raw materials input prices, as well as global supply chains.
- Covid 19 – The continued impact on our core markets resulting in delays to new orders or availability of materials - or a significant outbreak or further lockdowns resulting in contract delays for our customers
- Foreign exchange – Significant foreign exchange movements in the Euro or US Dollar. Hedging is used to mitigate this risk when appropriate.

GREENS POWER LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2022

Financial key performance indicators

Our key performance indicators are

- On time delivery – all key contracts have been delivered on time with the exception of a few Covid related delays due to the strained global supply chains, which were successfully managed with our customers
- Quality – our weld repair ratio remained at exceptional levels at under 1%
- Safety first – Accident rate per man hour is trending downwards year on year and near misses tracked below target levels
- Financial performance – achieve operating and net profitability. The business continued to operate profitably during the year, despite the external challenges of the Covid 19 pandemic.

Future developments

The focus for the next financial year is on continuing to develop the revenue base of the business with a focus on service and installation projects and the increasing confidence of international customers.

This will ensure the business continues to build back post the Covid 19 pandemic, trading profitably and strengthening the cash position.

The Directors do not anticipate any significant changes in products or key markets in the immediate future.

This report was approved by the board and signed on its behalf.

Matthew Crewe

Director

Date: 30 March 2023

GREENS POWER LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2022

The directors present their report and the financial statements for the period ended 30 June 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to 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.

Results and dividends

The profit for the period, after taxation, amounted to £22,822 (2021 - £52,512).

Directors

The directors who served during the period were:

Christopher Campbell
Matthew Crewe
Philip Raymond Emmerson
Gold Round Limited (resigned 13 October 2022)

Matters covered in the Strategic report

Information is not shown in the directors' report because it is shown in the strategic report under s414C(11). The strategic report includes a business review, principal risks and uncertainties and financial key performance indicators.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

GREENS POWER LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 JUNE 2022**

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Armstrong Watson Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Matthew Crewe

Director

Date: 30 March 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENS POWER LIMITED

Opinion

We have audited the financial statements of Greens Power Limited (the 'Company') for the period ended 30 June 2022, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENS POWER LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, 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.

GREENS POWER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENS POWER LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence,

capabilities and skills to identify or recognise non-compliance with applicable laws and regulations, such as the Health & Safety at Work Act 1974 and Companies Act 2006;

- we identified the laws and regulations applicable to the company through discussions with directors and other

management;

- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and

- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their

knowledge of actual, suspected and alleged fraud; and

- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and

regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships; and

- tested journal entries to identify unusual transactions; and

- reviewed the operating effectiveness of certain controls over purchase cycles on a sample basis.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures

which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and

- enquiring of management as to actual and potential litigation and claims.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GREENS POWER LIMITED (CONTINUED)

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 Auditors' 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.

Simon Turner (Senior statutory auditor)

for and on behalf of

Armstrong Watson Audit Limited

Chartered Accountants

Statutory Auditor

Northallerton

30 March 2023

GREENS POWER LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2022

	Note	2022 £	2021 £
Turnover	4	13,283,594	10,201,651
Cost of sales		(10,297,301)	(6,923,408)
Gross profit		2,986,293	3,278,243
Administrative expenses		(2,939,367)	(2,844,515)
Exceptional administrative expenses		-	(352,843)
Operating profit	5	46,926	80,885
Interest payable and similar expenses	9	(24,104)	(28,373)
Profit before tax		22,822	52,512
Profit for the financial period		22,822	52,512
Other comprehensive income for the period			
Total comprehensive income for the period		22,822	52,512

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

The notes on pages 13 to 25 form part of these financial statements.

GREENS POWER LIMITED
REGISTERED NUMBER: 05067893

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	423,926	634,933
		<u>423,926</u>	<u>634,933</u>
Current assets			
Stocks	13	206,696	148,574
Debtors: amounts falling due within one year	14	4,926,642	5,044,473
Cash at bank and in hand	15	867,045	366,667
		<u>6,000,383</u>	<u>5,559,714</u>
Creditors: amounts falling due within one year	16	(4,236,919)	(3,919,730)
Net current assets		<u>1,763,464</u>	<u>1,639,984</u>
Total assets less current liabilities		<u>2,187,390</u>	<u>2,274,917</u>
Creditors: amounts falling due after more than one year	17	(117,409)	(227,758)
Net assets		<u><u>2,069,981</u></u>	<u><u>2,047,159</u></u>
Capital and reserves			
Called up share capital	19	2,876,924	2,876,924
Profit and loss account		(806,943)	(829,765)
		<u><u>2,069,981</u></u>	<u><u>2,047,159</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Matthew Crewe
Director

Date: 30 March 2023

The notes on pages 13 to 25 form part of these financial statements.

GREENS POWER LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2022

	Called up share capital £	Profit and loss account £	Total equity £
At 1 July 2021	2,876,924	(829,765)	2,047,159
Comprehensive income for the period			
Profit for the period	-	22,822	22,822
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	22,822	22,822
Total transactions with owners	-	-	-
At 30 June 2022	2,876,924	(806,943)	2,069,981

The notes on pages 13 to 25 form part of these financial statements.

GREENS POWER LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021

	Called up share capital £	Profit and loss account £	Total equity £
At 1 July 2020	2,876,924	(882,277)	1,994,647
Comprehensive income for the year			
Profit for the year	-	52,512	52,512
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	52,512	52,512
Total transactions with owners	-	-	-
At 30 June 2021	2,876,924	(829,765)	2,047,159

The notes on pages 13 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

1. General information

The company is a private company, limited by shares, incorporated and domiciled in the United Kingdom. Its registered office address is Ground Floor, Egerton House, 68 Baker Street, Weybridge, Surrey, KT13 8AL and its principal place of business is Raines Business Centre, Raines House, Denby Dale Road, Wakefield, WF1 1HR.

The principal activity of the company is the design, manufacture and provision of aftermarket services for individual boiler equipment.

These financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the company operates.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Heat Exchange Group Limited as at 30 June 2022 and these financial statements may be obtained from Companies House.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.3 Going concern

The directors have considered the on-going situation with regard to the energy cost crisis as part of their going concern assessment. The view of the directors is that, while they acknowledge the significant disruption that this will bring over the coming months, the directors feel that the company is well placed to negotiate the unique set of conditions currently facing the UK economy. The company's current level of cash is positive and the directors have taken strategic measures to safeguard the company.

In reaching their conclusion, the directors have considered cash flow forecasts that cover a period of at least 12 months from the date of sign off of the financial statements, applied sensitivity as appropriate and have taken advantage of the wider financial support available to the company from the wider Group. FCap One Limited, principal secured lender, has provided a formal letter of support indicating their continued financial support to Greens Power Limited for a period of at least 12 months from the date of sign off of the financial statements.

After consideration of all factors, the directors continue to adopt the going concern basis in preparing the financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- 20% on cost
Plant and machinery	- 20% on cost and 10% on cost
Motor vehicles	- 33% on cost
Fixtures and fittings	- 20% on cost and 33% on cost
Computer equipment	- 33% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

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

2.16 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

2. Accounting policies (continued)

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. 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. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of these financial statements requires management to make judgements, estimates and assumptions that effect the application and reported amounts of assets and liabilities, income and expenses.

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

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will be, by definition, seldom equal to the related actual results.

Management estimate the stage of completion of long term contracts by comparing actual costs incurred to forecasts, relying on their past experience and expertise to ensure those estimates are accurate.

GREENS POWER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

4. Turnover

The whole of the turnover is attributable to the company's principal activity.

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	6,757,994	3,763,502
Rest of the world	6,525,600	6,438,149
	<u>13,283,594</u>	<u>10,201,651</u>

5. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Exchange differences	(316)	(5,756)
Other operating lease rentals	303,707	87,871
Depreciation	<u>230,066</u>	<u>288,347</u>

6. Auditors' remuneration

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>10,000</u>	<u>10,000</u>

GREENS POWER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2022	2021
	£	£
Wages and salaries	2,831,350	2,375,512
Social security costs	306,919	246,763
Cost of defined contribution scheme	182,126	173,222
	<u>3,320,395</u>	<u>2,795,497</u>

The average monthly number of employees, including the directors, during the period was as follows:

	2022	2021
	No.	No.
	32	32
Production		
	28	30
Administration and support		
	<u>60</u>	<u>62</u>

8. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	78,354	17,783
Company contributions to defined contribution pension schemes	46,000	4,473
	<u>124,354</u>	<u>22,256</u>

9. Interest payable and similar expenses

	2022	2021
	£	£
Other loan interest payable	15,148	20,323
Finance leases and hire purchase contracts	8,956	8,050
	<u>24,104</u>	<u>28,373</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

10. Taxation**Factors affecting tax charge for the period/year**

The tax assessed for the period/year is the same as (2021 - *the same as*) the standard rate of corporation tax in the UK of 19% (2021 - 19%) as set out below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>22,822</u>	<u>52,513</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	-	9,977
Effects of:		
Movement in unrecognised deferred tax asset	-	(9,977)
Total tax charge for the period/year	<u>-</u>	<u>-</u>

The company has trading losses carried forward of £ (2021 - £2.6m). Consequently, in respect of those trading losses not offset, the company has an unrecognised deferred tax asset of £ (2021 - £494,000) at the balance sheet date.

Factors that may affect future tax charges

An increase in the UK corporate tax rate from 19% to 25% was announced in the 2021 budget, this is scheduled to take effect from April 2023. The rate for small profits under £50,000 will remain at 19%, and there will be taper relief for businesses with profits between £50,000 and £250,000. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

11. Exceptional items

	2022 £	2021 £
Other Exceptional costs	-	352,843
	<u>-</u>	<u>352,843</u>

Exceptional costs in both years primarily related to a cross guarantee provided by Greens to support the rental of a property for another subsidiary company. The property has now been sublet. These costs are not expected to reoccur in the next financial year.

GREENS POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

12. Tangible fixed assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation						
At 1 July 2021	516,684	1,479,585	20,753	163,710	325,784	2,506,516
Additions	-	12,780	-	-	10,284	23,064
Disposals	(32,810)	(1,800)	(9,753)	(6,897)	-	(51,260)
At 30 June 2022	483,874	1,490,565	11,000	156,813	336,068	2,478,320
Depreciation						
At 1 July 2021	387,443	1,009,059	20,753	148,844	305,484	1,871,583
Charge for the period on owned assets	56,960	150,296	-	12,292	14,522	234,070
Disposals	(32,809)	(1,800)	(9,753)	(6,897)	-	(51,259)
At 30 June 2022	411,594	1,157,555	11,000	154,239	320,006	2,054,394
Net book value						
At 30 June 2022	72,280	333,010	-	2,574	16,062	423,926
At 30 June 2021	129,241	470,526	-	14,866	20,300	634,933

GREENS POWER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

12. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022	2021
	£	£
Plant and machinery	172,961	245,237
	<u>172,961</u>	<u>245,237</u>

13. Stocks

	2022	2021
	£	£
Raw materials and consumables	67,524	-
Work in progress (goods to be sold)	139,172	54,712
Finished goods and goods for resale	-	93,862
	<u>206,696</u>	<u>148,574</u>

14. Debtors

	2022	2021
	£	£
Trade debtors	2,036,839	1,787,833
Amounts owed by group undertakings	1,677,931	1,900,615
Other debtors	2,001	17,442
Prepayments and accrued income	1,209,871	1,338,583
	<u>4,926,642</u>	<u>5,044,473</u>

15. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank and in hand	867,045	366,667
Less: bank overdrafts	-	(365,865)
	<u>867,045</u>	<u>802</u>

GREENS POWER LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022

16. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank overdrafts	-	365,865
Payments received on account	775,039	1,042,183
Trade creditors	1,432,766	1,129,147
Amounts owed to group undertakings	290,149	-
Other taxation and social security	338,074	416,814
Obligations under finance lease and hire purchase contracts	100,063	84,960
Other creditors	164,017	161,734
Accruals and deferred income	1,136,811	719,027
	<u>4,236,919</u>	<u>3,919,730</u>

Obligations under finance lease and hire purchase contracts are secured against the assets to which they relate.

17. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Net obligations under finance leases and hire purchase contracts	117,409	227,758
	<u>117,409</u>	<u>227,758</u>

Net obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	100,063	84,960
Between 1-5 years	117,409	225,488
	<u>217,472</u>	<u>310,448</u>

GREENS POWER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022**

19. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
2,876,924 (2021 - 2,876,924) Ordinary shares of £1.00 each	<u>2,876,924</u>	<u>2,876,924</u>

Ordinary shares have the following rights, preferences and restrictions:

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights to redemption.

20. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £177,589 (2021 - £173,222). Contributions totalling £19,982 (2021 - £18,774) were payable to the fund at the reporting date and are included in creditors.

21. Commitments under operating leases

At 30 June 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	294,445	294,445
Later than 1 year and not later than 5 years	340,000	340,000
Later than 5 years	162,000	247,917
	<u>796,445</u>	<u>882,362</u>

22. Related party transactions

The Company has taken advantage of the exemption contained in Section 33 of FRS 102 "Related Party Disclosures" from disclosing transactions with the entities which are part of the group, since 100% of the voting rights in the company are controlled within the group and the company is included within the group accounts which are publicly available.

23. Ultimate controlling party

The parent company of the smallest group in which the company is consolidated is Heat Exchange Group Limited, a company registered in England & Wales. No individual has ultimate control of the company.

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