

Company registration number 06083205 (England and Wales)

ECO2 SOLAR LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

ECO2 SOLAR LIMITED

COMPANY INFORMATION

Directors	Mr P T Hutchens Mr R Mee Mr K A Dixon Mr S A Berg Mr J H Conway Mr C J Lovatt
Secretary	Mr P T Hutchens
Company number	06083205
Registered office	Unit 8 John Samuel Building Arthur Drive Hoo Farm Industrial Estate Kidderminster Worcestershire DY11 7RA
Auditor	Ormerod Rutter Limited The Oakley Kidderminster Road Droitwich Worcestershire WR9 9AY

ECO2 SOLAR LIMITED

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ECO2 SOLAR LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

Our purpose is to make a difference for future generations by making solar standard on new homes.

We are proud to lead the rooftop residential solar market and make a real difference to the sustainability of new homes. At Eco2 Solar we believe that people are our most valuable asset and invest in training and culture.

In the year we have grown revenue by 39% when comparing to the previous 12 month period to 31 December 2020. This has also been achieved by adding significantly to our team in preparation for a significant boost in activity in 2023 in response to the new building regulations which will increase the market for solar in the new build housing market by up to 500%.

Principal risks and uncertainties

Our board are very aware of multiple risks and uncertainties that face us; including pandemic related staffing issues, shortages and cost pressures due to political uncertainty and damage to the economy caused by the cost of living crisis and poor economic performance.

The senior leadership team are also focused on building capability to meet the anticipated increase in demand brought about by the new building regulations in 2023.

Eco2 Solar reviews these potential problems monthly and the board, senior leadership team and overall management team are very focused on ensuring that Eco2 Solar can meet its short and long term plan.

Financial key performance indicators

	Jan-Dec 2021 £'000	Jul-Dec 2020 £'000
Turnover	13,089	5,821
Profit/(loss) before tax	514	359
Equity Shareholders Funds	1,066	611
Current Ratio (current assets : current liabilities)	1,779	1,545
Average FTE	45	42

Non-financial key performance indicators

By the end of 2021, Eco2 Solar has installed solar energy systems on more than 25,000 homes and buildings. This is sufficient energy to make 14 billion cups of tea or drive 130 million miles in an average car – every year!

Eco2 Solar is focused on improving business and environmental performance. The company has held ISO9001 and ISO14001 for a few years and has this year instigated a Net Zero taskforce to seek ways to reduce our environmental impact and energy costs.

On behalf of the board

Mr P T Hutchens
Director

26 September 2022

ECO2 SOLAR LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the company in the year under review was that of the supply and installation of solar panels.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr P T Hutchens
Mr R Mee
Mr K A Dixon
Mr S A Berg
Mr J H Conway
Mr C J Lovatt

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

Ormerod Rutter Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

ECO2 SOLAR LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board

Mr P T Hutchens

Director

26 September 2022

ECO2 SOLAR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ECO2 SOLAR LIMITED

Qualified opinion

We have audited the financial statements of Eco2 Solar Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including 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, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year 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 qualified opinion

We were appointed as auditors of the company on 13th June 2022 and thus did not observe the counting of physical inventories at the beginning of the period. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 31 December 2020. Since opening inventories enter into the determination of the financial performance, we were unable to determine whether adjustments may have been necessary in respect of the profit for the period reported in the profit and loss account.

It has also not been possible for us to perform the auditing procedures necessary to obtain sufficient appropriate audit evidence as regards to debtors, creditors and inventory included in the preceding years' financial statements at £3,240,741, £3,037,318 and £600,110 respectively. Any adjustment to debtors, creditors and inventory would have a consequential effect on the profit for the year ended 31 December 2021.

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

ECO2 SOLAR LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ECO2 SOLAR 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to opening balances relating to stock, debtors and creditors as described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been maintained.

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 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, 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.

ECO2 SOLAR LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ECO2 SOLAR LIMITED

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:

- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or operations of the company and group, including the Companies Act 2006 and taxation legislation and;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management.

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 their knowledge of actual, suspected and alleged fraud;
- considering 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 to identify any unusual transactions or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 1 were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters which we are required to address

The corresponding period figures in the financial statements are unaudited.

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.

Peter Ormerod FCA (Senior Statutory Auditor)
For and on behalf of Ormerod Rutter Limited

27 September 2022

Chartered Accountants
Statutory Auditor

The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

ECO2 SOLAR LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December 2021 £	Period ended 31 December 2020 £
	Notes		
Turnover	3	13,089,338	5,821,687
Cost of sales		(9,630,316)	(4,314,043)
Gross profit		3,459,022	1,507,644
Administrative expenses		(2,924,070)	(1,149,979)
Other operating income		9,400	10,192
Operating profit	4	544,352	367,857
Interest receivable and similar income	7	-	25
Interest payable and similar expenses	8	(29,897)	(9,316)
Profit before taxation		514,455	358,566
Tax on profit	9	(58,660)	(51,408)
Profit for the financial year		455,795	307,158
Retained earnings brought forward		610,538	417,649
Dividends	10	-	(114,269)
Retained earnings carried forward		1,066,333	610,538

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ECO2 SOLAR LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	11	175,258		233,678	
Tangible assets	12	57,317		86,275	
			232,575		319,953
Current assets					
Stocks	13	974,121		600,110	
Debtors	14	3,609,939		3,240,741	
Cash at bank and in hand		1,244,180		1,201,320	
		5,828,240		5,042,171	
Creditors: amounts falling due within one year	15	(4,049,736)		(3,497,074)	
Net current assets			1,778,504		1,545,097
Total assets less current liabilities			2,011,079		1,865,050
Creditors: amounts falling due after more than one year	16		(935,218)		(1,243,525)
Provisions for liabilities					
Deferred tax liability	19	9,428		10,887	
			(9,428)		(10,887)
Net assets			1,066,433		610,638
Capital and reserves					
Called up share capital	21		100		100
Profit and loss reserves	23		1,066,333		610,538
Total equity			1,066,433		610,638

The financial statements were approved by the board of directors and authorised for issue on 26 September 2022 and are signed on its behalf by:

Mr P T Hutchens
Director

Company Registration No. 06083205

ECO2 SOLAR LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	27	410,894		269,324	
Interest paid		(29,897)		(9,316)	
Income taxes (paid)/refunded		(68,315)		1	
Net cash inflow from operating activities		<u>312,682</u>		<u>260,009</u>	
Investing activities					
Purchase of tangible fixed assets		(11,882)		-	
Interest received		-		25	
Net cash (used in)/generated from investing activities		<u>(11,882)</u>		<u>25</u>	
Financing activities					
Repayment of bank loans		(145,833)		(64,795)	
Payment of finance leases obligations		(112,107)		(65,030)	
Dividends paid		-		(114,269)	
Net cash used in financing activities		<u>(257,940)</u>		<u>(244,094)</u>	
Net increase in cash and cash equivalents		<u>42,860</u>		<u>15,940</u>	
Cash and cash equivalents at beginning of year		<u>1,201,320</u>		<u>1,185,380</u>	
Cash and cash equivalents at end of year		<u><u>1,244,180</u></u>		<u><u>1,201,320</u></u>	

ECO2 SOLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Eco2 Solar Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 8, John Samuel Building, Arthur Drive Hoo Farm Industrial Estate, Kidderminster, Worcestershire, United Kingdom, DY11 7RA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements have been drawn up on the going concern basis. If the going concern basis were not appropriate, adjustments would have been made to reduce assets to recoverable amounts, to provide for any further liabilities that might arise, and to re-classify fixed assets as current assets and long term liabilities as current liabilities.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the provision of services is recognised by reference to the stage of completion, when the costs incurred and costs to complete can be estimated reliably.

1.3 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	25% on reducing balance
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ECO2 SOLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	over the lease term
Plant and machinery	20% on cost
Fixtures and fittings	20% on cost
Computer equipment	25% on cost
Motor vehicles	25% on reducing balance

1.5 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

ECO2 SOLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.7 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.8 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.9 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

ECO2 SOLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.10 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021 £	2020 £
Turnover analysed by class of business		
Sale of goods	13,089,338	5,821,687

	2021 £	2020 £
Other revenue		
Interest income	-	25
Grants received	9,400	10,192

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(9,400)	(10,192)
Fees payable to the company's auditor for the audit of the company's financial statements	1,925	1,040
Depreciation of owned tangible fixed assets	33,964	4,650
Depreciation of tangible fixed assets held under finance leases	6,876	6,876
Amortisation of intangible assets	58,420	33,383
Operating lease charges	135,662	78,689

ECO2 SOLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2021 Number	2020 Number
45	42

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,719,682	665,332
Social security costs	189,431	61,715
Pension costs	71,462	43,109
	<u>1,980,575</u>	<u>770,156</u>

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	372,700	46,899
Company pension contributions to defined contribution schemes	40,521	15,708
	<u>413,221</u>	<u>62,607</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	<u>187,907</u>	<u>-</u>

7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	<u>-</u>	<u>25</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	<u>-</u>	<u>25</u>

ECO2 SOLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	29,488	7,284
Other finance costs:		
Interest on finance leases and hire purchase contracts	409	2,032
	<u>29,897</u>	<u>9,316</u>

9 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	42,263	53,026
Adjustments in respect of prior periods	17,856	48,659
Total current tax	<u>60,119</u>	<u>101,685</u>
Deferred tax		
Origination and reversal of timing differences	(1,459)	(50,277)
Total tax charge	<u>58,660</u>	<u>51,408</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	<u>514,455</u>	<u>358,566</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	97,746	68,128
Tax effect of expenses that are not deductible in determining taxable profit	16,436	6,907
Adjustments in respect of prior years	17,856	-
Permanent capital allowances in excess of depreciation	5,030	2,190
Amortisation on assets not qualifying for tax allowances	(11,100)	(6,343)
Research and development tax credit	(65,849)	-
Under/(over) provided in prior years	-	30,803
Deferred tax adjustments in respect of prior years	(1,459)	(50,277)
Taxation charge for the year	<u>58,660</u>	<u>51,408</u>

ECO2 SOLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Dividends

	2021 £	2020 £
Final paid	-	114,269

11 Intangible fixed assets

	Software £
Cost	
At 1 January 2021 and 31 December 2021	301,514
Amortisation and impairment	
At 1 January 2021	67,836
Amortisation charged for the year	58,420
At 31 December 2021	126,256
Carrying amount	
At 31 December 2021	175,258
At 31 December 2020	233,678

The net carrying value in intangible fixed assets is represented by assets held under finance leases or hire purchase contracts.

12 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2021	60,906	25,706	5,221	88,517	66,014	246,364
Additions	-	7,615	4,267	-	-	11,882
At 31 December 2021	60,906	33,321	9,488	88,517	66,014	258,246
Depreciation and impairment						
At 1 January 2021	37,744	23,400	5,221	75,846	17,878	160,089
Depreciation charged in the year	13,225	2,688	693	12,201	12,033	40,840
At 31 December 2021	50,969	26,088	5,914	88,047	29,911	200,929
Carrying amount						
At 31 December 2021	9,937	7,233	3,574	470	36,103	57,317
At 31 December 2020	23,162	2,306	-	12,671	48,136	86,275

ECO2 SOLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2020 £
Motor vehicles	41,259	48,135

13 Stocks

	2021 £	2020 £
Raw materials and consumables	974,121	600,110

14 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	2,704,030	2,927,076
Amounts owed by group undertakings	20,015	-
Other debtors	255,832	172,193
Prepayments and accrued income	630,062	141,472
	3,609,939	3,240,741

15 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans	17	250,000	166,667
Obligations under finance leases	18	79,141	112,107
Trade creditors		2,050,036	1,069,708
Amounts owed to group undertakings		-	79,307
Corporation tax		42,263	50,459
Other taxation and social security		69,123	51,216
Other creditors		1,291,593	1,347,017
Accruals and deferred income		267,580	620,593
		4,049,736	3,497,074

ECO2 SOLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	17	854,167	1,083,333
Obligations under finance leases	18	81,051	160,192
		<u>935,218</u>	<u>1,243,525</u>

17 Loans and overdrafts

	2021 £	2020 £
Bank loans	<u>1,104,167</u>	<u>1,250,000</u>
Payable within one year	250,000	166,667
Payable after one year	<u>854,167</u>	<u>1,083,333</u>

18 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	79,141	112,107
In two to five years	<u>81,051</u>	<u>160,192</u>
	<u>160,192</u>	<u>272,299</u>

Finance lease payments represent rentals payable by the company for certain items of software and motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	<u>9,428</u>	<u>10,887</u>

ECO2 SOLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

19 Deferred taxation (Continued)

Movements in the year:	2021 £
Liability at 1 January 2021	10,887
Credit to profit or loss	(1,459)
Liability at 31 December 2021	<u>9,428</u>

20 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>71,462</u>	<u>43,109</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

22 Secured debts

The following secured debts are included within creditors:

	2021 £	2020 £
Hire purchase contracts	160,192	272,299
Bank loans	<u>1,104,167</u>	<u>1,250,000</u>
	<u>1,264,359</u>	<u>1,522,299</u>

Hire purchase contracts are secured against the assets to which they relate.

Bank loans are secured by way of a fixed and floating charge over all assets of the company.

23 Profit and loss reserves

Retained earnings represent accumulated realised profits less accumulated realised losses, net of dividends paid.

ECO2 SOLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

24 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	178,881	183,543
Between two and five years	127,504	254,905
	<u>306,385</u>	<u>438,448</u>

25 Related party transactions

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.

26 Ultimate controlling party

Ultimate parent company

The ultimate parent company is Eco2 Solutions Group Limited, a company registered in England and Wales.

Ultimate controlling party

There is no ultimate controlling party.

27 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	455,795	307,157
Adjustments for:		
Taxation charged	58,660	51,408
Finance costs	29,897	9,316
Investment income	-	(25)
Amortisation and impairment of intangible assets	58,420	33,383
Depreciation and impairment of tangible fixed assets	40,840	11,526
Movements in working capital:		
(Increase)/decrease in stocks	(374,011)	18,936
Increase in debtors	(369,198)	(1,559,047)
Increase in creditors	510,491	1,396,670
Cash generated from operations	<u>410,894</u>	<u>269,324</u>

ECO2 SOLAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

28 Analysis of changes in net debt

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Cash at bank and in hand	1,201,320	42,860	1,244,180
Borrowings excluding overdrafts	(1,250,000)	145,833	(1,104,167)
Obligations under finance leases	(272,299)	112,107	(160,192)
	<u>(320,979)</u>	<u>300,800</u>	<u>(20,179)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.