

Registered number: 10742810

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Dario Bertanga Barney Coles Simon Richard Eaves Kirsty Louise Usher Paul Kevin Hughes Helen Ruth Down
Registered number	10742810
Registered office	Ibis House, Ground Floor Ibis Court, Centre Park Warrington Cheshire WA1 1RL
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Manchester Hardman Sq 1 Hardman Square Manchester M3 3EB
Bankers	Lloyds Bank PLC 25 Gresham Street London EC2V 7HN

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

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CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Principal activities

The principal activity of Clean Energy and Infrastructure 6 UK Holdings Limited, (the 'Company'), which was incorporated on the 27 April 2017, together with its subsidiaries ('the Group') during the reporting year was the operation of a portfolio of wind and solar farms. This includes Clean Energy & Infrastructure 6 UK Limited, Westnewton Windfarm Limited (parent company of BEGL 4 Limited), BEGL 4 Limited (trading wind farm), Watford Lodge HoldCo Limited (parent company of Watford Lodge Wind Farm Limited), Watford Lodge Wind Farm Limited (trading wind farm) and Rymes Solar Limited (trading solar farm). The portfolio of assets have a total installed capacity of 21.5MW that generate electricity from wind and solar.

Business environment

The portfolio's wind capacity is sold under long-term market-based sales arrangements for the sale of energy and the solar capacity is sold under a short-term market based sales arrangement. The projects have long-term operations and maintenance performance-based contracts.

Strategy

The Group seeks to manage the wind and solar farms in such a way as to maximise earnings through efficient operating performance, active monitoring of power pricing and ensuring the turbines and solar panels benefit from the latest technological developments where economically viable.

Business review

Portfolio turnover for the year was £4.744 million (2019 was £4.887 million). EBITDA (as defined on page 3, takes the total operating profit current year and adds back the depreciation and amortisation as per note 5) contribution from the portfolio was £3.301 million (2019: £3.377 million). The Group held assets with a total book value of £43.765 million (2019: £46.239 million) and has net liabilities of £0.780 million (2019: net assets £0.709 million).

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties

The Group's activities expose it to a variety of risks; market risk, counterparty and contractual risk, liquidity risk, health, safety and environmental risk and foreign exchange risk. The Group's overall risk management programme focusses on the predictability of turnover and control over operating costs to maximise the financial performance of the Group.

I. Market Risk

The Group sells its capacity under long-term and short-term market-based sales arrangements with UK electricity retailers.

The electricity sold under the long-term and short-term market-based sales are sold at market prices which are subject to market fluctuations, the long-term contracts all contain a minimum or floor price for the electricity which provides downside protection.

II. Counterparty and Contractual Risk

The long-term financial performance of the Group is partially dependent on the creditworthiness of counterparties to power purchase agreements.

Long term market sales are with UK electricity retailers.

Credit risk is actively managed by the Group:

- ongoing credit evaluation is performed on the financial condition of accounts receivable; and
- the terms and conditions under which sales are made and documented.

III. Liquidity risk (including cash flow and interest risk)

Maintaining liquidity and access to funding is important for day to day operations and for future growth. The Group funds day to day operations and growth from a combination of internally generated funds and debt. The Group has a combination of unsecured loan notes issued by the Group and bank loans secured against the Group's tangible fixed assets. The bank loans are subject to debt covenants and the Group monitors compliance to ensure that no default occurs which would result in debt repayment being accelerated. The overall interest rate risk is managed by the Group's ultimate parents (Capital Dynamics Clean Energy and Infrastructure VI A SCSp and Capital Dynamics Clean Energy and Infrastructure VI B SCSp) company and is not considered to be significant.

IV. Health, Safety and Environmental

The Group has dedicated health, safety and environmental personnel through fellow related party, CD Arevon UK Limited, who oversee the Group's management systems. The management systems include risk assessments and annual audits to proactively address key health, safety and environmental issues.

V. Foreign Exchange Risk

The Group undertakes certain transactions denominated in foreign currencies, hence is exposed to exchange rate fluctuations. The use of forward foreign currency exchange contracts to manage exchange rate exposure is determined on a case by case basis.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Financial key performance indicators

Management monitor the following Key Performance Indicators (KPI's):

KPI Category	Group Year ended 31 December 2020	Group Year ended 31 December 2019	KPIs Detail
Health & Safety Compliance	0 reportable incidents or near misses	0 reportable incidents or near misses	Number of reportable incidents or near misses relating to the operation, development and management of the wind farm owned by the Company. Includes incidents and near misses reported by third party contractors responsible for operating and maintaining the turbines under contract to the Company and third party subcontractors including those engaged to undertake work on behalf of the Company. The target of zero reportable incidents for the year has been achieved.
Environmental & Regulatory Compliance	0 reportable non-compliance	0 reportable non-compliance	Number of reportable non-compliances with permit requirements, environmental and regulatory legislation, regulations and guidelines relating to the operation, development and management of the wind farm owned by the Company. Includes non-compliances reported by third party contractors responsible for operating and maintaining the turbines under contract to the Company. The target of zero reportable incidents for the year has been achieved.
Net Production	49.90 GWh	47.86 GWh	Units of electricity generated and exported to the local distribution grid. Net production is a function of the installed capacity, wind speed, turbine availability and site electrical losses, along with Irradiation factor for the solar farm. Generation increase in 2020 due to a higher average wind speed to 2019, solar was comparable.
Turnover	£4.744 million	£4.887 million	Turnover is a function of energy production and the price for each unit of energy output. Energy output is sold through market-based sales arrangements with electricity retailer. Despite increase generation, revenue reduced by 2.9% compared to 2019 due primarily to a fall in power pricing during the Covid-19 lockdown..
EBITDA	£3.301 million	£3.377 million	EBITDA means earnings before interest, tax, depreciation and amortisation and is a measure of the free cash flows generated from operations. Reduction in 2020 EBITDA to 2019 is due to the impact on the market power price following Covid-19 lockdown.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Future outlook

Whilst power prices had fallen at the start of the year by the end of Q4 2020 the prices were back in line with prior year levels, independent forecasters expect UK wholesale power prices to rise in real terms from the current levels, driven by high gas and and carbon prices. The Groups projects continue to benefit from the Renewable Obligation ("RO") incentive scheme. These projects will benefit from receiving Renewable Obligation Certificates, for a period of 20 years from the accreditation date.

As a direct consequence of COVID-19 and in light of these continued uncertainties, Management has considered the potential impact of COVID-19 on the business (and its ability to continue as a going concern) under various scenarios, this is documented in further detail in the directors' report page 6.

On 24 December 2020, the UK - EU agreed a Brexit deal, the impact of the deal is minimal to the Group and Company and in the weeks following the deal there has been no indication of any concerns. We believe there to be some mitigating factors around these uncertainties with the Group having long term Power Purchase Agreements, ROC prices and long term operational and maintenance agreements on the turbines.

This financial statements were approved by the Board of Directors on 29 June 2021 and signed on its behalf by.

DocuSigned by:

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Kirsty Louise Usher
Director

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2020.

Statement of Directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Results and dividends

The loss for the year, after taxation, amounted to £1,489,790 (2019 - loss £1,530,927).

The directors do not recommend payment of a dividend (2019: £nil).

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Going concern

The Directors have prepared the financial statements on a going concern basis. The Group has net current liabilities of £3.303 million (2019: net current assets £2.769 million) and net liabilities £0.780 million (2019: net assets £0.709 million), and has made losses in the current year of £1.490 million (2019: £1.531 million). The Group EBITDA contribution from the portfolio was £3.301 million (2019: £3.377 million) and cash generated from the Group operating activities was £3.292 million (2019: £3.540 million).

The Group's external debt liability is £18.326 million (2019: £19.668 million), of that balance £7.577 million is due within the next 12 months, and there is no fixed repayment schedule in relation to the group undertaking loans, these have a final maturity date of December 2038. The Group has agreed with Santander to extension terms in relation to the bank loan for BEGL4 Limited, which will mean the maturity of the loan will be extended to September 2022, this will reduce the liability due within the next 12 month on the external debt to £1.736 million. The Directors believe that sufficient cash will be generated in the going concern period in order to meet these liabilities as they fall due, and based on the performance in Q1 and projected performance for the next 12 months, along with the combination of fixed revenues under the PPA's and wind and solar resources not being effected by COVID 19.

The key risks of COVID-19 to the financial performance of the Group are summarised below:

- **Revenue:**

Price - Market power price movements do not materially impact the Group as a large proportion of the revenue price mix is fixed through a combination of PPA floor prices, traded prices and ROC buyout scheme.

- **Generation:**

Volume/Generation - The Groups volume all comes from wind turbines & Solar power; COVID-19 does not impact the fuel source (wind/solar). 100% of the electricity generated is sold directly to the offtaker as part of the Power Purchase Agreement 'PPA' between the generator and the offtaker. The Group has PPA's with tier 1 offtakers which all have continued to pay to terms during the current lockdown period.

- **Operating Costs:**

The Company's/Group cost base is relatively low and fixed with a high EBITDA/Sales margin for 2020. The main costs include lease, rates & maintenance. To date, we have seen no issues with maintenance parts availability through the OEM.

- **Capex:**

No capital expenditure is forecast for the next 12 months in-line with 2021 budget.

- **Working Capital:**

All revenues are through tier 1 PPA providers, to date we have received all monies in accordance with terms. Management expects no changes to working capital profile.

As a direct consequence of COVID-19 and in light of these inherent uncertainties, management has considered the potential impact of a severe but plausible downside scenario for COVID-19 on the business (and its ability to continue as a going concern) under various scenarios, such as a reduction in power pricing and generation amounts. As a result of this detailed assessment, and with reference to the Group's balance sheet, but also acknowledging the inherent uncertainty of the current economic outlook, the Directors' have concluded that the Group is able to meet its obligations when they fall due for a period of at least 12 months after the date of this report. Also Directors have received letters of support from Capital Dynamics Clean Energy and Infrastructure VI A SCSp and Capital Dynamics Clean Energy and Infrastructure VI B SCSp confirming ongoing financial support for at least 12 months from the approval of these financial statements. For this reason they continue to adopt the going concern basis for preparing the financial statements.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Directors' indemnities

The directors and officers of the group were insured for the full financial year and up to the date of approval of the financial statements. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as officers of entities, and any other payments arising from liabilities incurred by officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the group.

Directors

The directors who served during the year and up to the date of signing the financial statements were:

Dario Bertanga
Barney Coles
Simon Richard Eaves
Kirsty Louise Usher
Paul Kevin Hughes (appointed 28 July 2020)
Helen Ruth Down (appointed 28 July 2020)

Future developments

See the Strategic Report page 4.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 June 2021 and signed on its behalf.

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Kirsty Louise Usher
Director

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Clean Energy and Infrastructure 6 UK Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 December 2020; the Consolidated Statement of Income and Retained Earnings, Consolidated Statement of Cash Flows, and Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- We performed our work over all wind and solar farms in the Group (BEG 4 Limited, Watford Lodge Wind Farm Limited and Rymes Solar Limited) to gain sufficient coverage over all financial statement line items.

Key audit matters

- Carrying value of tangible and intangible assets (group)
- Going concern (group and parent)
- Impact of COVID-19 (group and parent)

Materiality

- Overall group materiality: £165,050 based on 5% of EBITDA.
- Overall company materiality: £148,545 based on 1% of total assets (capped at 90% of Group materiality).
- Performance materiality: £123,788 (group) and £111,409 (company).

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED (CONTINUED)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><i>Carrying value of tangible and intangible assets (group)</i></p> <p>Refer to notes 2.13, 3, 11 and 12 of the financial statements.</p> <p>Tangible assets of £25,022k and intangible assets of £13,935k are material to the group financial statements.</p> <p>Management have performed an impairment review to compare the carrying value of the asset base to the value of the discounted future cash flows, using a value in use model.</p> <p>The impairment model is split into cash generating units (CGU's), being each of the individual wind and solar farms within the Group. We focused on this area because this calculation involves judgements and estimates based on the Directors' assessment of the future results and prospects of the CGU's, the appropriate discount rates and other key assumptions, for example forecast revenue, which is driven by energy generation and energy pricing.</p> <p>Following this exercise it was determined that no impairments were required.</p>	<p>We evaluated and assessed each CGU's future cash flow forecasts and understood the process by which management prepared the underlying calculations. Our testing of key assumptions included the following:</p> <ul style="list-style-type: none"> > We compared forecast generation levels to historic levels; > We compared forecasted energy pricing to third party evidence; > We compared the forecasted costs to historical costs. In addition, we engaged with internal experts to review the reasonableness of the discount rate used; > We also engaged with internal experts to review the inflation assumptions within the forecasts; and > We also assessed the current management team's ability to create accurate forecasts, and performed sensitivity analysis. <p>Based on the procedures performed and the evidence obtained, we found management's impairment assessment to be reasonable.</p>

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLEAN ENERGY AND INFRASTRUCTURE
6 UK HOLDINGS LIMITED (CONTINUED)**

<p><i>Going concern (group and parent)</i></p> <p>Refer to the Directors' Report and note 2.4 of the financial statements.</p> <p>The Group and parent company financial statements have been prepared on the going concern basis. The Directors' believe that the Group and Company will have the cash resources they require to service and settle their liabilities for the period extending beyond 12 months from the date of approval of the financial statements.</p> <p>Whilst the Group generates positive EBITDA, it has a net current liability position, and the Group has made a loss before tax in both the prior and current year.</p> <p>Furthermore, the Group is in an overall liability position due to creditors falling due after more than one year of £35,781k, which consists of both bank loans (£10,749k) and amounts owed to related parties (£25,032k).</p> <p>The going concern status of the parent company is intrinsically linked to the success of the Group.</p>	<p>See the going concern section below for detail of procedures performed.</p>
<p><i>Impact of COVID-19 (group and parent)</i></p> <p>Refer to the Directors' Report and note 2.4 of the financial statements.</p> <p>The Directors' have considered the potential impact of the global pandemic of COVID-19 on the current and future operations of the business. In doing so, management has had particular focus on the Group and Company's ability to continue as a going concern.</p> <p>As a result of the impact of COVID-19 on the wider economy, the Directors' have considered various scenarios to assess the potential implications for the Group and Company.</p> <p>As such, we have determined that the consideration of the potential impact of COVID-19 is a key audit matter.</p>	<p>In assessing the Directors' consideration of the potential impact of COVID-19 we have performed the following:</p> <ul style="list-style-type: none"> > We considered the impact of COVID-19 on the Group and Company's ability to continue as a going concern. Our work and conclusions are set out in the 'Going concern' key audit matter; > We considered the impact of COVID-19 on the key assumptions used within the Directors' assessment of the carrying value of tangible and intangible assets, which are set out in the key audit matter above; > We assessed the impact of COVID-19 on the internal control environment; and > We considered whether our materiality benchmark should change due to COVID-19 and concluded that it was appropriate to remain consistent with the prior year. <p>As a result of these procedures, we concluded that the impact of COVID-19 has been appropriately evaluated and reflected in the preparation of the financial statements.</p>

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED (CONTINUED)

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

Clean Energy and Infrastructure 6 UK Holdings Limited is a consolidated group containing 2 wind farms and 1 solar farm. We performed our work over all wind and solar farms in the Group: BEGL 4 Limited, Watford Lodge Wind Farm Limited and Rymes Solar Limited. We also performed procedures over the parent company of the Group.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
<i>Overall materiality</i>	£165,050.	£148,545.
<i>How we determined it</i>	5% of EBITDA	1% of total assets (capped at 90% of Group materiality)
<i>Rationale for benchmark applied</i>	EBITDA, defined as earnings before interest, tax, depreciation and amortisation, is the primary measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark.	Total assets is considered to be appropriate as it is not a profit oriented company. The company holds all investments in subsidiaries and therefore total assets is deemed a generally accepted auditing benchmark. However, materiality was capped to approximately 90% of the overall Group materiality.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £26,000 and £96,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £123,788 for the group financial statements and £111,409 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £8,150 (group audit) and £7,350 (company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED (CONTINUED)

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- We ensured key assumptions, such as forecast generation and pricing, were consistent with the forecasts used to assess the carrying value of tangible and intangible assets;
- We reviewed the terms of the Group's financing facility and the covenants in place in relation to this facility, and confirmed that the Group is forecast to be compliant with covenant conditions over the going concern period;
- We evaluated the sensitivities applied to the forecasts in the severe but plausible downside case, and whether they were sufficiently severe; and
- We have reviewed results post year end to assess whether there are any variations from management's initial expectations which would change their conclusions over going concern.

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 group's and 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED (CONTINUED)

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate results, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Challenging assumptions and judgments made by management in their significant accounting estimates.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CLEAN ENERGY AND INFRASTRUCTURE
6 UK HOLDINGS LIMITED (CONTINUED)**

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 auditors' report

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Daniel Wilbourn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
29 June 2021

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	4,743,826	4,887,208
Cost of sales		(2,751,978)	(2,751,042)
Gross profit		1,991,848	2,136,166
Administrative expenses		(1,206,677)	(1,240,455)
Operating profit	5	785,171	895,711
Interest receivable and similar income	8	5,805	7,759
Interest payable and similar expenses	9	(2,503,343)	(2,567,249)
Loss before tax		(1,712,367)	(1,663,779)
Tax on loss	10	222,577	132,852
Loss for the financial year		(1,489,790)	(1,530,927)
Accumulated losses at the beginning of the year		(2,882,976)	(1,352,049)
		(2,882,976)	(1,352,049)
Loss for the year attributable to the owners of the parent		(1,489,790)	(1,530,927)
Accumulated losses at the end of the year		(4,372,766)	(2,882,976)

There were no recognised gains and losses for the year ended 31st December 2020 or for the year ended 31st December 2019 other than those included in the consolidated statement of income and retained earnings.

The notes on pages 22 to 46 form part of these financial statements.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED
REGISTERED NUMBER:10742810

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	13,934,769	14,766,008
Tangible assets	12	25,021,641	26,467,407
		<u>38,956,410</u>	<u>41,233,415</u>
Current assets			
Debtors: amounts falling due after more than one year	14	25,000	20,000
Debtors: amounts falling due within one year	14	2,022,180	2,051,074
Cash at bank and in hand	15	2,761,387	2,934,983
		<u>4,808,567</u>	<u>5,006,057</u>
Creditors: amounts falling due within one year	16	(8,111,688)	(2,237,313)
Net current (liabilities)/assets		<u>(3,303,121)</u>	<u>2,768,744</u>
Total assets less current liabilities		<u>35,653,289</u>	<u>44,002,159</u>
Creditors: amounts falling due after more than one year	17	(35,781,291)	(42,856,490)
Provisions for liabilities			
Other provisions	21	(652,398)	(436,279)
		<u>(652,398)</u>	<u>(436,279)</u>
Net (liabilities)/assets		<u>(780,400)</u>	<u>709,390</u>
Capital and reserves			
Called up share capital	22	3,592,366	3,592,366
Profit and loss account		(4,372,766)	(2,882,976)
Total equity		<u>(780,400)</u>	<u>709,390</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 June 2021.

DocuSigned by:



Kirsty Louise Usher
Director


The notes on pages 22 to 46 form part of these financial statements.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED
REGISTERED NUMBER: 10742810

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	13	3,592,366	3,592,366
		<u>3,592,366</u>	<u>3,592,366</u>
Current assets			
Debtors: amounts falling due after more than one year	14	24,784,176	24,469,456
Debtors: amounts falling due within one year	14	341,549	82,838
Cash at bank and in hand	15	34,579	67,166
		<u>25,160,304</u>	<u>24,619,460</u>
Creditors: amounts falling due within one year	16	(325,469)	(136,076)
Net current assets		<u>24,834,835</u>	<u>24,483,384</u>
Total assets less current liabilities		<u>28,427,201</u>	<u>28,075,750</u>
Creditors: amounts falling due after more than one year	17	(25,032,399)	(24,636,118)
Net assets		<u><u>3,394,802</u></u>	<u><u>3,439,632</u></u>
Capital and reserves			
Called up share capital	22	3,592,366	3,592,366
Profit and loss account brought forward		(152,734)	(78,225)
Loss for the year		(44,830)	(74,509)
Profit and loss account carried forward		(197,564)	(152,734)
Total equity		<u><u>3,394,802</u></u>	<u><u>3,439,632</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 June 2021.

DocuSigned by:

7917FB1144BF40A
Kirsty Louise Usher
Director

The notes on pages 22 to 46 form part of these financial statements.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 January 2019	3,592,366	(1,352,049)	2,240,317	2,240,317
Loss for the financial year	-	(1,530,927)	(1,530,927)	(1,530,927)
Total comprehensive expense for the year	-	(1,530,927)	(1,530,927)	(1,530,927)
At 31 December 2019	3,592,366	(2,882,976)	709,390	709,390
Loss for the financial year	-	(1,489,790)	(1,489,790)	(1,489,790)
Total comprehensive expense for the year	-	(1,489,790)	(1,489,790)	(1,489,790)
At 31 December 2020	3,592,366	(4,372,766)	(780,400)	(780,400)

The notes on pages 22 to 46 form part of these financial statements.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2019	3,592,366	(78,225)	3,514,141
Loss for the financial year	-	(74,509)	(74,509)
	-	(74,509)	(74,509)
Total comprehensive expense for the year			
At 31 December 2019	3,592,366	(152,734)	3,439,632
Loss for the financial year	-	(44,830)	(44,830)
	-	(44,830)	(44,830)
Total comprehensive expense for the year			
At 31 December 2020	3,592,366	(197,564)	3,394,802

The notes on pages 22 to 46 form part of these financial statements.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Cash flows from operating activities			
Loss for the financial year		(1,489,790)	(1,530,927)
Adjustments for:			
Amortisation of intangible assets	11	831,239	831,239
Depreciation of tangible assets	12	1,684,582	1,649,586
Interest paid	9	2,503,343	2,567,249
Interest received	8	(5,805)	(7,759)
Taxation credit	10	(222,577)	(132,852)
Decrease/(increase) in debtors	14	246,469	(188,725)
(Decrease)/increase in creditors	16	(255,230)	352,232
Increase in amounts owed to participating interests	16	210	106
Net cash generated from operating activities		3,292,441	3,540,149
Cash flows from investing activities			
Interest received	8	5,805	7,759
Net cash generated from investing activities		5,805	7,759

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Cash flows from financing activities			
Repayment of external loans	17	(1,322,967)	(1,169,492)
New loans from group companies	17	286,620	-
Interest paid on related parties loan		(1,632,531)	(1,292,097)
Interest paid on external loans		(802,964)	(860,705)
Net cash used in financing activities		<u>(3,471,842)</u>	<u>(3,322,294)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(173,596)</u>	<u>225,614</u>
Cash and cash equivalents at beginning of year	15	2,934,983	2,709,369
Cash and cash equivalents at the end of year	15	<u><u>2,761,387</u></u>	<u><u>2,934,983</u></u>
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand	15	2,761,387	2,934,983
	15	<u><u>2,761,387</u></u>	<u><u>2,934,983</u></u>

The notes on pages 22 to 46 form part of these financial statements.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

Clean Energy and Infrastructure 6 UK Holdings Limited ('the Company') is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Ibis House, Ground Floor, Ibis Court, Centre Park, Warrington, Cheshire, England, WA1 1RL. The principal activity of the Company during the reporting year was the management of a portfolio of wind and solar farms.

2. Accounting policies**2.1 Basis of preparation of financial statements**

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Income and Retained Earnings in these financial statements.

In December 2017 the FRC published amendments to accounting standards which are effective for all companies adopting FRS 102 for periods commencing on or after 1 January 2019. Early adoption was however permitted and this option has been taken. Amendments to section 18 of the standard (being the section specific to "Intangible Assets other than Goodwill") were the only amendments which impact the group. Under the revised standard, fewer intangible assets are required to be recognised separately from goodwill in a business combination. The requirements are now limited only to those intangible assets that arise from contractual or legal rights and are separable (for example, capable of being transferred on their own). Under the old version of the standard, wind rights had been recognised on business combinations. However, as the wind rights are not "separable", there will no longer be the recognition of wind rights for new acquisitions under the revised standard. The changes in the standard apply prospectively, meaning that brought forward wind rights from historical acquisitions will remain.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of Clean Energy and Infrastructure 6 UK Holdings Limited (the 'Company') and its subsidiary undertakings, Clean Energy & Infrastructure 6 UK Limited, Westnewton Windfarm Limited (parent company of BEGL 4 Limited), BEGL 4 Limited (trading wind farm), Watford Lodge HoldCo Limited (parent company of Watford Lodge Wind Farm Limited), Watford Lodge Wind Farm Limited (trading wind farm) and Rymes Solar Limited.

As permitted by section 408 of the Companies Act 2006, the Parent Company's profit and loss account has not been included in those financial statements. The consolidated loss for the financial year includes a loss of £0.045 million (2019: £0.075 million) in respect of the Parent Company's loss for the financial year.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated.

As a qualifying entity, the parent Company has taken advantage of the following exemptions in its individual financial statements:

- (i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- (ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- (iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the year as required by paragraph 4.12(a)(iv) of FRS 102; and
- (iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.4 Going concern

The Directors have prepared the financial statements on a going concern basis. The Group has net current liabilities of £3.303 million (2019: net current assets £2.769 million) and net liabilities £0.780 million (2019: net assets £0.709 million), and has made losses in the current year of £1.490 million (2019: £1.531 million). The Group EBITDA contribution from the portfolio was £3.301 million (2019: £3.377 million) and cash generated from the Group operating activities was £3.292 million (2019: £3.540 million).

The Group's external debt liability is £18.326 million (2019: £19.668 million), of that balance £7.577 million is due within the next 12 months, and there is no fixed repayment schedule in relation to the group undertaking loans, these have a final maturity date of December 2038. The Group has agreed with Santander to extension terms in relation to the bank loan for BEGL4 Limited, which will mean the maturity of the loan will be extended to September 2022, this will reduce the liability due within the next 12 month on the external debt to £1.736 million. The Directors believe that sufficient cash will be generated in the going concern period in order to meet these liabilities as they fall due, and based on the performance in Q1 and projected performance for the next 12 months, along with the combination of fixed revenues under the PPA's and wind and solar resources not being effected by COVID 19.

The key risks of COVID-19 to the financial performance of the Group are summarised below:

• **Revenue:**

Price - Market power price movements do not materially impact the Group as a large proportion of the revenue price mix is fixed through a combination of PPA floor prices, traded prices and ROC buyout scheme.

• **Generation:**

Volume/Generation - The Groups volume all comes from wind turbines & Solar power; COVID-19 does not impact the fuel source (wind/solar). 100% of the electricity generated is sold directly to the offtaker as part of the Power Purchase Agreement 'PPA' between the generator and the offtaker. The Group has PPA's with tier 1 offtakers, all of which have continued to pay to terms during the current lockdown period.

• **Operating Costs:**

The Company's/Group cost base is relatively low and fixed with a high EBITDA/Sales margin for 2020. The main costs include lease, rates & maintenance. To date, we have seen no issues with maintenance parts availability through the OEM.

• **Capex:**

No capital expenditure is forecast for the next 12 months in-line with 2021 budget.

• **Working Capital:**

All revenues are through tier 1 PPA providers, to date we have received all monies in accordance with terms. Management expects no changes to working capital profile.

As a direct consequence of COVID-19 and in light of these inherent uncertainties, management has considered the potential impact of a severe but plausible downside scenario for COVID-19 on the business (and its ability to continue as a going concern) under various scenarios, such as a reduction in power pricing and generation amounts. As a result of this detailed assessment, and with reference to the Group's balance sheet, but also acknowledging the inherent uncertainty of the current economic outlook, the Directors' have concluded that the Group is able to meet its obligations when they fall due for a period of at least 12 months after the date of this report. Also Directors have received letters of support from Capital Dynamics Clean Energy and Infrastructure VI A SCSp and

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.4 Going concern (continued)**

Capital Dynamics Clean Energy and Infrastructure VI B SCSp confirming ongoing financial support for at least 12 months from the approval of these financial statements. For this reason they continue to adopt the going concern basis for preparing the financial statements.

2.5 Turnover

Turnover represents the value of sales of electricity generated and associated benefits, exclusive of Value Added Tax and trade discounts. This includes the sale of electricity and associated renewable energy benefits:

(i) electricity delivered to customers is based on actual meter readings and

(ii) renewable energy benefits sold to customers are based on actual benefits awarded to the Company by the Office of Gas and Electricity Markets (OFGEM) during the reporting year. The pricing mechanism for renewable obligation certificates (ROCs) includes a recycle value component. ROC recycling turnover is measured at the fair value of the consideration receivable. The Group recognises ROC recycling turnover when the amount of turnover can be reliably measured and it is probable that future economic benefits will flow to the entity. The amount of turnover is not considered to be reliably measurable until the Company delivers the energy output. The Company bases its estimate of the ROC recycle value component on historical results, consulting market specialists and incorporating market information published by OFGEM.

2.6 Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

2.7 Interest income

Interest income is recognised in the Consolidated Statement of Income and Retained Earnings using the effective interest method.

2.8 Borrowing costs

All loans and borrowings are initially recognised at fair value being the consideration received net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses are recognised in the profit and loss account when liabilities are derecognised as well as through the amortisation process.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.9 Provisions for liabilities**

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, if it is probable that economic resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Decommissioning provisions are recognised when the wind farm becomes operational and measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the balance sheet date: with a corresponding balance held in fixed assets. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

During the year the discount rate and inflation rate used to calculate net present value of decommissioning costs were changed in line with current market conditions. This has been treated as a change in accounting estimate with adjustments to the carrying value of the decommissioning asset and provision being recognised in the current year.

Discount rate has been changed from 5% to 2% being the risk free rate of return and inflation rate has been changed from 3% to 2% based on long term CPI.

2.10 Related party transactions

The company has taken advantage of the exemption in paragraph 33.1A of Financial Reporting Standard 102 and has not disclosed details of transactions with fellow wholly owned undertakings.

2.11 Current and deferred taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current taxation

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Current tax, including UK Corporation tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

(ii) Deferred taxation

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 receive more tax. 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 years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.12 Finance costs**

Finance costs of financial liabilities are recognised in the Statement of Income and Retained Earnings over the term of such instruments at a constant rate on the carrying amount. Interest expense represents interest payable on borrowings and is recognised as it accrues, using the effective interest method.

2.13 Goodwill

Goodwill on acquisition is initially measured as the excess of the cost of the business combination over the acquirer's net interest in the fair value of the identifiable assets and liabilities. Goodwill is stated at costs less accumulated amortisation and any impairment. Amortisation of goodwill is provided on a straight-line basis over its estimated useful life being the lower the lease term and 20 years.

Goodwill is tested annually for impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market views of the time value of money and the risks specific to the assets. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately.

2.14 Tangible fixed assets

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

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

The estimated useful lives range as follows:

- Plant and machinery - 20-24 years
- Plant and machinery - Decommissioning costs - the shorter of the length of the lease or the expected life of the wind farm

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Income and Retained Earnings.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.15 Investments in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

2.16 Debtors

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

2.17 Cash and cash equivalents

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.18 Creditors

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

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.19 Financial instruments

The Group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors 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 year 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 income and retained earnings.

If there is 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 income and retained earnings.

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) 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.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non current liabilities. Trade creditors 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.

Accounting policies for borrowings and provisions are given separately on page 23.

The Group and Company does not hold or issue derivative financial instruments.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.19 Financial instruments (continued)

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, turnover and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected. The most critical of these accounting judgments and estimates are explained below.

Impairment of intangible and tangible fixed assets:

The Group tests annually whether intangible and tangible fixed assets have suffered any impairment. The recoverable amounts of the cash generating unit have been determined based on value in use calculations, which look at the future discounted cashflows. These calculations require the use of estimates, which includes the following: discount rate, generation outputs, pricing and operating costs.

Cash flow projections used for the value in use modelling are by their nature subject to inherent uncertainties. To reflect the risks posed by the current market conditions, a series of sensitivities, outlined below, have been ran against the forecast projections.

1% increase of the Discount Rate - Impairment of £Nil

5% decrease in the Power Price - Impairment of £Nil

5% decrease in the Generation - Impairment of £Nil

Decommissioning provisions:

Decommissioning provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the balance sheet date: with a corresponding balance held in fixed assets. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

During the year the discount rate and inflation rate used to calculate net present value of decommissioning costs were changed in line with current market conditions. This has been treated as a change in accounting estimate with adjustments to the carrying value of the decommissioning asset and provision being recognised in the current year.

Discount rate has been changed from 5% to 2% being the risk free rate of return and inflation rate has been changed from 3% to 2% based on long term CPI.

Recovery of deferred tax asset:

The Company 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.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Turnover

	2020 £	2019 £
Sales of electricity	4,743,826	4,887,208
	<u>4,743,826</u>	<u>4,887,208</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Exchange differences	106	9
Operating lease rentals	173,014	171,403
Depreciation	1,684,582	1,649,586
Amortisation	<u>831,239</u>	<u>831,239</u>

6. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>69,140</u>	<u>51,759</u>

Included in the above fees are the Company fees payable in relation to the audit of £0.019 million (2019: £0.014 million).

During the year the Group and Company received non-audit services of £nil, (2019: £nil).

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Employees

The Group and Company has no employees (2019: no employees).

Asset management services were carried out on behalf of the Group and Company through a long term service agreement with CD Arevon UK Limited, with asset management costs for the year charged to the Group of £0.140 million and to the Company of £0.020 million (2019: Group £0.153 million, Company £0.045 million).

Pre November 2020 asset management services for Watford lodge Wind Farm Limited were carried out through a long term agreement with Broadview Limited, with asset management services costs for the year of £0.096 million (2019: £0.083 million).

During the year, no director received any emoluments (2019: Nil) for their services to the Company or Group.

8. Interest receivable and similar income

	2020 £	2019 £
Other interest receivable	5,805	7,759
	<u>5,805</u>	<u>7,759</u>

9. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	783,847	847,605
Loans from group undertakings	1,742,192	1,698,816
Other interest payable	(22,696)	20,828
	<u>2,503,343</u>	<u>2,567,249</u>

Other interest payable credit is due to an adjustment to the decommissioning provision.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Tax on loss

	2020 £	2019 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(164,474)	(148,121)
Changes to tax rates	(55,613)	15,592
Adjustment in respect of previous periods	(2,490)	(323)
Total deferred tax	<u>(222,577)</u>	<u>(132,852)</u>
Tax on loss	<u>(222,577)</u>	<u>(132,852)</u>

Factors affecting tax credit for the year

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%). The differences are explained below:

	2020 £	2019 £
Loss before tax	<u>(1,712,367)</u>	<u>(1,663,779)</u>
Loss before tax multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	(325,350)	(316,118)
Effects of:		
Expenses not deductible for tax purposes	165,188	164,994
Losses	-	(953)
Non-taxable income	(4,312)	-
Tax rate changes	(55,613)	15,592
Adjustment in respect of previous periods	(2,490)	(323)
Deferred tax previously not recognised	-	3,956
Total tax credit for the year	<u>(222,577)</u>	<u>(132,852)</u>

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Tax on loss (continued)

Factors that may affect future tax charges

The standard rate of corporation tax applied to reported profit/(loss) is 19.0% (2019: 19.0%). The rate of UK corporation tax has remained at 19%. A further reduction in the rate of UK corporation tax to 17% from 1 April 2020 was substantively enacted as part of the Finance Act 2016. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% would now not occur and the Corporation Tax Rate would be held at 19%. This was substantively enacted on 17 March 2020 and as this took place before the balance sheet date, deferred tax balances as at 31 December 2020 have been calculated at 19% instead of 17%.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the deferred tax asset by £218,780.

11. Intangible assets

Group

	Goodwill £
Cost	
At 1 January 2020	16,624,764
At 31 December 2020	<u>16,624,764</u>
Accumulated amortisation	
At 1 January 2020	1,858,756
Charge for the year	831,239
At 31 December 2020	<u>2,689,995</u>
Net book value	
At 31 December 2020	<u>13,934,769</u>
At 31 December 2019	<u>14,766,008</u>

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Tangible assets

Group

	Plant and machinery £
Cost	
At 1 January 2020	30,144,660
Revaluations	238,816
At 31 December 2020	<u>30,383,476</u>
Accumulated depreciation	
At 1 January 2020	3,677,253
Charge for the year	1,684,582
At 31 December 2020	<u>5,361,835</u>
Net book value	
At 31 December 2020	<u><u>25,021,641</u></u>
<i>At 31 December 2019</i>	<u><u>26,467,407</u></u>

During the year the discount rate and inflation rate used to calculate net present value of decommissioning costs were changed in line with current market conditions. This has been treated as a change in accounting estimate with adjustments to the carrying value of the decommissioning asset and provision being recognised in the current year.

Discount rate has been changed from 5% to 2% being the risk free rate of return and inflation rate has been changed from 3% to 2% based on long term CPI.

The effect of the change of discount and inflation rates in the current year are as follows:

Decommissioning asset cost has been increased by £0.239 million and accumulated depreciation reduced by £0.037 million with a corresponding debit to the Statement of Income and Retained Earnings.

Carrying value of the decommissioning provision has been increased by £0.204 million of which £0.036 million is a reduction of the unwinding and a credit to the Statement of Income and Retained Earnings.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2020	3,592,366
At 31 December 2020	3,592,366
Net book value	
At 31 December 2020	3,592,366
At 31 December 2019	3,592,366

Clean Energy and Infrastructure 6 UK Holdings Limited holds the following fixed asset investments:

3,592,366 shares of the 3,592,366 ordinary shares issued of Clean Energy and Infrastructure 6 UK Limited a Company incorporated in the UK on 28 April 2017.

The directors believe that the carrying value of the investments is supported by their underlying future cash flows.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Clean Energy & Infrastructure 6 UK Limited	Ibis House, Ground Floor, Ibis Court, Centre Park, Warrington, Cheshire, WA1 1RL	Ordinary	100%
*Watford Lodge HoldCo Limited	Ibis House, Ground Floor, Ibis Court, Centre Park, Warrington, Cheshire, WA1 1RL	Ordinary	100%
*Westnewton Windfarm Limited	Ibis House, Ground Floor, Ibis Court, Centre Park, Warrington, Cheshire, WA1 1RL	Ordinary	100%
*BEGL 4 Limited	Ibis House, Ground Floor, Ibis Court, Centre Park, Warrington, Cheshire, WA1 1RL	Ordinary	100%
*Watford Lodge Wind Farm Limited	Ibis House, Ground Floor, Ibis Court, Centre Park, Warrington, Cheshire, WA1 1RL	Ordinary	100%
*Rymes Solar Limited	Ibis House, Ground Floor, Ibis Court, Centre Park, Warrington, Cheshire, WA1 1RL	Ordinary	100%

*all entities are held indirectly by the investment in Clean Energy & Infrastructure 6 UK Limited which owns 100% of its share capital. All subsidiaries noted above are consolidated in the financial statements under the acquisition accounting method.

The aggregate of the share capital and reserves as at 31 December 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	(Loss)/profit £
Clean Energy & Infrastructure 6 UK Limited	854,366	(902,860)
*Watford Lodge HoldCo Limited	853,811	(10,702)
*Westnewton Windfarm Limited	2,786,662	(14,772)
* BEGL 4 Limited	481,164	125,165
*Watford Lodge Wind Farm Limited	172,213	145,758
*Rymes Solar Limited	70,803	43,693

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Amounts falling due after more than one year				
Amounts owed by group undertakings	-	-	24,784,176	24,469,456
Other debtors	25,000	20,000	-	-
	25,000	20,000	24,784,176	24,469,456
	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Amounts falling due within one year				
Trade debtors	39,590	49,062	-	-
Amounts owed by group undertakings	-	-	-	7,626
Other debtors	22,783	55,756	-	-
Prepayments and accrued income	1,267,008	1,476,034	772	773
Deferred taxation (see note 20)	692,799	470,222	340,777	74,439
	2,022,180	2,051,074	341,549	82,838

Amounts owed by group undertakings relate to wholly owned subsidiaries, these are unsecured loan notes at an interest rate of 8% and a final repayment date of 2038. There are no fixed repayment instalments. There are no provisions in regards to trade debtors.

15. Cash at bank and in hand

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	2,761,387	2,934,983	34,579	67,166
	2,761,387	2,934,983	34,579	67,166

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Creditors: Amounts falling due within one year

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Bank loans and overdrafts (see note 18)	7,577,286	1,447,891	-	-
Trade creditors	192,033	382,948	-	1,996
Amounts owed to group undertakings	-	-	289,371	99,490
Amounts owed to related parties	316	106	-	-
Taxation and social security	39,827	64,638	-	-
Accruals and deferred income	302,226	341,730	36,098	34,590
	<u>8,111,688</u>	<u>2,237,313</u>	<u>325,469</u>	<u>136,076</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The Group has agreed with Santander to extension terms in relation to the bank loan for BEGL4 Limited, which will mean the maturity of the loan will be extended to September 2022.

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

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Bank loans and overdrafts (see note 18)	10,748,892	18,220,372	-	-
Amounts owed to related parties	25,032,399	24,636,118	25,032,399	24,636,118
	<u>35,781,291</u>	<u>42,856,490</u>	<u>25,032,399</u>	<u>24,636,118</u>

On 12 March 2018, the Company listed up to £150 million unsecured loan notes as Eurobonds on The International Stock Exchange ('TISE'). The loan notes are not freely transferable, and have an interest rate of 7% with a final repayment date of December 2038.

The amounts owed to related parties relate to the issue of these unsecured loan notes at an interest rate of 7% and a final repayment date of 2038. There are no fixed repayment instalments. During the year £0.287 million (2019: £Nil million) was issued, £Nil million principal (2019: £Nil million) repaid and £1.633 million interest (2019: £1.293 million) repaid. During the year interest of £1.742 million (2019: £1.699 million) was charged to the Statement of Income and Retained Earnings. Accrued interest on the loan notes as at 31 December 2020 was £0.912 million (2019: £0.802 million).

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. Loans

	Group 2020 £	Group 2019 £
Amounts falling due within one year		
Bank loans	7,577,286	1,447,891
	7,577,286	1,447,891
Amounts falling due 1-2 years		
Bank loans	10,748,892	7,471,478
	10,748,892	7,471,478
Amounts falling due 2-5 years		
Bank loans	-	10,748,894
	-	10,748,894
	18,326,178	19,668,263

Of the year end balance of £18.326 million (2019: £19.668 million), £6.651 million (2019: £7.220 million) related to BEGL 4 Limited which was owed to Santander PLC. The loan is repayable in 1 year as shown above. 85% of the loan is fixed at 2.66% plus margin, with the remaining 15% attracting interest at LIBOR plus margin. Under the terms of the loan, Santander has a legal registered charge over the shares of BEGL 4 Limited. During the year £0.560 million principal (2019: £0.455 million) repaid and £0.315 million interest (2019: £0.339 million) repaid. During the year interest of £0.306 million (2019: £0.334 million) was charged to the Statement of Income and Retained Earnings. Accrued interest as at 31 December 2020 was £0.072 million (2019: £0.081 million).

The Group has agreed with Santander to extension terms in relation to the bank loan for BEGL4 Limited, which will mean the maturity of the loan will be extended to September 2022.

£11.675 million (2019: £12.448 million) was owed to Santander PLC from Watford Lodge Wind Farm Limited. The majority of the loan is repayable between 1 and 2 years as shown in the loan maturity table above. 85% of the loan is fixed at 2.12% plus margin, with the remaining 15% attracting interest at LIBOR plus margin. The terms of the loan means that Santander has a legal registered charge over the shares of Watford Lodge Wind Farm Limited. During the year £0.762 million principal (2019: £0.715 million) repaid and £0.488 million interest (2019: £0.521 million) repaid. During the year interest of £0.477 million (2019: £0.514 million) was charged to the Statement of Income and Retained Earnings. Accrued interest as at 31 December 2020 was £0.114 million (2019: £0.126 million).

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

19. Financial instrument

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Financial assets measured at fair value through profit or loss	2,761,387	2,934,983	34,579	67,166
Financial assets that are debt instruments measured at amortised cost	1,174,801	1,462,091	24,784,176	24,477,855
	<u>3,936,188</u>	<u>4,397,074</u>	<u>24,818,755</u>	<u>24,545,021</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(43,853,152)</u>	<u>(45,029,235)</u>	<u>(25,357,868)</u>	<u>(24,772,194)</u>

Financial assets measured at fair value through profit or loss comprise the following:

- Cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise the following:

- Trade debtors
- Amounts owed by group undertakings
- Amounts owed by joint ventures and associated undertaking
- Other debtors and accrued income.

Financial liabilities measured at amortised cost comprise the following:

- Bank overdrafts
- Bank loans
- Trade creditors
- Amounts owed to group undertakings
- Other creditors and accruals.

20. Deferred taxation

Group

	2020 £	2019 £
At beginning of year	470,222	337,370
Charged to profit or loss	222,577	132,852
At end of year	<u>692,799</u>	<u>470,222</u>

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

20. Deferred taxation (continued)

Company

	2020 £	2019 £
At beginning of year	74,439	-
Charged to profit or loss	266,338	74,439
At end of year	340,777	74,439

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Accelerated capital allowances	(2,195,823)	(1,886,020)	-	-
Tax losses carried forward	2,546,144	2,133,246	-	15,623
Non trading timing differences	342,478	222,996	340,777	58,816
	692,799	470,222	340,777	74,439

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

21. Other provisions

Group

	Decommissioning provision £
At 1 January 2020	436,279
Charged to profit or loss	12,792
Reduction in provision unwind	(35,489)
Increase in asset cost	238,816
At 31 December 2020	652,398

Upon closure of the wind and solar farms, the Group has a requirement to dismantle and clean up the facility sites. This provision represents an estimated cost to perform this function. The provision is expected to crystallise in more than 20 years based on the length of the lease.

During the year the discount rate and inflation rate used to calculate net present value of decommissioning costs were changed in line with current market conditions. This has been treated as a change in accounting estimate with adjustments to the carrying value of the decommissioning asset and provision being recognised in the current year.

Discount rate has been changed from 5% to 2% being the risk free rate of return and inflation rate has been changed from 3% to 2% based on long term CPI.

The effect of the change of discount and inflation rates in the current year are as follows:

Decommissioning asset cost has been increased by £0.239 million and accumulated depreciation reduced by £0.037 million with a corresponding debit to the Statement of Income and Retained Earnings.

Carrying value of the decommissioning provision has been increased by £0.204 million of which £0.036 million is a reduction of the unwinding and a credit to the Statement of Income and Retained Earnings.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

22. Called up share capital

	2020	2019
	£	£
Group and Company		
Allotted, called up and fully paid		
3,592,366 (2019 - 3,592,366) Ordinary shares of £1.00 each	3,592,366	3,592,366

23. Contingent liabilities

The Group and Company has no contingent liabilities (2019: Nil).

24. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020	Group 2019
	£	£
Not later than 1 year	177,093	175,081
Later than 1 year and not later than 5 years	730,936	735,382
Later than 5 years	4,351,653	5,584,120
	5,259,682	6,494,583

25. Related party transactions

The Group has issued unsecured Loan Notes with its group undertaking Capital Dynamics CEI VI Jersey Finco Limited. During the year £0.287 (2019: £Nil million) was issued, £nil million principal (2019: £Nil million) repaid and £1.633 million interest (2019: £1.293 million) repaid. During the year interest of £1.742 million (2019: £1.699 million) was charged to the Statement of Income and Retained Earnings. Accrued interest on the loan notes as at 31 December 2020 was £0.912 million (2019: £0.802 million).

Asset management services were carried out through a long term agreement with CD Arevon UK Limited with asset management costs for the year of £0.140 million (2019: £0.153 million). The amount outstanding as at 31 December 2020 is £Nil million (2019: £Nil million).

26. Post balance sheet events

The Group has agreed with Santander to extension terms in relation to the bank loan for BEGL4 Limited, which will mean the maturity of the loan will be extended to September 2022.

CLEAN ENERGY AND INFRASTRUCTURE 6 UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

27. Change in accounting estimate

During the year the discount rate and inflation rate used to calculate net present value of decommissioning costs were changed in line with current market conditions. This has been treated as a change in accounting estimate with adjustments to the carrying value of the decommissioning asset and provision being recognised in the current year.

Discount rate has been changed from 5% to 2% being the risk free rate of return and inflation rate has been changed from 3% to 2% based on long term CPI.

28. Controlling party

The immediate parent undertaking is Capital Dynamics CEI VI Jersey Limited.

The ultimate parent undertakings are Capital Dynamics Clean Energy and Infrastructure VI A SCSp and Capital Dynamics Clean Energy and Infrastructure VI B SCSp.

Clean Energy and Infrastructure 6 UK Holdings Limited is an investment entity of Capital Dynamics Clean Energy and Infrastructure VI A SCSp and Capital Dynamics Clean Energy and Infrastructure VI B SCSp. Capital Dynamics Clean Energy and Infrastructure VI A SCSp is a special limited partnership (société en commandite spéciale) in Luxembourg in accordance with the 1915 Law with registration number: B213633. The Partnership was constituted by an agreement entered into between Capital Dynamics CEI GP Sarl ("GP"), a company incorporated under the laws of Luxembourg whose registered office is at 49 Avenue J.F. Kennedy, L-1855 Luxembourg, and the Limited Partners in the Partnership. Capital Dynamics Limited has been appointed as the Manager of the Partnership to manage and operate the Partnership and act as investment manager of the Partnership on behalf of the Partners.

Capital Dynamics Clean Energy and Infrastructure VI B SCSp is a special limited partnership (société en commandite spéciale) in Luxembourg in accordance with the 1915 Law with registration number: B213632. The Partnership was constituted by an agreement entered into between Capital Dynamics CEI GP Sarl ("GP"), a company incorporated under the laws of Luxembourg whose registered office is at 49 Avenue J.F. Kennedy, L-1855 Luxembourg, and the Limited Partners in the Partnership. Capital Dynamics Limited has been appointed as the Manager of the Partnership to manage and operate the Partnership and act as investment manager of the Partnership on behalf of the Partners.

Clean Energy and Infrastructure 6 UK Holdings Limited is the largest parent undertaking to consolidate these financial statements at 31 December 2020. Clean Energy and Infrastructure 6 UK Holdings Limited is the only company to consolidate the Company's financial statements. This is the highest level of which consolidation is performed. The consolidated financial statements of Clean Energy and Infrastructure 6 UK Holdings Limited are available from Ibis House, Ground Floor, Ibis Court, Centre Park, Warrington, Cheshire, WA1 1RL.