

UK SOLAR (FISKERTON) LLP

MEMBERS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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COMPANIES HOUSE

UK SOLAR (FISKERTON) LLP

DESIGNATED MEMBERS AND OTHER INFORMATION

Designated Members Fiskerton Limited
NextEnergy Solar Holdings III Limited

Partnership Number OC394493

Registered office 5th Floor North Side
7-10 Chandos Street
Cavendish Square
London
W1G 9DQ

Independent auditor KPMG Channel Islands Limited
Gategny Court
Gategny Esplanade
St Peter Port
Guernsey
GY1 1WR

Bankers Lloyds Bank Plc
25 Gresham Street
London
EC2V 7HN

UK SOLAR (FISKERTON) LLP

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UK SOLAR (FISKERTON) LLP

MEMBERS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The members present their report and the financial statements of UK Solar (Fiskerton) LLP (the "LLP") for the year ended 31 March 2023.

Members' responsibilities statement

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

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members 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 LLP and of its profit or loss for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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;
- assess the LLP's ability to continue as a going concern, disclosing as applicable matters related to going concern; and
- use the going concern basis of accounting unless they intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

UK SOLAR (FISKERTON) LLP

MEMBERS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Principal activities

The principal activities of the LLP are the development of solar photovoltaic ("Solar PV") projects and the generation and supply of electricity from a solar photovoltaic site.

The LLP is committed to project implementation excellence, the provision of long term clean energy projects, environmentally sensitive developments for the local community, and long term sustainable returns to investors.

The LLP is exposed to a variety of financial and operational risks as detailed in Note 17 of the notes to the financial statements.

Business review

Future developments

The members have no planned developments and have a reasonable expectation that the LLP will continue operating in the foreseeable future. For the detailed assessment refer to Note 2.2.

Results and distributions

The total comprehensive income and profit for the year amounted to £997,933 (2022: £265,197).

No distributions were made to members during the year (2022: £nil).

Electricity Generator Levy

The Electricity Generator Levy (the "EGL") which introduces a new tax on exceptional electricity generation receipts of qualifying generating undertakings from 1 January 2023 to 31 March 2028 has been released within Finance (No.2) Bill 2023. The Finance (No.2) Act 2023 (the "Act") received Royal Assent on 11 July 2023. The directors' assessment of the Act concluded that it does not have a material impact on the LLP in the current and short-term future periods. An ongoing assessment of the EGL liabilities has been adopted by the LLP to ensure compliance with the Act.

Political donations and political expenditure

The LLP did not make any disclosable political donations and political expenditure in the current year.

Financial instruments

Refer to Note 17 for details of the LLP's financial management objectives and policies; and its exposure to market risk, credit risk and liquidity risk.

Designated members

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

Fiskerton Limited
NextEnergy Solar Holdings III Limited

Going Concern

Refer to note 2.2 for details.

UK SOLAR (FISKERTON) LLP

MEMBERS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Qualifying third-party and pension scheme indemnity provisions

The LLP did not have any qualifying third-party indemnity provision and/or qualifying pension scheme indemnity provision for any of the directors, during the year and at the date of approval of the directors' report.

Members' drawings and the subscription and repayment of members' capital

Each member may receive drawings from the LLP or an amount of that member's entitlement to profits in such amounts as shall be determined by a members' resolution.

Members' profit allocation

Where there is no constructive or contractual liability to distribute profits or losses of the LLP between the members, the profits and losses of the LLP in respect of each accounting year shall be allocated at the end of each accounting year as follows:

- a) profits of the LLP shall first be allocated between the members of the LLP to cover drawings;
- b) available profits shall then be allocated between the members of the LLP as determined by the designated members' and
- c) losses shall be allocated between the members as determined by the designated members;

provided that the designated members shall have absolute discretion in determining the distribution of profits and/or losses.

Disclosure of information to auditor

Each of the persons who are members at the time when this Members' Report is approved has confirmed that:

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

Independent auditor

KPMG Channel Islands Limited have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

This report was approved by the members on 29 November 2023 and signed on its behalf.



Fiskerton Limited
Designated Member

Independent Auditor's Report to the Members of UK Solar (Fiskerton) LLP

Our opinion

We have audited the financial statements of UK Solar (Fiskerton) LLP (the "LLP"), which comprise the statement of financial position as at 31 March 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 March 2023 and of the LLP's profit for the year then ended;
- are properly prepared in accordance with United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Independent Auditor's Report to the Members of UK Solar (Fiskerton) LLP (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- enquiring of management as to the LLP's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the LLP's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

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

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

The LLP is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The LLP is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of litigation or impacts on the LLP's ability to operate. We identified LLP law as being the area most likely to have such an effect. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent Auditor's Report to the Members of UK Solar (Fiskerton) LLP (continued)

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

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

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The members are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships regime.

We have nothing to report in these respects.

Respective responsibilities

Members' responsibilities

As explained more fully in their statement set out on page 1, the members are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of UK Solar (Fiskerton) LLP (continued)

Auditor's responsibilities

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

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

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

This report is made solely to the LLP's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006, as required by regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



David Alexander (Senior Statutory Auditor)

For and on behalf of KPMG Channel Islands Limited (Statutory Auditor)

Chartered Accountants

Guernsey

30 November 2023

UK SOLAR (FISKERTON) LLP

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £	2022 £
Revenue	4	2,220,083	1,466,702
Operating expenses		(608,333)	(727,035)
Depreciation	9	(601,117)	(608,200)
Operating profit	5	1,010,633	131,467
Finance costs	8	(10,890)	(41,763)
Decommissioning and other interest	7	(1,810)	175,493
Total comprehensive income and profit for the year available for discretionary division amongst members		997,933	265,197

The notes on pages 12 to 27 form part of these financial statements.

UK SOLAR (FISKERTON) LLP
REGISTERED NUMBER: OC394493

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	9	8,840,920	9,524,277
		<u>8,840,920</u>	<u>9,524,277</u>
Current assets			
Debtors: amounts falling due within one year	10	1,103,590	467,416
Cash at bank	11	368,870	397,970
		<u>1,472,460</u>	<u>865,386</u>
Creditors: Amounts Falling Due Within One Year	12	(401,401)	(1,405,162)
Net current assets/(liabilities)		<u>1,071,059</u>	<u>(539,776)</u>
Total assets less current liabilities		<u>9,911,979</u>	<u>8,984,501</u>
Provisions for liabilities			
Provisions for liabilities and charges	14	(854,014)	(924,469)
Net assets		<u>9,057,965</u>	<u>8,060,032</u>
Total members' interests			
Members' accumulated profits classified as equity		9,057,965	8,060,032
Total Members' equity		<u>9,057,965</u>	<u>8,060,032</u>

The LLP's financial statements have been prepared in accordance with the Financial Reporting Standard 102 for Smaller Entities within the Limited Liability Partnerships (Accounts and Audit) Regulations 2008.

The financial statements were approved and authorised for issue by the members and were signed on its behalf on 29 November 2023.



Fiskerton Limited
Designated Member

The notes on pages 12 to 27 form part of these financial statements.

UK SOLAR (FISKERTON) LLP

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Members accumulated profits classified as equity £	Total members' equity £
At 1 April 2021	7,794,835	7,794,835
Comprehensive income for the year		
Profit for the year available for discretionary division among members	265,197	265,197
At 1 April 2022	8,060,032	8,060,032
Comprehensive income for the year		
Profit for the year available for discretionary division among members	997,933	997,933
At 31 March 2023	9,057,965	9,057,965

The notes on pages 12 to 27 form part of these financial statements.

UK SOLAR (FISKERTON) LLP

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	2023 £	2022 £
Cash flows from operating activities		
Total comprehensive income and profit for the year	997,933	265,197
Adjustments for:		
Depreciation of tangible assets	601,117	608,200
(Increase) in debtors	(635,797)	(167,471)
Increase in creditors	434,947	592,894
Decommissioning and other interest	1,810	(175,493)
Finance costs	10,890	41,763
Adjustments to provisions	-	(285,034)
Net cash generated from operating activities	<u>1,410,900</u>	<u>880,056</u>
Cash flows from financing activities		
Repayment of loans from members	(1,428,913)	(627,726)
Finance costs	(11,087)	(42,485)
Net cash used in financing activities	<u>(1,440,000)</u>	<u>(670,211)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(29,100)</u>	<u>209,845</u>
Cash and cash equivalents at beginning of year	397,970	188,125
Cash and cash equivalents at the end of year	<u><u>368,870</u></u>	<u><u>397,970</u></u>
Cash and cash equivalents at the end of year		
Cash at bank	<u><u>368,870</u></u>	<u><u>397,970</u></u>

UK SOLAR (FISKERTON) LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

UK Solar (Fiskerton) LLP (the "LLP") was incorporated with limited liability in England & Wales under the Limited Liability Partnerships (Accounts and Audit) Regulations 2008, on 28 July 2014 with partnership number OC394493. The registered office and principal place of business of the LLP is 5th Floor North Side, 7-10 Chandos Street, Cavendish Square, London, W1G 9DQ.

2. Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

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, Companies Act 2006 as applied by LLP's and the Limited Liability Partnerships (Accounts and Audit) Regulations Act 2008.

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

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The LLP's functional and presentation currency is the pound sterling. There are no foreign currency transactions and balances.

2.2 Going concern

The members believe that the LLP is well placed to manage its business risks successfully. The directors have reviewed the LLP's current position and have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the members' report and financial statements.

Ukraine Conflict

The Ukraine conflict has had a sustained positive impact on the long-term power price projections. Management continue to closely monitor the situation and assess the implications the conflict has on these projections as well as the wider supply chain.

2.3 Exemptions under Companies Act

The LLP has also adopted the following disclosure exemptions:

- Strategic Report: Companies Act Strategic Report exemption for small limited liability partnerships under section 414B.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.4 Revenue

Revenue is measured at fair value and represents monies from the generation of energy from operational solar parks during the year. Any uninvoiced revenue is accrued in the year in which it has been generated.

Revenue is stated net of value added tax and is generated entirely within the United Kingdom.

Revenue relating to income for Power Purchase Agreement ("PPA")

The PPA revenue is paid by licensed electricity suppliers who offer a short and long-term contract known as PPA which can run from 1 month to 20 years (or more). PPA revenue is calculated each month based on the megawatt hours of power exported multiplied by the price fixed or hedged for each relevant period under the PPA.

Revenue relating to income for Renewable Obligation Certificates ("ROC")

The number of ROCs are calculated each month based on the net number of megawatt hours of power exported multiplied by the ROC banding applicable to the ROC accredited site. The ROC price is fixed for each Compliance Period which runs from 1 April to 31 March and is published in advance by Ofgem. The ROC price is discounted by the ROC buyout % agreed under the relevant PPA or ROC agreement. Management has adopted the policy of recognising ROC revenue monthly, based on the price for the relevant compliance period.

Revenue relating to income for ROC Recycle

The ROC recycle price is not published until November following the accounting year end. As such, prices cannot be reliably estimated and revenue from ROC recycle is not accrued for as at the accounting year end. The revenue is recognised only in the following accounting year when price can be reliably determined.

Revenue relating to Renewable Energy Guarantee of Origin ("REGO")

For each megawatt hour of generation, a plant receives a REGO certificate. REGOs are administered through the Ofgem portal. Historically, there has been little to no value in a REGO certificate but they can be sold from time-to-time as agreed with the relevant counterparty. Recently, we have seen a significant increase in the value of REGOs. Given that there is no set price, revenue is accrued as and when sales transactions are agreed with counterparties. Under some PPAs, REGOs are transferred to the power purchaser at no additional cost.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.5 Tangible 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

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

Depreciation is provided on the following basis:

Solar PV Equipment	-	4%
Inverters	-	10%

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 Statement of Comprehensive Income.

The useful life of the solar PV equipment is 25 years and inverters is 10 years. This is in recognition of what is considered industry standard of useful life for solar PV equipment and inverters.

Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the LLP and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income.

UK SOLAR (FISKERTON) LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.6 Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to statement of comprehensive income on a straight-line basis over the period of the lease.

2.7 Debtors

Short-term debtors are measured at transaction price, less any impairment.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash at bank.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.9 Financial instruments

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

The LLP only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans from related parties.

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the LLP would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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 the liability simultaneously.

A financial asset, or apportion of financial asset, is derecognised when:

- the right to receive cash flows from the asset have expired; or
- the LLP retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the LLP has transferred the rights to receive cash flows from the asset and either:
 - i. has transferred substantially all the risks and rewards of the assets; or
 - ii. has neither transferred nor retained substantially all the risks and rewards of the assets but has transferred control of the assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.10 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The LLP determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Interest bearing loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Members' profit allocation

Where there is no constructive or contractual liability to distribute profits or losses of the LLP between the members, the profits or losses of the LLP in each accounting year shall be allocated at the end of each accounting year as follows:

- a) profits of the LLP shall first be allocated between the members of the LLP to cover drawings;
- b) available profits shall then be allocated between the members of the LLP as determined by the designated members' and
- c) losses shall be allocated between the members as determined by the designated members;

provided that the designated members shall have absolute discretion in determining the distribution of profits and/or losses.

2.11 Finance costs

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.12 Provisions and contingencies

Provisions are made where an event has taken place that gives the LLP a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the LLP becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

In particular, provisions for decommissioning costs are recognised when the LLP has an obligation to dismantle and remove the Solar PV equipment and to restore the land on which it is located. Liabilities may arise upon construction of such facilities, upon acquisition or through a subsequent change in legislation or regulations. The amount recognised is the estimated present value of expenditure determined in accordance with local conditions and requirements. A corresponding tangible asset equivalent to the provision is also created.

Any changes in the present value of the estimated expenditure is added to or deducted from the cost of the assets to which it relates. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. The unwinding of the discount on the decommissioning provision is included as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted for as appropriate.

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the LLP's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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

The preparation of financial statements in conformity with FRS 102 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts for assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values that are not readily apparent from other sources. Actual values may differ from these estimates.

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

The most critical accounting policies and estimates in determining the financial condition and results of the LLP are those requiring a greater degree of subjective or complete judgment. These are discussed below:

Decommissioning costs

As part of the measurement and recognition of assets and liabilities in the period, the LLP has recognised a provision for decommissioning obligations associated with the solar park. In determining the present value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs. The carrying amount of the provision as at 31 March 2023 was £854,014 (2022: £924,469).

In the financial period, management have reassessed the decommissioning provision by seeking an update from a reliable external provider regarding the cost of removal which has confirmed that the existing cost of removal is still reasonable. The inflation rate and discount rate reflect the long term market assessment of the time value of money and risks specific to the liability. The inflation and discount rate applied is 2.25% (2022: 2.25%) and 3.42% (2022: 2.90%) respectively. The changes in estimations has resulted in a decrease of £72,642 (2022: £67,072).

Should this discount rate increase/decrease by 1 percentage point, the value of the decommissioning provision would be £197,565 lower/ £479,548 higher.

4. Revenue

The whole of the LLP's revenue is attributable to its market in the United Kingdom and is derived from the principal activity of the generation and supply of electricity from a photovoltaic site, and the associated incentives and PPA as outlined within the accounting policies.

UK SOLAR (FISKERTON) LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

5. Operating profit

The operating profit is stated after charging:

	2023	2022
	£	£
Depreciation of tangible fixed assets	601,117	608,200
Lease costs	77,728	70,692
Asset management fees	102,958	80,593
Operations and maintenance	86,165	78,065
Management fees	195,630	195,630
	<u>1,163,608</u>	<u>1,133,180</u>

6. Auditor's remuneration

NextEnergy Solar Holdings III Limited will pay the audit fee of £4,930 (2022: £4,481) relating to the audit of the financial statements for the year on behalf of the LLP.

7. Decommissioning and other interest

	2023	2022
	£	£
Discount on decommissioning deposit	(377)	(627)
Decommissioning interest	2,187	(174,866)
	<u>1,810</u>	<u>(175,493)</u>

To recognise the present value of the decommissioning deposit to the landlord, accretion and a discount charge have been calculated. The decommissioning interest charges are in relation to the cost of the removal of the solar park.

8. Finance costs

	2023	2022
	£	£
Finance costs	10,890	41,763
	<u>10,890</u>	<u>41,763</u>

UK SOLAR (FISKERTON) LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

9. Tangible assets

	Solar PV Equipment £	Inverters £	Total £
Cost			
At 1 April 2022	12,891,993	754,062	13,646,055
Adjustments	(9,026)	(572)	(9,598)
Changes in assumptions of provisions	(72,642)	-	(72,642)
At 31 March 2023	<u>12,810,325</u>	<u>753,490</u>	<u>13,563,815</u>
Depreciation			
At 1 April 2022	3,638,005	483,773	4,121,778
Charge for the year on owned assets	510,534	90,583	601,117
At 31 March 2023	<u>4,148,539</u>	<u>574,356</u>	<u>4,722,895</u>
Net book value			
At 31 March 2023	<u>8,661,786</u>	<u>179,134</u>	<u>8,840,920</u>
At 31 March 2022	<u>9,253,988</u>	<u>270,289</u>	<u>9,524,277</u>

UK SOLAR (FISKERTON) LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

10. Debtors: amounts falling due within one year

	2023 £	2022 £
Amounts owed from members	670,155	-
Other debtors	27,285	33
Prepayments and accrued income	406,150	467,383
	<u>1,103,590</u>	<u>467,416</u>

11. Cash at bank

	2023 £	2022 £
Cash at bank	368,870	397,970
	<u>368,870</u>	<u>397,970</u>

12. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	1,365	51,070
Loans due to members	3	559,945
Amounts owed to members	-	23
VAT	62,186	153,085
Other current liabilities	56,921	347,620
Accruals	280,926	293,419
	<u>401,401</u>	<u>1,405,162</u>

Included in the accruals is £228,480 (2022: £238,076) for Engineering, Procurement and Construction and other related capital costs.

Included in the loan due to members is an amount of £nil (2022: £197) for interest payable at the end of the year. The loan due to members bears interest at a rate of 4.25% per annum, is unsecured and is repayable on demand.

The amounts owed to members are interest free, unsecured and repayable on demand.

UK SOLAR (FISKERTON) LLP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

13. Financial liabilities

Analysis of the maturity of loans is given below:

	2023 £	2022 £
Amounts falling due within one year		
Loan due to members	3	559,945
Amounts owed to members	-	23
Other current liabilities	56,921	347,620
	<u>56,924</u>	<u>907,588</u>

14. Provisions for liabilities and charges

	Decommissioning costs £
At 1 April 2022	924,469
Changes in assumptions of provisions	(72,642)
Charged to Statement of Comprehensive Income	2,187
At 31 March 2023	<u>854,014</u>

The amount debited to the Statement of Comprehensive Income for decommissioning costs includes the interest charge of £28,241 and the amount credited for the changes in assumptions of £26,054.

Please refer to the accounting policy, "Provisions and contingencies" for the basis on which the decommissioning provision has been calculated in Note 2.12.

UK SOLAR (FISKERTON) LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

15. Financial instruments

	2023 £	2022 £
Financial assets		
Cash at bank	368,870	397,970
Trade and other debtors excluding prepayments	388,554	391,841
Amounts owed from members	670,155	-
	<u>1,427,579</u>	<u>789,811</u>
Financial liabilities		
Trade and other creditors	282,290	692,109
Loan due to members	3	559,945
Amounts owed to members	-	23
Other current liabilities	56,921	347,620
	<u>339,214</u>	<u>1,599,697</u>

16. Commitments under operating leases

At 31 March 2023 the LLP had future minimum lease payments under non-cancellable operating leases as follows:

	2023 £	2022 £
Within one year	66,230	67,350
Between two and five years	280,161	335,721
In more than five years	1,055,613	2,538,586
	<u>1,402,004</u>	<u>2,941,657</u>

The operating lease payment profile is linked to the Retail Price Index ("RPI"). The applied long-term RPI rate, which is considered a more stable index compared to the CPI, is 2.25% as at 31 March 2023 (2022: CPI rate of 9.0%).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

17. Financial risk management

The LLP's principal financial assets and liabilities comprise debtors, cash at bank and creditors. The LLP has exposure to the following risks from its use of financial instruments:

- Market risk, including commodity price, interest rate, inflation rate risks
- Credit risk
- Liquidity risk

This note presents information about the LLP's exposure to each of the above risks and the LLP's objectives, policies and processes for assessing and managing risk.

The Members have overall responsibility for the establishment and oversight of the LLP's risk management framework.

Market risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

The LLP receives funding from the members from time to time.

Credit risk

The LLP's policies are aimed at minimising losses as a result of a counterparty's failure to honour its obligations. Exposure to credit risk arises as a result of the transactions with counterparties. The counterparties used by the LLP are considered by management to be of appropriate credit rating. At each Statement of Financial Position date, the LLP's financial assets were neither impaired nor past due. The maximum credit exposure at reporting date are the carrying value of the credit balances if any.

Liquidity risk

Liquidity risk is the risk that the LLP will not be able to meet its financial obligations as they fall due. The LLP monitors its risk of a shortage of funds using projected cash flows and by monitoring the maturity of both its financial assets and liabilities.

Capital management

Management considers capital to consist of equity plus net debt as disclosed in the Statement of Financial Position. The primary objective of the LLP's capital management is to ensure healthy capital ratios in order to support its business and maximise member value. The LLP's financial instruments comprise cash and liquid resources and various items, such as debtors and creditors that arise directly from its operations. The LLP's policy is to finance its operations through group borrowings. It is the LLP's policy not to hold financial instruments for speculative purposes.

At 31 March 2023, the LLP has amounts due to members. The fair value of creditors approximated to their book value. The LLP had no financial assets other than cash at bank, and trade and other debtors.

Refer to Note 13 for a table summarising the maturity of the LLP's financial liabilities.

UK SOLAR (FISKERTON) LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

18. Capital commitments

The LLP had no material capital commitments at 31 March 2023, other than what has been disclosed under Note 16, commitments under operating leases and under Note 12, creditors where future payments relating to tangible assets are expected.

19. Related party transactions

NextEnergy Solar Holdings III Limited is a member of the LLP. At the Statement of Financial Position date the LLP owed £3 (2022: £559,968) to NextEnergy Solar Holdings III Limited in respect of payments made on behalf of the LLP by NextEnergy Solar Holdings III Limited.

At the Statement of Financial Position date the LLP was owed £670,155 (2022: £nil) from NextEnergy Solar Holdings III Limited in respect of advances made to NextEnergy Solar Holdings III Limited by the LLP.

NextEnergy Solar Holdings III Limited charged the LLP a management fee of £195,630 for the year (2022: £195,630). At the Statement of Financial Position date the LLP owed £nil (2022: £nil).

NextEnergy Solar Holdings III Limited charged the LLP interest of £10,890 for the year (2022: £41,763). At the Statement of Financial Position date the LLP owed £nil (2022: £197).

NextEnergy Solar Holdings III Limited will pay the audit fee of £4,930 (2022: £4,481) relating to the audit of the financial statements for the year on behalf of the LLP.

WiseEnergy (Great Britain) Limited ("WiseEnergy") is a related party through mutual ownership by NextEnergy Solar Holdings III Limited. During the year, the LLP paid £102,958 (2022: £80,593) to WiseEnergy in respect of asset management services provided. At the Statement of Financial Position date £nil (2022: £nil) was owing to WiseEnergy.

20. Controlling parties

As at 31 March 2023 the LLP was majority owned by NextEnergy Solar Holdings III Limited.

The ultimate controlling party is NextEnergy Solar Fund Limited, a company incorporated in Guernsey with the registered office at 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey GY1 2HL; and is listed on the London Stock Exchange.

The ultimate and the immediate parent undertaking do not consolidate these financial statements as they meet the definition of an investment entity as described by IFRS 10. Under IFRS 10, investment entities are required to hold subsidiaries at fair value through the Statement of Comprehensive Income rather than consolidate them.

Copies of NextEnergy Solar Fund Limited financial statements are publicly available and can be obtained from the company's website.

UK SOLAR (FISKERTON) LLP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

21. Analysis of net debt

	At 1 April 2022 £	Cash flows £	Other non- cash changes £	At 31 March 2023 £
Cash at bank	397,970	(29,100)	-	368,870
Loan due to members	(559,968)	1,440,000	(880,029)	3
	<u>(161,998)</u>	<u>1,410,900</u>	<u>(880,029)</u>	<u>368,873</u>

22. Subsequent events

There were no significant events after the year ended 31 March 2023 that would require disclosure in or adjustment to the financial statements.