Carscreugh Renewable Energy Park Limited

Directors' Report and

Audited Financial Statements For The Year Ended 31 March 2023

Contents of the Financial Statements
For The Year Ended 31 March 2023

Carscreugh Renewable Energy Park Limited

Company Information
For The Year Ended 31 March 2023

Directors:	J M Linney J P Hardy R J Pollock
Registered office:	C/O Res White Ltd Beaufort Court Egg Farm Lane Kings Langley Hertfordshire WD4 8LR
Registered number:	05979968 (England and Wales)
Independent auditors:	Deloitte LLP Regency Court PO Box 137 GY1 3HW ST Peter Port Channel Islands
Bankers:	HSBC Bank PLC 8 Canada Square London E14 5HQ

Carscreugh Renewable Energy Park Limited

Directors' Report
For The Year Ended 31 March 2023

The directors present their report with the financial statements of the Company for the year ended 31 March 2023.

Further information on the basis of preparation of these financial statements and the going concern assumption can be found in note 2.

Principal activity
The principal activity of the Company is the design, build, financing and operation of a wind farm consisting of 18 turbines (15.3MW) in Scotland and this is expected to continue to be the principal activity of the Company.

Dividends
The loss during the period was £(314,773) (2022: £(220,628) loss).

The directors did not pay any interim dividends in the period (2022: £nil).

The directors have not recommended payment of a final dividend (2022: £nil).

Directors
The directors shown below have held office during the whole of the period from 1 April 2022 to the date of this report.

J M Linney
J P Hardy

Other changes in directors holding office are as follows:

C J Tanner - resigned 21 October 2022
S W Hughes - resigned 15 December 2022
R J Pollock - appointed 13 March 2023

Going concern
The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future despite being in a net liability position. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

In arriving at their conclusion, the directors have assessed the impact of the potential risk of the recent energy market disruption that has led to very high energy prices as a result of geo-political uncertainty and gas shortages stemming from Russia's invasion of Ukraine. It was noted that whilst any power price variability is not welcomed, although favourably in this instance, the uncertainty it brings is balanced out by the Company's other main source of revenue, the buyout revenues on Renewable Obligation Certificates (ROCs), which has fixed prices per MWh and therefore adds a degree of certainty to a portion of future revenues which heavily contributes to the going concern assumption. The directors will continue to closely monitor the situation and to take appropriate action if deemed necessary.

Further details regarding the adoption of the going concern basis and parent company committment of financial support can be found in note 2 of the Accounting Policies.

Carscreugh Renewable Energy Park Limited

Directors' Report
For The Year Ended 31 March 2023

Financial risk management objectives and policies
Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of accumulated profits and long and short-term debt finance provided through the parent company, JLEAG Wind Limited.

Interest rate risk
The Company's borrowings are fixed interest loans which are expected to be held to maturity in over ten years time. The Company therefore has limited exposure to cash flow risks associated with changes in interest rates.

Exposure to market prices
The Company is exposed to long term electricity market prices. To counter this the project has a long term Purchase Power Agreement (PPA) in place with the counterparty Statkraft Markets GMBH. The directors keenly monitor the electricity market and seek to fix prices under the PPA when it is deemed favourable to do so, this has been especially relevant during the year since unprecedented volatility has been observed when economic activity lurched back to the higher pre-lockdown levels leading to prices rebounding from the historic lows observed as a result of the economic slump encountered at the start of the COVID-19 pandemic. This was then further exacerbated by Russia's invasion of Ukraine and the sanctions on Russian fossil fuels that followed which has pushed prices to previously unfathomable levels.

Credit risk
The Company's principal financial assets are cash and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables and accrued income which are with one counterparty. The Company monitors the financial standing of that counterparty in order to manage its credit risk.

Wind/energy yield risk
The Company has engaged consultants to assess long term wind predictions and consequent energy yield for the given turbines. However, there still remains a risk that wind and energy yield may be less (or more) than modelled. The project was refinanced on 6 March 2019 via its holding company on an assumption that realistic downsides would not materially jeopardise the project. The Company will continue to monitor performance against the modelled plan.

Directors' indemnities
The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Statement as to disclosure of information to auditors
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Carscreugh Renewable Energy Park Limited

Directors' Report
For The Year Ended 31 March 2023

Auditors
The auditors, Deloitte LLP, are deemed not to be reappointed under section 487(2) of the Companies Act 2006. The change in auditors is part is to maintain consistency with the parent company who have changed to KPMG. KPMG are appointed as the new auditors following approval from the Board of Directors.

On behalf of the board:

DocuSigned by:
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J P Hardy - Director

Date: 22 December 2023 | 20:05 GMT

Carscreugh Renewable Energy Park Limited
Statement of Directors' Responsibilities
For The Year Ended 31 March 2023

The directors are responsible for preparing 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". The financial statements are required by law to 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 proper accounting records that 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.

Independent Auditor's Report to the Members of Carscreugh Renewable Energy Park Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Carscreugh Renewable Energy Park Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 18.

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 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.

Independent Auditor's Report to the Members of Carscreugh Renewable Energy Park Limited

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.

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.

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's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our 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 and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

Independent Auditor's Report to the Members of Carscreugh Renewable Energy Park Limited

We obtained an understanding of the legal and regulatory frameworks 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, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team 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 area, and our specific procedures performed to address that is described below:

- Presumed risk of fraud associated with revenue recognition: we identified a risk related to the accuracy of the electricity generation data. We obtained an understanding of the revenue process and performed tests of revenue amounts recognised by verifying to related invoices, accrued revenue calculations and bank payments.

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, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating 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 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

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the directors' report.

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

Independent Auditor's Report to the Members of Carscreugh Renewable Energy Park Limited

- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

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:
David Becker
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David Becker ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Guernsey, Channel Islands

22nd December 2023

Carscreugh Renewable Energy Park Limited

Statement of Comprehensive Income
For The Year Ended 31 March 2023

	Notes	2023 £	2022 £
Turnover	3	3,611,226	3,334,653
Cost of sales		(1,104,151)	(970,608)
Gross profit		2,507,075	2,364,045
Administrative expenses		(1,035,519)	(1,028,773)
Operating profit	5	1,471,556	1,335,272
Interest payable and similar expenses	6	(1,656,889)	(1,755,461)
Loss before taxation		(185,333)	(420,189)
Tax on loss	7	(129,440)	199,561
Loss for the financial year		(314,773)	(220,628)
Other comprehensive income		-	-
Total comprehensive loss for the year		(314,773)	(220,628)

The notes on pages 13 to 27 form part of these financial statements

Carscreugh Renewable Energy Park Limited (Registered number: 05979968)

Balance Sheet
31 March 2023

	Notes	2023 £	Restated 2022 £
Fixed assets			
Tangible fixed assets	8	16,461,459	17,467,273
Current assets			
Debtors: amounts falling due within one year	9	1,873,205	1,524,830
Debtors: amounts falling due after more than one year	9	-	584,918
Cash at bank		1,033,627	699,414
		2,906,832	2,809,162
Creditors			
Amounts falling due within one year	10	(13,160,728)	(13,171,056)
Net current liabilities		(10,253,896)	(10,361,894)
Total assets less current liabilities		6,207,563	7,105,379
Creditors			
Amounts falling due after more than one year	11	(10,684,708)	(11,291,764)
Provisions for liabilities	14	(918,325)	(894,312)
Net liabilities		(5,395,470)	(5,080,697)
Capital and reserves			
Called up share capital	15	500,239	500,239
Retained earnings		(5,895,709)	(5,580,936)
Shareholder funds		(5,395,470)	(5,080,697)

The accounts of Carscreugh Renewable Energy Park Limited (registered number 05979968) were approved by the Board of Directors and authorised for issue on 22 December 2023 | 20:05 GMT

and were signed on its behalf by:

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J P Hardy - Director

The notes on pages 13 to 27 form part of these financial statements

Carscreugh Renewable Energy Park Limited

Statement of Changes in Equity
For The Year Ended 31 March 2023

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2021	500,239	(5,360,308)	(4,860,069)
Changes in equity			
Total comprehensive loss	-	(220,628)	(220,628)
Balance at 31 March 2022	500,239	(5,580,936)	(5,080,697)
Changes in equity			
Total comprehensive loss	-	(314,773)	(314,773)
Balance at 31 March 2023	500,239	(5,895,709)	(5,395,470)

The notes on pages 13 to 27 form part of these financial statements

Carscreugh Renewable Energy Park Limited

Notes to the Financial Statements
For The Year Ended 31 March 2023

1. General information

Carscreugh Renewable Energy Park Limited is a private company, limited by shares, registered in England and Wales and incorporated in the United Kingdom under the Companies Act 2006. The company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

Basis of preparing the financial statements

The financial statements have been prepared in accordance with the applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. .The particular accounting policies adopted are described below and have been applied consistently throughout the current and prior financial period.

The Company also meets the definition of a qualifying entity under FRS 102. The Company is consolidated in the financial statements of its parent, JLEAG Wind Limited, registered in England and Wales and the financial statements are available from the registered office at C/O Foresight Group Llp The Shard, 32 London Bridge Street, London, United Kingdom, SE1 9SG.

2. Accounting policies - continued

Financial Reporting Standard 102 - reduced disclosure exemptions

This Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' - Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' - Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues', - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument, basis of determining fair values, details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 33 'Related Parties' - Related party transactions with other undertakings in the JLEN Environmental Assets Group (UK) Limited group.

Going concern

The financial statements have been prepared on the basis the Company is a going concern, which the directors consider appropriate despite the Company being in a net liability position.

The directors have separately reviewed integrated forecasts for the Company, for the foreseeable future being at least 12 months from the date of approval of the annual report, which indicate that the Company will be able to meet its cash flow demands and liabilities as they fall due from cash flows from operations and existing working capital.

In arriving at their conclusion, the directors have assessed the impact of the potential risk of the recent energy market disruption that has led to very high energy prices as a result of geo-political uncertainty and gas shortages stemming from Russia's invasion of Ukraine. It was noted that whilst any power price variability is not welcomed, although favourably in this instance, the uncertainty it brings is balanced out by the Company's other main source of revenue, the buyout revenues on Renewable Obligation Certificates (ROCs), which has fixed prices per MWh and therefore adds a degree of certainty to a portion of future revenues which heavily contributes to the going concern assumption. The directors will continue to closely monitor the situation and to take appropriate action if deemed necessary.

Additionally, the Company's intermediate parent company, JLEN Environmental Assets Group (UK) Limited, has provided the Company with a commitment of financial support for a period of at least twelve months from the date signing of the financial statements, should that be required. Further, with respect to intergroup creditor balances that are repayable on demand, JLEN Environmental Assets Group (UK) Limited has confirmed that there is no intention for these balances to be called until such time as the Company have sufficient funds with which to do so. We have assessed the ability of JLEN Environmental Assets Group (UK) Limited to provide this support to the Company.

2. Accounting policies - continued

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Critical judgements
The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Power Purchase Agreement
The Directors have considered whether the Power Purchase Agreement entered into by the Company meets the definition of a derivative under FRS 102 in the context of characteristics of derivative contracts set out within the definition. The Power Purchase Agreement was entered into and continues to be held for the purpose of the Company delivering electrical output to be received by the offtaker in accordance with the requirements set out in the contract, and therefore is not considered to be a financial instrument.

Deferred taxation
The Directors have used their judgement, based on long term projections, in estimating whether there will be sufficient taxable profits in the future to recognise a deferred tax asset in relation to tax losses carried forward. The Directors have also made estimates, based on those projections, about the expected timing or reversal of the deductible and taxable temporary differences when considering whether a deferred tax asset can be recognised. Whilst the Directors have concluded that it is appropriate to recognise a deferred tax asset, the recovery of that asset is primarily dependent on sustained electricity prices.

Operating lease commitments
The classification of leases as operating or finance leases requires the Company to determine, based on evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires recognition on the balance sheet.

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Decommissioning provision
The Company has a decommissioning provision resulting from its obligation at the end of the license period to return the wind farm site to its original state and condition. The calculation used to estimate the future expected cost of decommissioning the site is based on a historic estimate of per turbine costs plus anticipated fixed cost overheads provided by a qualified third party consultant, discounted back to present value at a suitable discount rate. The Directors will continue to monitor market prices for decommissioning works for indications of material changes to the assumptions underlying the decommissioning provision calculation.

2. **Accounting policies - continued**

Turnover
Turnover represents the value of power generated during the year, excluding value added tax, in the UK.

Turnover recognition
Turnover is recognised when the significant risks and rewards are considered to have transferred to the buyer and is recorded at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before turnover is recognised:

a) Generation and embedded benefits turnover
Turnover from the sale of electricity represents the invoice value, pre sales tax, of electricity provided to third parties and is recognised when electricity is generated. Embedded benefits are paid to generating plants located on the distribution network to reflect the lower cost of transporting electricity to the end user and are recorded at the invoice value.

b) TRIADS turnover
Turnover from the sale of TRIADS (bonus for generating at peak demand times during the winter months) represents the invoice value, before sales tax, of TRIADS provided to third parties and is recognised when eligible electricity is generated.

c) ROCs turnover
Renewable Obligation Certificates (ROCs) are issued to qualifying renewable generators under the terms of the generating station's OFGEM Renewable Obligation registration. These certificates may be traded separately from the electricity to which they relate. The ROCs are recorded as accrued income at fair value and recognised in turnover when the electricity to which they relate is generated. Any impairment of ROCs due to reduction in the market price is recorded in profit and loss.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.
Plant and machinery - Straight line over 24 years

Plant and machinery is stated at cost less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met, but excludes the costs of day-to-day servicing which is expensed as incurred.

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

2. Accounting policies - continued

Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

2. **Accounting policies - continued**

Financial instruments - continued

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Impairment of assets

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.

2. **Accounting policies - continued**

Financial instruments - continued

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.

Taxation

Current tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the Income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Deferred tax assets and liabilities are offset only if the Company has a legally enforceable right to set off current tax assets against current tax liabilities.

2. Accounting policies - continued

Cash

Cash and cash equivalents are basic financial assets and include cash at bank, cash in hand, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Accrued income

Accrued income represents accruals for electricity generation and ROC income not yet billed.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the year in which the dividends are approved by the Company's shareholders.

Decommissioning provision

Liabilities for decommissioning costs are recognised when the Company has an obligation at the end of the license period to return the wind farm site to its original state and condition. The calculation used to estimate the future expected cost of decommissioning the site is based on a historic estimate of per turbine costs plus anticipated fixed cost overheads provided by a qualified third party consultant, discounted back to present value at a suitable discount rate. The Directors will continue to monitor market prices for decommissioning works for indications of material changes to the assumptions underlying the decommissioning provision calculation.

When this provision relates to an asset with sufficient future economic benefits, a decommissioning asset is recognised and included as part of the associated plant and machinery and depreciated accordingly. Changes in these estimates and changes to the discount rates are dealt with prospectively and reflected as an adjustment to the provision with a corresponding decommissioning asset included within plant and machinery. Unwinding of the discount on the provision is included in the income statement within interest expense.

Operating leases

Rentals paid under operating leases are charged to income on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Borrowing costs

Borrowing costs are expensed as incurred.

3. Turnover

Turnover is derived from the sale of electricity and the sale of renewable energy certificates to a third party energy supplier in the UK. Turnover is recognised at the point of generation.

4. Employees and directors

There were no staff costs for the year ended 31 March 2023 nor for the year ended 31 March 2022.

4. Employees and directors - continued

The average number of employees during the year was NIL (2022 - NIL).

Services are provided to the Company through a third party asset management agreement.

None of the Directors received any remuneration from the Company during the period (2022: None).

5. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Other operating leases	116,385	105,941
Depreciation - owned assets	1,005,814	994,584
Auditor's remuneration - auditing of financial statements	11,600	10,220

6. Interest payable and similar expenses

	2023 £	2022 £
Interest payable to parent	1,601,586	1,629,817
Other interest	45,376	115,717
Unwinding of discount	9,927	9,927
	1,656,889	1,755,461

7. Taxation

Analysis of the tax charge/(credit)
The tax charge/(credit) on the loss for the year was as follows:

	2023 £	2022 £
Current tax:		
Corporation Tax on loss for the year	(469,565)	-
Adjustment in respect of prior periods	-	(329,580)
Total current tax	(469,565)	(329,580)
Deferred tax:		
Reversal of timing differences	162,512	(59,180)
Impact of change in tax rate	51,320	(140,381)
Adjustment in respect of prior periods	385,173	329,580
Total deferred tax	599,005	130,019
Tax on loss	129,440	(199,561)

7. Taxation - continued

Reconciliation of total tax charge/(credit) included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2023	2022
	£	£
Loss before tax	(185,333)	(420,189)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	(35,213)	(79,836)
Effects of:		
Expenses not deductible for tax purposes	20,892	20,656
Adjustments to tax charge in respect of previous periods	92,441	-
Impact of change in tax rate	51,320	(140,381)
Total tax charge/(credit)	129,440	(199,561)

At the balance sheet date, the UK rate of corporation tax is 19%. In the Spring Budget 2021, the UK Government announced that from 1 April 2023, the main rate of corporation tax would increase from 19% to 25%. As this 25% rate was substantively enacted by the balance sheet date, the closing deferred tax assets and liabilities have been calculated at 25% (2022:19%), on the basis that this is the rate at which those assets and liabilities are expected to unwind.

8. Tangible fixed assets

	Plant and machinery £
Cost	
At 1 April 2022 and 31 March 2023	25,196,807
Depreciation	
At 1 April 2022	7,729,534
Charge for year	1,005,814
At 31 March 2023	8,735,348
Net book value	
At 31 March 2023	16,461,459
At 31 March 2022	17,467,273

9. Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Amounts owed by group undertakings	941,873	472,310
VAT	27,831	56,872
Accrued income	780,230	878,028
Prepayments	123,271	117,620
	1,873,205	1,524,830
Amounts falling due after more than one year:		
Deferred Tax Asset		
Accelerated capital allowances	-	(822,442)
Tax losses carried forward	-	1,407,360
	-	584,918
Aggregate amounts	1,873,205	2,109,748

Amounts owed by group companies are repayable on demand.

Within amounts owed by group undertakings are balances relating to group relief owed by; Moelogan 2 C.C.C of £51,117 (2022 £26,677), Monksham Power Limited of £Nil (2022: £24,441), JLEAG Wind Limited of £115,945 (2022: £115,945), Golden Hill Solar Limited of £2,875 (2022: £2,875), KS SPV 3 Limited of £48,632 (2022: £48,632), Amber Solar Park Limited of £461,010 (2022: £228,322), Frome Solar Limited of £25,418 (2022: £25,418), Llynfi Afan Renewable Energy Park Limited of £60,043 (2022: £nil) and a balance relating to intercompany group relief estimates of £176,833 (2022: £nil).

10. Creditors: amounts falling due within one year

	2023 £	Restated 2022 £
Other loans (see note 12)	12,892,277	12,984,850
Trade creditors	9,471	137,315
Other creditors	43,398	-
Accruals and deferred income	215,582	48,891
	13,160,728	13,171,056

Amounts owed to group companies are repayable on demand.

11. Creditors: amounts falling due after more than one year

	2023 £	Restated 2022 £
Other loans (see note 12)	10,684,708	11,291,764

Carscreugh Renewable Energy Park Limited

Notes to the Financial Statements - continued
For The Year Ended 31 March 2023

12. Loans

An analysis of the maturity of loans is given below:

	2023 £	Restated 2022 £
Amounts falling due within one year or on demand:		
Amounts due to parent	12,892,277	12,984,850
Amounts falling due between one and two years:		
Amounts due to parent	636,514	607,057
Amounts falling due between two and five years:		
Amounts due to parent	2,249,615	2,047,944
Amounts falling due in more than five years:		
Repayable by instalments		
Amounts due to parent	7,798,579	8,636,763

12. **Loans - continued**

The loans are secured by a fixed and floating charge over all the assets of the Company and a charge over the shares of the Company.

On 6 March 2019, the parent company, JLEAG Wind Limited, refinanced their external bank loans by repaying The Bank of Tokyo-Mitsubishi loan and agreeing a new loan with Sumitomo Mitsui Banking Corporation. As a result, the existing Senior intercompany loan between the Company and JLEAG Wind Limited was increased from £13,221,221 to £13,698,019 and the Subordinated intercompany loan increased from £11,667,939 to £11,758,986.

Senior debt
The senior loan bears a fixed interest rate of 3.3% (2022: 3.3%).

During the year the Company made repayments of £598,446 (2022: £579,160) against the principal loan. The principal balance was £11,496,503 as at year end (2022: £12,094,950) and the outstanding interest was £93,557 (2022: £98,784). There is also unamortised finance fees attributed of £204,739 (2022: £234,977). These costs have been pushed down by the parent company. The loan is repayable by instalments based on an agreed repayment profile and will terminate on 13 March 2037.

Subordinated debt
The subordinated loan bears a fixed interest rate of 11% (2022: 11%).

During the year the Company made repayments of £Nil (2022: £280,000) against the principal loan. The principal balance was £11,018,986 as at year end (2022: £11,018,986) and the outstanding interest was £1,172,676 (2022: £1,298,871). The loan is repayable on demand, however, the parent company has no intention of demanding repayment until such time as the Company has sufficient funds.

The loans are secured by a fixed and floating charge over all the assets of the Company and a charge over the shares of the Company.

13. **Leasing agreements**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2023	2022
	£	£
Within one year	112,733	100,389
Between one and five years	450,934	401,556
In more than five years	2,995,620	2,767,983
	3,559,287	3,269,928

The Company has entered into lease agreements with the landowners on which its wind farm is situated to pay rent based on fixed amounts and amounts linked to turnover.

14. Provisions for liabilities

	2023 £	2022 £
Deferred Tax		
Accelerated capital allowances	1,421,447	-
Tax losses carried forward	(1,407,360)	-
Provisions	904,238	894,312
	918,325	894,312

	Decommissioning Provision £	Deferred Tax £	Total £
At 1 April 2022	894,312	(584,919)	309,393
Unwinding of discounted amount	9,926	-	9,926
Provided during the year	-	599,006	599,066
Balance at 31 March 2023	904,238	14,087	918,325

The Company's decommissioning provision results from its obligation at the end of the lease period to return the wind farm sites to their original state and condition. The discount factor, being the risk free rate related to the liability, was 1.7% as at period end (2022: 1.7%).

15. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023 £	2022 £
500,238	Ordinary Shares	1	500,239	500,239

16. Related party disclosures

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

17. Ultimate controlling party

The Company's ultimate parent and controlling entity is JLEN Environmental Assets Group Limited, a company incorporated in Guernsey, Channel Islands, with a registered address of Sarnia House, Le Truchot, St. Peter Port, Guernsey, GY1 4NA.

Copies of the financial statements of JLEN Environmental Assets Group Limited are available from the website www.jlen.com.

The Company's immediate parent company is JLEAG Wind Limited, a company incorporated in Great Britain and registered in England & Wales. The smallest group in which its results are consolidated is JLEAG Wind Limited and the largest group in which its results are consolidated is JLEAG Wind Holding Limited. Both of these parent companies have a registered office of C/O Foresight Group Llp The Shard, 32 London Bridge Street, London, United Kingdom, SE1 9SG and copies of the consolidated financial statements are available from Companies House.

18. Prior period adjustment

The restatement reclassifies certain loans due to parent undertakings from creditors: amounts falling due after more than one year to creditors: amounts falling due within one year. As the loans are technically due on demand, they should be classified as falling due within one year, notwithstanding that the expectation is that certain elements will be settled after more than one year. There is no change to profit or loss or total net assets for the prior year. The impact on the financial statements are as below:

	As previously reported	**Adjustment**	**As restated at 1 April 2022**
	£	**£**	**£**
Creditors: amounts falling due within one year			
Other loans	2,152,070	11,018,986	13,171,056
Creditors: amounts falling due after more than one year			
Other loans	22,310,750	(11,018,986)	11,291,764