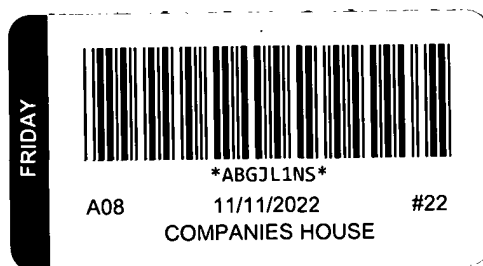


Registered number: 08763161

National Trust (Renewable Energy) Limited
Directors' Report and Financial Statements
for the year ended 28 February 2022



Directors' report for the year ended 28 February 2022

The directors present their annual report and the audited financial statements of the company for the year ended 28 February 2022.

The company is wholly owned by The National Trust for Places of Historic Interest or Natural Beauty ("National Trust").

Principal Activities

The company enables the direct sale of energy generated at National Trust sites where local consumption requirements are less than generation.

Results and Dividends

The results for the company show a profit for the financial year of £420,731 (2021: £309,482) and turnover of £1,530,562 (2021: £1,398,280). A written declaration was made pre year end that the total profit for the financial year would be distributed to the parent charity under Gift Aid. The directors do not intend to declare a dividend for the year ended 28 February 2022.

Business Environment and Review

The company operates hydroelectric sites at six sites in Wales and ten sites in the Lake District, and a photo-voltaic array on the Wimpole estate. The installations generate renewable electrical energy, producing income from government incentives and the commercial sale of energy.

Strategy & Looking Forward

Climate change remains one of the biggest threats to conservation. The National Trust recognises the need to play its part in showing leadership in response to this threat and established a national Energy Policy in 2009 as part of that awareness. National Trust (Renewable Energy) Limited was established to fulfil a key element of the Trust's response to climate change by operating a portfolio of installations under the Trust's Renewable Energy Investment (REI) programme which commits the National Trust to:

- conserving energy
- generating its own electricity and heat
- moving away from heating oil

The climate strategy of the company's parent charity, the National Trust, is to be carbon net zero by 2030, against a 2019/20 baseline, and to follow an emissions reduction pathway that is aligned with a 1.5 degrees C warming scenario. The Trust's aim is to neutralise the remaining emissions in its carbon account through, primarily, nature-based solutions on its own land.

The National Trust wants to restore a healthy beautiful natural environment by moving away from fossil fuel use and demonstrating how energy generation can form part of a different economic model for rural areas. The Trust aims to demonstrate how renewable energy solutions can be located in sensitive places and ultimately influence others to adopt the same approach that respects the significance of special places while making the most of their natural assets. The renewable energy activities of the company form a part of the Trust's wider approach to reducing carbon emissions.

Principal risks and uncertainties

The following are the key risks that that company faces in pursuing its strategic aims:

Maintenance Risk

A mechanical failure e.g., generator failure, hydro pipe fracture either caused by insufficient maintenance or force majeure. In all cases any failure which stops the asset operating will result in direct financial loss to the company in lost electricity sales income until the asset is fixed. We are confident that we are prepared for this risk both in terms of preventing it from materialising (through our maintenance and inspection programme and Service Level Agreements with our suppliers for the first two years of our operation) and managing the impact if it does occur.

Directors' report for the year ended 28 February 2022 (continued)

Financial incentives

The Government has now completed two consultations into the incentive framework and whilst incentives have been reset at a lower level, the future degression mechanism, (the amount by which incentives reduce over time), is now very clearly set out. Hydro developers are given a two-year window, post pre-accreditation, to construct sites and there is a clear deadline for accreditation. This allows the company to be clear on the viability of further hydro-electric installations.

Liquidity

Liquidity risk reflects the risk that the company will have insufficient resources to meet its financial liabilities as they fall due. The company's strategy in managing liquidity risk is to ensure that it has sufficient funds to meet all its potential liabilities as they fall due, including distributions of profit. The company has no long-term external borrowings. The amounts owed to the shareholder, National Trust are secured by a floating charge over the assets of the company. These amounts are repayable on request and are paid out of surplus cash balances when available. Interest is charged at 2% above Barclays' base rate on the outstanding balance.

Financial instruments

Cash balances are part of the company's working capital and are kept on current account or overnight deposit.

Going Concern

The directors have reviewed the company's exposure to operational and financial risks and cash flow forecasts for the period of at least 12 months from the date of the approval of these financial statements. It is not currently considered that there are any significant doubts over the Company's ability to continue as a going concern for at least a year from the date of approval of these financial statements. The directors continue to monitor the business for potential impacts and to manage the associated risks.

Directors

The directors, who held office throughout the financial year and up to the date of signing of the financial statements unless otherwise indicated, were as follows:

M Day (chair)

J Bennett

T Moore

Resigned 21 July 2021

L Morisetti

Appointed 22 July 2021

O NiChionna

Resigned 28 February 2022

T Parker

Resigned 1 October 2021

Z Patel

Appointed 14 July 2022

S Pickford

Company Secretary

J Cooke

Registered Office

Heelis

Kemble Drive

Swindon

Wiltshire

SN2 2NA

The Company's Advisers

Banker

Barclays Bank Plc
1 Churchill Place, London E14 5HP

Independent Auditor

KPMG LLP
66 Queen Square, Bristol, BS1 4BE

Legal Status

The company was incorporated under the Companies Act as a limited company on 5 November 2013.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) 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;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Directors' report for the year ended 28 February 2022

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under the Companies Act 2006 the directors have taken advantage of the small companies' exemption from preparing a strategic report.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By Order of the Board



J Cooke
Company Secretary
20 July 2022

Independent auditor's report to the members of National Trust (Renewable Energy) Limited

Opinion

We have audited the financial statements of National Trust (Renewable Energy) Limited ("the Company") for the year ended 28 February 2022 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies at note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts combinations.
- Substantive testing of revenue transactions to test accurate recording and correct recognition.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, employment law, and certain aspects of company legislation, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We assessed the legality of the non-distribution of profits in the period based on the deed of covenant in place between The National Trust (Enterprises) Limited and the National Trust, and considered the decision to be appropriate and in line with the relevant legislation.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for

preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Andrew Campbell-Orde (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE
25 July 2022

Profit and loss account for the year ended 28 February 2022

	Note	2022 £	2021 £
Turnover	3	1,530,562	1,398,280
Cost of sales		(1,024,105)	(964,404)
Gross profit		506,457	433,876
Administrative expenses		(85,726)	(124,394)
Profit for the financial year	3, 4	420,731	309,482

The company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

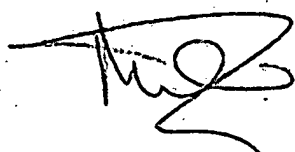
All amounts above derive from continuing operations.

The notes on pages 13 to 17 form part of the financial statements.

Balance sheet as at 28 February 2022

	Note	2022 £	2021 £
Current Assets			
Trade debtors		27,068	-
Prepayments and accrued income		592,936	569,175
		620,004	569,175
Creditors: amounts falling due within one year			
Amounts owed to group undertakings		(518,866)	(328,201)
VAT creditor		(47,388)	(32,064)
Accruals and other creditors		(53,749)	(208,909)
		(620,003)	(569,174)
Net assets		1	1
Capital and reserves			
Called up share capital	6	1	1
Profit and loss account		-	-
Total shareholders' funds		1	1

The financial statements on pages 10 to 17 were approved by the Board of Directors on 20 July 2022 and signed on its behalf by



M Day
Director

The notes on pages 13 to 17 form part of the financial statements.

Statement of Changes in Equity for the year ended 28 February 2022

	Profit and loss account £	Called up Share capital £	Total £
As at 1 March 2020	-	1	1
Profit for the financial period	309,482	-	309,482
Amount distributed under Gift Aid	(309,482)	-	(309,482)
As at 28 February 2021	-	1	1
As at 1 March 2021	-	1	1
Profit for the financial year	420,731	-	420,731
Amount distributed under Gift Aid	(420,731)	-	(420,731)
As at 28 February 2022	-	1	1

The notes on pages 13 to 17 form part of the financial statements.

Notes to the financial statements for the year ended 28 February 2022

1 Accounting policies

General information

The company is a wholly owned trading subsidiary of the National Trust. The address of its registered office is Heelis, Swindon, SN2 2NA.

Statement of compliance

The individual financial statements of National Trust (Renewable Energy) Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland' ('FRS 102') in the United Kingdom and, the Companies Act 2006.

Summary of significant accounting policies

The principal policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

Accounting convention

These financial statements are prepared on a going concern basis, under the historical cost convention.

The directors have reviewed the company's exposure to operational and financial risks and cash flow forecasts for the period of at least 12 months from the date of the approval of these financial statements. It is not currently considered that there are any significant doubts over the Company's ability to continue as a going concern for at least a year from the date of approval of these financial statements. The directors continue to monitor the business for potential impacts and to manage the associated risks.

The principal accounting policies, which have been applied consistently throughout the period are described below.

Turnover

Turnover represents sales of electricity to third parties and excludes value added tax. Turnover is accounted for at the point the electricity is provided to a third party.

Operating leases

Operating lease costs are charged to the profit and loss account and are based on a percentage of turnover.

Notes to the financial statements for the year ended 28 February 2022

1 Accounting policies (continued)

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the statement of comprehensive income.

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 the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, overdrafts and bank loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The amounts owed to the shareholder, National Trust are secured by a floating charge over the assets of the company. These amounts are repayable on request and are paid out of surplus cash balances when available. Interest is charged at 2% above Barclays' base rate on the outstanding balance.

Critical accounting judgements and estimation uncertainty

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

Notes to the financial statements for the year ended 28 February 2022

2 Relationship with National Trust

The company is wholly owned by The National Trust for Places of Historic Interest or Natural Beauty ("National Trust"). During the year the company was responsible for the operation of hydro electric and photo voltaic power generation an activity which, because of its commercial nature, is deemed to be outside the charitable purposes of National Trust.

All tangible fixed assets which are utilised by the company in the provision of its services are owned by National Trust and are therefore not included in these financial statements. The assets are leased to the company.

The company plans to donate to National Trust each year, under the Gift Aid provisions, an amount equivalent to its otherwise taxable profits for the accounting year. For this reason no corporation tax is payable for the current or prior year.

3 Turnover and profit for the financial year

The turnover and profit for the financial year by hydro site is as follows:

	Turnover	Profit for the financial year	Turnover	Profit for the financial year
	2022	2022	2021	2021
	£	£	£	£
Hafod-y-Llan	403,337	87,729	458,529	62,402
Hayeswater	204,996	62,154	198,868	57,051
Whillan Beck	121,248	48,179	61,853	26,285
Hafod-y-Porth	120,384	23,111	123,638	21,834
Berthen	91,364	6,871	113,706	12,483
Stickle Ghyll	87,106	31,252	128,179	40,940
Netherbeck	72,809	31,240	70,820	13,231
Combe Gill	67,904	18,856	-	-
Crosby Gill	63,474	21,421	51,141	21,732
Greenburn	60,131	21,481	70,125	39,663
Hause Gill	46,758	6,679	50,823	4,523
Glencoyne	45,629	19,965	-	-
Woundale	43,040	16,823	-	-
Wimpole	36,767	17,926	-	-
Gelli Iago	42,570	4,572	43,034	5,377
Afon Merch	18,607	3,548	18,264	3,743
Llyndy Isaf	4,438	(1,076)	9,300	218
	1,530,562	420,731	1,398,280	309,482

All turnover arises in the United Kingdom.

Notes to the financial statements for the year ended 28 February 2022

4 Profit for the financial year

The profit for the financial year is stated after taking into account the following:

	2022 £	2021 £
Staff costs charged by National Trust	3,305	31,845
Auditors' remuneration - Audit fees	6,500	6,500
Operating lease charges on land and buildings	1,024,104	964,405

The company has a financial commitment to make operating lease payments of 55-85% (2021: 55-85%) of annual turnover of hydro-electric installations.

5 Directors' and employees' emoluments

Staff remuneration is paid by National Trust and recharged to the company as appropriate. There were no costs included within staff costs charged by National Trust of £3,305 (2021: £31,485) (Note 4) in respect of the services of senior executives of National Trust (the parent entity) as directors of the company as the portion of their remuneration that relates to the running of the company is considered to be immaterial.

6 Called up share capital

	£	£
Allotted and fully paid		
Ordinary shares of £1 each	1	1

7 Ultimate holding organisation

The National Trust is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 28 February 2022.

The consolidated financial statements of The National Trust are available from The National Trust Annual Report, Heelis, Kemble Drive, Swindon, Wiltshire SN2 2NA.

8 Related party disclosures

The company has taken advantage of the exemption allowed under FRS 102 section 33 "Related Party Disclosures" not to disclose related party transactions within the group.

**Notes to the financial statements for the year ended 28
February 2022**

9 Cash flow statement

The company is a wholly owned subsidiary of National Trust and a consolidated cash flow statement is included in the financial statements of National Trust which are publicly available (Note 7). Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS102 section 7.