



BEACON FEN ENERGY PARK

Planning Inspectorate Reference: EN010151

Funding Statement
Document Reference: 4.2
April 2025



Prepared for:
Beacon Fen Energy Park Limited

Prepared by:
Beacon Fen Energy Park Limited

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1. Introduction

- 1.1.1 This Funding Statement has been prepared by Beacon Fen Energy Park Limited (**"the Applicant"**). It forms part of the application (**"Application"**) for a development consent order (**"DCO"**) that has been submitted to the Secretary of State for Energy Security and Net Zero (**"SoS"**) under section 37 of the Planning Act 2008 (**"PA 2008"**)

1.2 The Proposed Development

- 1.2.1 Beacon Fen Energy Park Ltd (the 'Applicant') is bringing forward proposals for a new solar and battery storage park on land approximately 6.5 km northeast of Sleaford and 2.5 km north of Heckington, Lincolnshire. The proposals comprise of above ground solar photovoltaic (PV), and Battery Energy Storage System (BESS) infrastructure connected by a cable route of around 13 km length to the National Grid Bicker Fen 400 kV substation ('Bicker Fen substation') (the 'Proposed Development').
- 1.2.2 A full description of the Proposed Development is contained within **Chapter 2: Proposed Development (Document Ref: 6.2 ES Vol.1, 6.2.2)**.
- 1.2.3 The Proposed Development will be located within the DCO Order Limits ('Order Limits') as shown on **Figure 1.2 Site Boundary Plan (Document Ref: 6.4 ES Vol.3, 6.4.2)** and the **Works Plan (Document Ref: 2.4)** and includes the Solar Array Area, the Bespoke Access Corridor and the Cable Route Corridor which are defined as follows:
- **Solar Array Area** - The land within the Order Limits within which the Solar PV and BESS (and their ancillary infrastructure) will be located.
 - **Cable Route Corridor** - The land within the Order Limits within which the Cable Route will be located.
 - **Cable Route** - The physical development, i.e. the cable itself, to be located within the Cable Route Corridor.
 - **Bespoke Access Corridor** - The land within the Order Limits within which the Bespoke Access Road will be located.
 - **Bespoke Access Road** - The physical development i.e. the road itself, to be located within the Bespoke Access Corridor.
- 1.2.4 The Proposed Development has an anticipated generation capacity of over 50MW of electricity. The proposals include the construction of the necessary infrastructure to export the electricity generated into the National Grid.
- 1.2.5 It is planned that this will be via an underground connection running from the Solar Array Area of the Proposed Development to the nearby Bicker Fen substation. There would be no need to develop a new National Grid substation, however, there will be a need to carry out upgrade and extension works to Bicker Fen substation.
- 1.2.6 The Proposed Development will include an onsite BESS. This will allow the electricity generated by the panels to be stored on site at times when grid demand is low, then exported at times of higher demand and also provide an important balancing service for the National Grid. The solar panels and BESS

are expected to have an operational lifespan of up to 40 years, after which they would be safely decommissioned and the Solar Array Area returned to agricultural use.

- 1.2.7 The Proposed Development will also include a new access road from the A17 to the Solar Array Area to facilitate all phases of the Proposed Development (construction, operation/maintenance and decommissioning). This is termed the Bespoke Access Road.
- 1.2.8 Junction improvements may be required in the wider area at passing places and haul road crossing points of the public highway, as well as localised widening to facilitate abnormal load access. A priority T-junction arrangement within an existing layby on the A17 is proposed as part of the Bespoke Access Road.
- 1.2.9 As the Proposed Development would have a generating capacity of over 50MW of electricity, it is classed as a Nationally Significant Infrastructure Project (NSIP) and, therefore, a Development Consent Order (DCO) must be applied for before the Proposed Development can be built.

1.3 The Purpose and Structure of this Document

- 1.3.1 This Statement has been produced pursuant to Regulation 5(2)(h) of the Infrastructure Planning (Applications: Prescribed Forms and Procedures) Regulations 2009 (the "**APFP Regulations**") and the Department of Communities and Local Government guidance 'Planning Act 2008: Guidance related to procedures for the compulsory acquisition of land' (September 2013) (the "**Guidance**").
- 1.3.2 This Statement is required because the DCO sought for Beacon Fen Energy Park would authorise the compulsory acquisition of land or interests in land. This gives rise to the requirement under Regulation 5(2)(h) of the APFP Regulations for the Applicant to provide a statement indicating how a DCO containing these powers is proposed to be funded.
- 1.3.3 This Statement is one of a number of documents accompanying the Application and submitted to the SoS, and should be read in conjunction with those documents, principally the **Statement of Reasons (Document Ref: 4.1)**

2. Funding

2.1 Corporate Structure

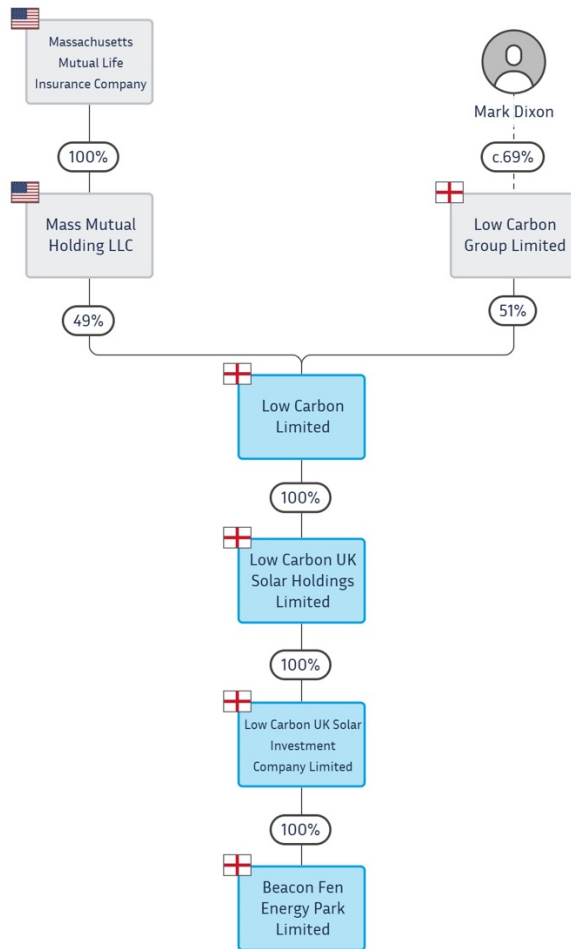
- 2.1.1 Beacon Fen Energy Park Limited (company number 13347752) is the Applicant for the Application. The Applicant is registered in England and Wales.
- 2.1.2 The Applicant is funded by Low Carbon Limited (company number 13356797) ("**Low Carbon**"). Low Carbon is a company registered in England and Wales. Further information on how Low Carbon funds the Applicant is included in section 2.3.

2.1.3 The sole shareholder of the Applicant is Low Carbon UK Solar Investment Company Limited, a company registered in England and Wales under company number 11202297. This company in turn is an indirect subsidiary of Low Carbon. The ownership of Low Carbon is as follows:

- 51% is owned by Low Carbon Group Limited ("**LCG**"), a company registered in England and Wales under company number 07853501. LCG's ultimate beneficial owner is Dr M Dixon, a UK resident individual; and
- 49% is owned by MassMutual Holding LLC ("**MassMutual**"), a wholly-owned subsidiary of Massachusetts Mutual Life Insurance Company. Massachusetts Mutual Life Insurance Company, as a mutual insurance company, does not have typical shareholders, but rather its policyholders share in the profits generated by the company. As such, no individuals fall under the definition of ultimate beneficial owner with respect to this entity.

2.1.4 The above ownership structure is shown in the Organogram below in Table 1.

Table 1: Organogram



2.2 Beacon Fen Energy Park costs

- 2.2.1 The current cost estimate for the Proposed Development is approximately £550 million. This estimate covers all aspects of the Proposed Development and has been arrived at by including construction costs, preparation costs, supervision costs, land acquisition costs (including compensation payable in respect of any compulsory acquisition), equipment purchase, installation, commissioning and power export. The estimate also includes an allowance for inflation and project contingencies.

2.3 Beacon Fen Energy Park funding

- 2.3.1 The Applicant is funded by Low Carbon off Low Carbon's own balance sheet.
- 2.3.2 Low Carbon has assets of over £165 million which is shown in its most recent consolidated accounts which are included at Appendix A. The consolidated accounts of Low Carbon have been audited by Ernst & Young LLP.
- 2.3.3 Low Carbon is committed to the delivery of the Proposed Development and to date has already invested more than £8 million of its own capital in land acquisition costs and costs associated with preparing the Application. It has

also invested significant amounts of senior management time. It will also be funding the significant costs in taking the Application through the examination. As can be seen from its consolidated funds, Low Carbon will be able to fund these costs from its own resources.

- 2.3.4 If the SoS grants development consent for the Proposed Development then Low Carbon intends to fund the development and construction of the Proposed Development through a combination of equity and debt. Equity is expected to be funded from Low Carbon's balance sheet plus utilisation of a £400 million revolving credit facility that Low Carbon currently has in place with the specific purpose of helping fund Low Carbon's equity contribution to the construction costs on its renewable energy projects.
- 2.3.5 Low Carbon has a high level of confidence of securing the required bank debt for the Proposed Development having previously closed a £510 million facility with seven tier 1 lenders for building out a ~800MW portfolio of solar assets in the UK and Netherlands, a process that generated a high level of interest from a deep pool of credible lenders.

3. Land acquisition and blight

- 3.1.1 The delivery of the Proposed Development will require the acquisition of land or rights in land (including the creation of rights and the imposition of restrictions), in, under or over land, and the temporary possession of land to facilitate the construction and operation of the Proposed Development. The land required for the Proposed Development the ('Order Land') and the rights required over it is identified in the **Book of Reference (Document Ref: 4.3)** and accompanying **Land Plans (Document Ref: 2.2)**. The justification for the acquisition of land/and or rights or temporary possession of the Order Land is provided in the **Statement of Reasons (Document Ref: 4.1)**.
- 3.1.2 Whilst compulsory acquisition powers are required to ensure that the Proposed Development can proceed without impediment, the **Statement of Reasons (Document Ref: 4.1)** confirms that efforts to acquire all land by negotiation have been made, and that all the land required for the Solar Array Area has been secured through a private treaty ('Option') agreement. This represents the significant majority of the Order Land and efforts will be maintained to secure the remaining land/rights required for the Proposed Development where agreements remain outstanding.
- 3.1.3 As set out above, the current cost estimate for the delivery of the Proposed Development is £550 million. This includes an amount to cover any compensation payable as a consequence of the use of any compulsory acquisition powers included in the **Draft DCO (Document Ref: 3.1)** and required for the Proposed Development.
- 3.1.4 The Applicant appointed specialist Chartered Surveying firm Ardent to produce a 'Property Cost Estimate' to identify the anticipated or potential compensation liability arising out of the implementation of the compulsory acquisition powers

provided by the **Draft DCO (Document Ref: 3.1)** if the Order was made and powers applied. The Property Cost Estimate, whilst an estimate and not a valuation, was produced by RICS Registered Valuers, adhering to relevant RICS Professional Standards, and produced in accordance with the principles of the 'compensation code'. That means that in addition to the value of the land/rights acquired, and compensation for the occupation of land temporarily, other relevant elements were included, such as injurious affection (for both inside and outside the Order Land), severance, disturbance costs and fees for clamant professional advisors.

- 3.1.5 Should any claims for statutory blight be successful as a consequence of the Application, then the Applicant (through Low Carbon) has sufficient funds to meet the acquisition of any relevant qualifying interest.
- 3.1.6 The **Draft DCO (Document Ref: 3.1)** also includes an Article preventing the exercise of the compulsory acquisition powers until the SoS has approved a form of security from the Applicant.

Appendix A – Consolidated accounts of Low Carbon Limited

REGISTERED NUMBER: 13356797 (England and Wales)

Low Carbon Limited

Group Strategic Report, Directors' Report and

Audited Consolidated Financial Statements for the Year Ended 31 December 2023.

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Low Carbon Limited (Registered number: 13306797)

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for the Year Ended 31 December 2023**

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Low Carbon Limited

Company Information
for the Year Ended 31 December 2023

DIRECTORS:

J M Alfonso
N A Barker
R B Bedlow
B Clarke
A C Dickey
S A Mack
H C R Struthers
E Colligan

REGISTERED OFFICE:

Stirling Square
5-7 Carlton Gardens
London
SW1Y5AD

REGISTERED NUMBER:

13356797 (England and Wales)

AUDITORS:

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Low Carbon Limited (Registered number: 13356797)

Strategic Report
for the Year Ended 31 December 2023

The directors present their strategic report for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Low Carbon Limited ("Group") are developing, investing in, and operating large-scale renewable energy assets in order to make a positive and significant impact on the causes of climate change.

BUSINESS REVIEW, BUSINESS MODEL AND STRATEGY

Low Carbon Limited is a purpose-driven Group that creates large-scale renewable energy in the global fight against climate change. Our mission is to protect the planet for future generations while delivering positive returns for our communities and investors. Our goal is to produce as much new renewable energy as possible, while limiting our own environmental impact, investing for the long-term benefit of people and the planet.

Low Carbon Limited invests in and operates large-scale renewable energy projects. Specifically, we target investments in proven renewable energy technologies including solar, wind, energy-storage and waste to energy.

Low Carbon's vision and mission have remained unchanged since our formation more than a decade ago. We strive daily to help shape and secure the health of our planet for future generations. We believe that such an ideal can only be realised through the urgent creation of clean, renewable energy at scale.

With the ambition to transform the global energy sector from fossil fuel based to zero-carbon, Low Carbon is accelerating the deployment of large-scale renewable energy by harnessing the Group's expertise and proven track record across the full investment life cycle.

The Group's Key Performance Indicators ("KPIs") focus on the vital aspects of our mission. We closely monitor renewable energy capacity reaching financial close, which measures the megawatts ("MW") capacity of renewable energy projects developed by the Group and taken through to financial close. This indicator signifies our ability to develop high-quality assets capable of progressing into construction and operation. Another crucial KPI focusses on our ability to raise capital from investors and deploy it into renewable energy infrastructure. This includes Limited Partner Committed fee-bearing Discretionary Funds under management and approved Co-Investments committed by Fund Investors. Additionally, we track our operating cash flow, which is a measure of our ability to generate cash for our operations. As the operational assets are being developed and constructed operating cash flow represents the net burn of the Group as we invest in our pipeline, our people and our capabilities.

Our long-term target for creating scale and impact in the renewable energy sector centres around the metric of "Renewable Energy Capacity Created" ("RECC"). This is defined as the cumulative Gross MWs Low Carbon has facilitated to develop, at the point of reaching Commercial Operation Date ("COD"). These KPIs are instrumental in our pursuit of building a global renewable energy company. The Group's KPIs for the year were as follows:

		2023	2022
Renewable energy capacity reaching financial close	MWs	419	482
Renewable energy capacity created	GW's	1.26	1.13
Funds for impact	£'000	127,521	125,000
Other key metrics			
Cash at bank	£'000	104,100	75,631
Available Debt Construction Facilities	£'000	560,636	371,989
Average employees during the year	#	196	121

As the Group continues to build a leading global renewable energy Company, additional metrics aligned to the refined business model of developing, constructing and operating renewable projects will be used to measure the performance. During the 2023 financial year, the Group grew its team and platforms, built capital, improved operational processes, and furthered its commitment to ESG and sustainability. Additionally, the Group focussed on team culture, communication, and health and wellbeing.

BUSINESS REVIEW, BUSINESS MODEL AND STRATEGY (continued)

For the year ended 31 December 2023, Low Carbon continued to maximise its investment in renewable energy deployment in partnership with MassMutual and the management of operational renewable energy assets. Examples of this progress include:

- *Financial close on 10 solar sites with a total expected capacity of 340 MW, with several entering into construction during the year.*
- *Low Carbon have agreed virtual Power Purchase Agreements (PPAs) with key customers to provide electricity once sites are operational.*
- *14.2 GW expected capacity of renewable energy projects under development.*
- *Low Carbon manages more than 2GW of renewable energy assets across more than 160 locations for both ourselves and our clients.*

PRINCIPAL RISKS AND UNCERTAINTIES

The directors believe that the Group's key exposures to risks and uncertainties are as follows:

Health and Safety risk

Creating and maintaining a long-term, continuous focus on a safe and healthy environment as a top priority. Safety is a mindset and attitude we adopt and applies to everything we do. We ensure all safety measures are taken to protect our employees, customers and business partners. We are committed to safe delivery of our business to the communities and partners we work with and are continuously creating sustainable solutions that are safe by design.

Development risk

Inherently, development activities pose a level of risk. Assessing and mitigating third-party development risks, many of which are out of our direct control, is at the core of our business model. We have an experienced cross-functional team that manages our development activities in country, providing us with comfort that development risks are understood and appropriately managed.

Operational risk

The principal risk to the Group's operations are a lack of suitable investment opportunities, availability of construction funding, the ability to develop renewable energy projects through the entire development cycle and forecast electricity prices. The Group focuses its investment activity in companies involved in sustainable business for which there is an increasingly positive market sentiment and demand. The directors continually review the pipeline of potential investment opportunities.

New market entry risk

Whilst in our growth phase, the Group continues to expand into new territories. The risk of doing business in new regions has been mitigated by employing local expertise and taking our time to fully understand the market we are operating in by establishing cross disciplinary new market entry teams.

Counterparty risk

As we continue to grow, particularly in new jurisdictions, failure of our counterparties to meet obligations can pose a risk to our reputation and deliverables. We have strengthened our skill set in this area by investing in an improved risk and compliance framework, reviewing credentials of all parties from a capability and Environmental, Social and Governance (ESG) credentials perspective.

Price risk

The Group is exposed to energy price risk in its day-to-day operations and seeks to manage this risk through robust cost monitoring processes and acts accordingly where required. The Group enters into long-term fixed price contracts with customers to mitigate fluctuations on electricity prices between periods.

Government risk

The regulatory environment is evolving, and changes therein may adversely affect the Group. The Group focuses on its investments in the United Kingdom, North America and Europe.

Laws and regulations risk

The Group and its investments are subject to laws and regulations enacted by national, regional and local governments and institutions. Certain of the sectors in which the Group's investments operate are subject to legal and regulatory controls, and the investee companies must comply with all applicable laws, regulations and regulatory standards which, inter alia, require them to obtain and maintain certain authorizations, licenses and approvals for their operations.

Low Carbon Limited (Registered number: 13356797)

Strategic Report (continued)
for the Year Ended 31 December 2023

Credit risk

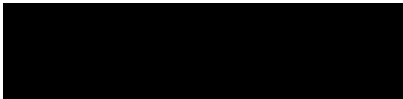
Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. The Group policies are aimed at minimising such losses with the use of 30-day payment terms and regular monitoring of the debtor book.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient financial resources and liquidity to meet its liabilities when due. The Group ensures it maintains adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's investments are predominantly funded by share capital and medium-term debt funding.

The risk of non-payment of loans to shareholders and third parties is managed through appropriate due diligence at the investment stage and appropriate governance and monitoring of its investments. The Group's portfolio of investments includes a wide range of green energy technologies, geographies and assets at different stages of development and construction.

This Strategic Report was approved by the Board of Directors on 30 September 2024 and signed on its behalf by:

A black rectangular box redacting the signature of the person on behalf of whom the Strategic Report was approved.

Date: 30 September 2024

Low Carbon Limited (Registered number: 13356797)

**Directors' Report
for the Year Ended 31 December 2023**

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2023. The consolidated financial statements consist of the parent Company, Low Carbon Limited and its subsidiaries.

PRINCIPAL ACTIVITIES

The Group's principal activity is development, construction and operation of solar plants and the generation of solar power as well as investing in renewable energy projects at scale in order to make a positive and significant impact on the causes of climate change, and businesses involved in the mitigation of climate change.

FUTURE DEVELOPMENTS

The impact of the global conflicts on the Group's financial position and performance will depend on macro-economic factors such as inflation, interest rates and global energy market disruptions. The developments and the impact on the financial markets and the overall economy are highly uncertain and cannot be predicted. If the financial markets and the overall economy are impacted for an extended period, the Group's performance may be affected.

RESULTS

The loss for the year was £68,196,665 (2022: loss of £33,686,507). Throughout the course of the year, several European projects began exporting power. The entirety of the power generated in 2023 originated exclusively from the Netherlands.

DIVIDENDS

Dividends of £1,198,733 were declared in the current year to minority interests (2022: £156,659). No dividends were declared in the year to owners of the parent (2022: £nil).

FINANCIAL RISK

The directors have chosen to include information on financial risks and future development in their Strategic report. (page 2)

DONATIONS

During the year the Group made charitable donations of £106,325 and no political donations (2022: nil).

DIVERSITY & INCLUSION

The Group endeavours to ensure people feel included and valued for their contribution, regardless of race, gender, age, religion; disability or identity. The Group actively pursues initiatives to promote diversity and inclusion, understanding that different people bring different perspective and experiences for the benefit of the stakeholders.

This belief is the critical importance of a balanced and varied team and recruitment team actively targets a diverse intake, training and development raise awareness and promotion relies on objective merit and performance.

The Group ensures regular dialogue with employees or their representatives continues at all levels, with the aim of ensuring their views are considered when decisions are made which are likely to affect their interests.

DISABLED EMPLOYEES

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with the particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retain them in order that their employment with the Company may continue. It is the policy of the Company that training, career development and promotion opportunities should be available to all employees.

POST BALANCE SHEET EVENTS

The Group expanded available debt facilities after the year-end date and details of this is given in Note 32.

Directors' Report (continued)
for the Year Ended 31 December 2023

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2023 to the date of this report, unless otherwise indicated.

J M Alfonso
NA Barker
RB Bedlow
B Clarke
AC Dickey
SA Mack
HC R Struthers
E Colligan

GOING CONCERN

The directors believe that the Group is well placed to manage its business risks successfully. The prevailing global conflicts, along with the prolonged and extensive economic sanctions imposed against Russia, have driven wider economic ramifications with energy price increases, fluctuations in foreign exchange rates and interest rate rises being felt globally.

The directors have considered the ongoing risk to supply chains and revenue streams however it is very difficult to make forward looking statements or predictions with any great certainty. The directors have reviewed the impact of the global conflicts in Ukraine and Israel on the business and do not consider there to be a significant impact on the long-term activities of the Group. The directors have also considered the available headroom in its existing debt facilities, as well as additional facilities arranged prior to the date of approval of these financial statements (£40 million, see note 32). As a result, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for twelve months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

DIRECTORS INDEMNITY

The directors of the Group are indemnified under a directors and officers liability insurance policy for losses or advancement of defence costs as a result of a legal action brought for alleged wrongful acts in their capacity as directors and officers of the Group. The indemnity was in force during the financial year and at the date of approval of these financial statements.

DISCLOSURE IN THE STRATEGIC REPORT

The directors have chosen to include the details on the Group's principal risks and uncertainties in their Strategic report (page 2).

DISCLOSURE OF INFORMATION TO THE AUDITORS

To the best of the directors' knowledge, there is no relevant audit information of which the Group's auditors are unaware. The directors have also taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the Group's auditors are also aware of that information.

AUDITORS

Ernst & Young LLP were reappointed as auditors for the year ended 31 December 2023. In accordance with Section 487 of the Companies Act 2006, Ernst & Young LLP shall be deemed to be reappointed as auditors at the end of the period for appointing auditors.

ON BEHALF OF THE BOARD:



Date: 30 September 2024

**Statement of Directors' Responsibilities
for the Year Ended 31 December 2023**

The directors are responsible for preparing the Group Strategic Report, Directors' Report and Audited Consolidated Financial Statements 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.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for 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 also 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.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 Company's auditors are unaware
- 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 Company's auditors are aware of that information.

Report of the Independent Auditors to the Members of
Low Carbon Limited

Opinion

We have audited the financial statements of Low Carbon Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 33, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included the existing debt facilities, additional funding arrangements with its shareholders in September 2024 and management's ability to control development expenditure during the going concern period.

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 and parent company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Report of the Independent Auditors to the Members of Low Carbon Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 parent 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report of the Independent Auditors to the Members of
Low Carbon Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those related to the reporting framework (FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" in conformity with the requirements of the Companies Act 2006).
- We understood how Low Carbon Limited is complying with those frameworks by enquiring of management. We then corroborated these enquiries through the review of internal policies and Board of Directors and Audit and Risk Committee meeting minutes.
- We assessed the susceptibility of the group and parent company's financial statements to material misstatement, including how fraud might occur by obtaining an understanding of the group and parent company's fraud risk assessment and the controls and procedures that are in operation to detect and prevent fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved performing journal entry testing, with a focus on manual journals and those indicating large or unusual journals based on our understanding of the business; and challenging the assumptions and judgements made by management in respect of significant accounting estimates.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.


for and on behalf of Ernst & Young LLP
1 More London Place
London
SE1 2AF

Date: **30 September 2024**

Low Carbon Limited (Registered number: 13356797)

Consolidated Statement of Comprehensive Income
for the Year Ended 31 December 2023

	Notes	2023 £	2022 £
• Turnover	4	5,661,102	4,661,234
Development expenses		(30,917,604)	(19,196,749)
Administrative expenses		<u>(43,662,219)</u>	<u>(29,904,712)</u>
		(68,918,721)	(44,440,227)
Other operating income	5	<u>2,503,209</u>	<u>5,824,948</u>
OPERATING LOSS	7	(66,410,512)	(38,615,279)
Share of profit in associates	15	6,926,400	5,108,576
Share of profit in joint ventures	15	(2,071,245)	-
Interest receivable and similar income	9	2,335,728	910,058
Interest payable and similar expenses	10	<u>(8,977,036)</u>	<u>(1,092,214)</u>
- LOSS BEFORE TAXATION		(68,196,665)	(33,688,859)
Income tax (expense) benefit	11	-	2,352
• LOSS AFTER TAX		(68,196,665)	(33,686,507)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Movement in fair value of derivatives	23	(13,477,034)	11,537,276
Exchange differences on translation of foreign operations		244,583	(252,673)
OTHER COMPREHENSIVE (LOSS)/INCOME, NET OF TAX		<u>(13,232,449)</u>	<u>11,284,603</u>
TOTAL COMPREHENSIVE LOSS		<u>(81,429,116)</u>	<u>(22,401,904)</u>
Total comprehensive loss attributable to:			
Owners of the parent		(79,833,119)	(31,904,446)
Non-controlling interests		<u>(1,595,997)</u>	<u>9,502,542</u>
		<u>(81,429,116)</u>	<u>(22,401,904)</u>

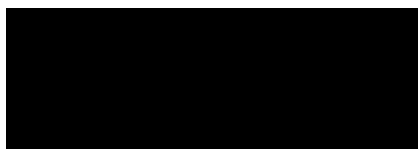
The notes on pages 17 to 50 form part of these financial statements

Low Carbon Limited (Registered number: 13356797)

Consolidated Balance Sheet
31 December 2023

	Notes	2023 £	2022 £
FIXED ASSETS			
Intangible assets	13	4,130,623	5,844,078
Tangible assets	14	226,845,840	45,105,894
Investments:	15		
Interest in joint venture		2,647,390	2,032,582
Interest in associated undertakings		<u>12,990,506</u>	<u>5,896,247</u>
		<u>246,614,359</u>	<u>58,878,801</u>
CURRENT ASSETS			
Debtors	17	52,450,777	34,611,583
Financial instruments:			
Amounts due within one year	23	4,344,335	1,186,595
Amounts due in more than one year	23	4,199,416	10,350,546
Cash at bank	18	<u>104,100,536</u>	<u>75,631,339</u>
		165,095,064	121,780,063
CREDITORS			
Amounts falling due within one year	19	(53,878,049)	(22,665,462)
Provisions due within one year	30	<u>(6,537,468)</u>	<u>-</u>
NET CURRENT ASSETS		<u>104,679,547</u>	<u>99,114,601</u>
Total assets less current liabilities		351,293,906	157,993,402
CREDITORS			
Amounts falling due after more than one year	20	(373,277,789)	(91,318,644)
Provisions due after more than one year	30	<u>(14,068,604)</u>	<u>-</u>
NET (DEFICIT) ASSETS		<u>(36,052,487)</u>	<u>66,674,758</u>
Capital and reserves			
Called-up share capital	24	90	90
Share premium		129,799,977	129,799,977
Cash flow hedge reserve	23	(315,105)	11,537,276
Other reserves	16	(14,938,631)	(14,938,631)
Foreign currency translation reserve		(8,090)	(252,673)
Accumulated losses		<u>(148,386,436)</u>	<u>(67,446,186)</u>
SHAREHOLDERS' FUNDS		(33,848,195)	58,699,853
Non-controlling interest		<u>(2,204,292)</u>	<u>7,974,905</u>
TOTAL EQUITY		<u>(36,052,487)</u>	<u>66,674,758</u>

The financial statements on pages 2 to 50 were approved by the board of directors and authorised for issue on 30 September 2024 and were signed on its behalf by:



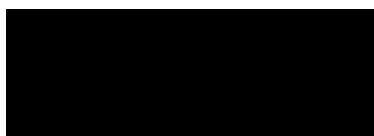
The notes on pages 17 to 50 form part of these financial statements

Low Carbon Limited (Registered number: 13356797)

Company Balance Sheet
31 December 2023

	Notes	2023 £	2022 £
FIXED ASSETS			
Tangible assets	14	1,031,343	954,912
Investments	15	<u>17,021,323</u>	<u>14,501,857</u>
		<u>18,052,666</u>	<u>15,456,769</u>
CURRENT ASSETS			
Debtors	17	124,173,030	125,940,218
Cash at bank	18	<u>32,100,057</u>	<u>30,590,061</u>
TOTAL CURRENT ASSETS		156,273,087	156,530,279
CREDITORS			
Amounts falling due within one year	19	<u>(79,393,213)</u>	<u>(60,604,561)</u>
NET CURRENT ASSETS		<u>76,879,874</u>	<u>95,925,718</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		94,932,540	111,382,487
CREDITORS			
Amounts falling due after more than one year	20	<u>(3,713,129)</u>	<u>(1,874,550)</u>
NET ASSETS		<u>91,219,411</u>	<u>109,507,937</u>
CAPITAL AND RESERVES			
Called up share capital	24	90	90
Share premium		129,799,977	129,799,977
Capital redemption reserve		229,930	229,930
Accumulated losses		<u>(38,810,586)</u>	<u>(20,522,060)</u>
SHAREHOLDERS' FUNDS		<u>91,219,411</u>	<u>109,507,937</u>
Company's loss for the financial year		<u>(18,288,525)</u>	<u>(12,293,906)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 September 2024 and were signed on its behalf by:



The notes on pages 17 to 50 form part of these financial statements

Low Carbon Limited (Registered number: 13356797)

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2023

	Called up share capital £	Retained earnings £	Share premium £	Cash flow hedge reserve £
Balance at 1 January 2022	33	(24,257,137)	99,999,992	-
Changes in equity				
Increase in share capital	57	-	29,799,985	-
Dividends	-	-	-	-
Total comprehensive (loss) income	-	(43,189,049)	-	11,537,276
Non-controlling interest arising on business combination	-	-	-	-
Balance at 31 December 2022	90	(67,446,186)	129,799,977	11,537,276
Changes in equity				
Total comprehensive income (loss)	-	(66,600,668)	-	(13,477,034)
Non-controlling interest arising on business combination	-	(14,339,582)	-	-
Cash flow hedge reclassified to profit and loss	-	-	-	1,624,653
Balance at 31 December 2023	90	(148,386,436)	129,799,977	(315,105)

	Capital redemption reserve £	Foreign currency translation reserve £	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2022	229,930	-	75,972,818	(1,370,978)	74,601,840
Changes in equity					
Increase in share capital	-	-	29,800,042	-	29,800,042
Dividends	-	-	-	(156,659)	(156,659)
Total comprehensive (loss) income	-	(252,673)	(31,904,446)	9,502,542	(22,401,904)
Equity premium raised on business combination (Note 16)	(15,168,561)	-	(15,168,561)	-	(15,168,561)
Balance at 31 December 2022	(14,938,631)	(252,673)	58,699,853	7,974,905	66,674,758
Changes in equity					
Dividends	-	-	-	(1,198,733)	(1,198,733)
Total comprehensive income (loss)	-	244,583	(79,833,119)	(1,595,997)	(81,429,116)
Non-controlling interest arising on business combination	-	-	(14,339,582)	(7,384,467)	(21,724,049)
Cash flow hedge reclassified to profit and loss	-	-	1,624,653	-	1,624,653
Balance at 31 December 2023	(14,938,631)	(8,090)	(33,848,195)	(2,204,292)	(36,052,487)

The notes on pages 17 to 50 form part of these financial statements

Low Carbon Limited (Registered number: 13346797)

Company Statement of Changes in Equity
for the Year Ended 31 December 2023

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Changes in equity					
Increase in share capital	90	-	129,799,977	-	129,800,067
Total comprehensive (loss) income	-	(20,522,060)	-	229,930	(20,292,130)
Balance at 31 December 2022	90	(20,522,060)	129,799,977	229,930	109,507,937
Changes in equity					
Increase in share capital	-	-	-	-	-
Total comprehensive (loss)	-	(18,288,525)	-	-	(18,288,525)
Balance at 31 December 2023	90	(38,810,585)	129,799,977	229,930	90,982,829

The notes on pages 17 to 50 form part of these financial statements

Low Carbon Limited (Registered number: 13356797)

**Consolidated Cash Flow Statement
for the Year Ended 31 December 2023**

	Notes	2023 £	2022. £
Cash flows from operating activities			
Cash used in operations	29	(59,218,212)	(53,674,396)
Tax reclaimed		-	2,352
Interest paid		(5,624,803)	-
Interest received		<u>2,710,590</u>	<u>-</u>
Net cash used in operating activities;		<u>(62,132,425)</u>	<u>(53,672,044)</u>
 Cash flows from investing activities			
Purchase of intangible fixed assets		(2,009,362)	(7,941,921)
Purchase of property, plant & equipment		(180,444,348)	(42,740,713)
Purchase of fixed asset investments	15	(3,249,046)	(3,093,477)
Sale of fixed asset investments		-	6,656,449
Construction deposit		-	(10,143,448)
Proceeds on disposal of business	16	14,356,366	3,058,379
Purchase of non-controlling interest	16	(6,911,910)	-
Dividends received		<u>1,224,344</u>	<u>4,960,379</u>
Net cash used in investing activities		<u>(177,033,956)</u>	<u>(49,244,352)</u>
 Cash flows from financing activities			
Repayments of loan from Group		-	(4,643,590)
Proceeds from issue of shares		-	23,400,042
Proceeds from borrowings		303,066,575	90,731,008
Repayments of borrowings		(30,360,835)	(6,019,841)
Transaction costs on external borrowings		(3,676,598)	-
Equity dividends paid		<u>(1,198,733)</u>	<u>(156,659)</u>
Net cash from financing activities		<u>267,830,409</u>	<u>103,310,960</u>
 Net increase in cash and cash equivalents		28,664,028	394,564
Cash and cash equivalents at beginning of year	18	75,631,339	75,236,775
Effect of exchange rate changes on cash and cash equivalents		<u>(194,831)</u>	<u>-</u>
Cash and cash equivalents at end of year	18	<u>104,100,536</u>	<u>75,631,339</u>

The notes on pages 17 to 50 form part of these financial statements

1. GENERAL INFORMATION

Low Carbon Limited, (the "Company") is a private Company limited by shares and incorporated and domiciled in England and Wales. The address of the Company's registered office is Stirling Square, 5-7 Carlton Gardens, London SW1Y 5AD.

The principal activities of the Low Carbon Limited ("Group") are developing, investing in, and operating large-scale renewable energy assets in order to make a positive and significant impact on the causes of climate change.

2. STATEMENT OF COMPLIANCE

The Group and parent company financial statements have been prepared using accounting policies consistent with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value,

The preparation of financial statements required the use of certain critical accounting estimates. It also required management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

These financial statements are presented in the functional currency of the Group, Pound Sterling (£), as this is the currency of the primary economic environment in which the Group operates. The financial statements are rounded to the nearest pound, except where otherwise indicated.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The parent company financial statements have taken advantage of the following reduced disclosure exemptions:

- The requirements of Section 7 Statement of Cash Flows
- The requirements of paragraph 33.7
- s408 to not present the income statement for the parent company.

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The directors believe that the Group is well placed to manage its business risks successfully. The prevailing global conflicts, along with the prolonged and extensive economic sanctions imposed against Russia, have driven wider economic ramifications with energy price increases, fluctuations in foreign exchange rates and interest rate rises being felt globally.

The directors have considered the ongoing risk to supply chains and revenue streams however it is very difficult to make forward looking statements or predictions with any *great* certainty. The directors have reviewed the impact of the global conflicts in Ukraine and Israel on the business and do not consider there to be a significant impact on the long-term activities of the Group. The directors have also considered the available headroom in its existing debt facilities, as well as additional facilities arranged prior to the date of approval of these financial statements (£40 million, see note 32). As a result, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for twelve months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of consolidation

The Group consolidated financial statements include the financial statements of Low Carbon Limited and all of its subsidiary undertakings together With the Group's share of the results of joint ventures and associates made up to 31 December 2023.

Subsidiary undertakings acquired during the period are recorded under the acquisition method of accounting, except where the acquisition is considered to be a business combination under common control, where the predecessor value method has been applied. The results of subsidiaries acquired during the year are consolidated from the date of acquisition, being the date on which the parent Company obtains control and continue to be consolidated until the date such control ceases. The financial statements of the subsidiaries are prepared using consistent accounting policies.

All intra Group transactions balances, income and expenses and unrealised gains and losses resulting from intra-transactions are eliminated in full on consolidation.

Business Combinations not under common control

- On 14th February 2022, a group reorganisation was undertaken to transfer the ordinary shares in two entities, at nominal value:

- Low Carbon Investment Partners Limited, previously held by Low Carbon Group Limited, and
- Low Carbon Investment Management Limited, previous held by Low Carbon Investment Partners Limited.

The transfers of these entities was deemed not to be under common control, as the previous ownership is not deemed to be consistent with the new ownership arrangement.

Revenue

Revenue of the Group represents income from the generation of electricity, provision of asset management, investment management and development services. All revenues are generated from third parties.

Revenue from asset management and investment management services are measured at the fair value of consideration received or receivable, and includes estimates of amounts contractually due, but not yet invoiced.

Revenue from development services is recognised in relation to the underlying contract with the customer. This will generally result in revenue being recognised at the completion of significant development milestones. Any uninvoiced revenue is accrued in the period in which it has been generated. All revenues are stated net of value added tax.

Revenue from electricity sales is recognised in measured at the fair value of consideration receivable. This will generally result in revenue being recognised as and when power is produced by the solar PV installations and includes estimates of amounts contractually due but not yet invoiced. All revenues are stated net of value added tax.

Goodwill

Goodwill is stated at cost less accumulated amortisation and any accumulated impairment losses. Goodwill is allocated to cash-generating units and is amortised over the useful economic life of the project that is applicable or failing this a period of 10 years. Goodwill is tested for impairment if events of changes in circumstances indicate that the carrying value may be impaired.

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Intangible assets

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; and the fair value can be measured reliably provided that either:

- a) the intangible asset arises from contractual or legal rights; or
- b) the intangible asset is separable.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised on a straight-line basis over their estimated useful lives. The carrying value of intangible assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. The useful economic lives of intangible assets recognized through asset acquisitions are 30-41 years, aligning to the useful economic life of the associated tangible fixed asset.

Tangible assets

Tangible assets are stated at cost (or deemed costs) less accumulated depreciation and any accumulated impairment losses. Cost includes the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Tangible fixed assets are depreciated to their estimated residual values on a straight-line basis, over their expected useful lives as follows:

Fixtures and fittings	- 15% per annum
Other assets	- 33% per annum
Solar PV assets	- Over the life of the underlying land lease related to each project and inverters over 10 years

The depreciation methods, estimated remaining useful lives and residual values are reviewed at each reporting date; taking account of technological innovations and asset management programmes. A change resulting from the review is treated as a change in accounting estimate. The depreciation expense is recognised in the statement of comprehensive income.

Depreciation commences when the asset is available for use.

Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES • continued

Foreign Currencies

Transactions in foreign currencies are translated to the functional currency at exchange rates prevailing at the date of the transaction. Monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction, whilst assets carried at fair value are translated at the exchange rates when the fair value was determined.

The results of Group undertakings are translated into functional currency at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on-acquisition, are translated at the exchange rates prevailing at the balance sheet date. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

Investment in subsidiaries

Subsidiary undertakings are all entities over which the parent company has the power to govern the financial and operating policies so as to obtain benefit from their activities.

The investments in subsidiaries held by the parent Company are valued at cost less any provision for impairment that is considered to have occurred, the resultant loss being recognised in the statement of comprehensive income.

Investments in joint ventures and associates

Investments in joint ventures and associates are accounted for using the equity method.

Financial instruments

The Group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments, choosing to apply the recognition and measurement provisions of IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, the disclosure requirements of Sections 11 and 12 and the presentation requirements of paragraphs 11.38A and 12.25B.

i. Financial Assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, 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 cash flows discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments (continued)

ii. Financial Liabilities

Basic financial liabilities, including trade and other payables, bank loans, and loans from fellow Group companies, 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 cash flows discounted at a market rate of interest.

Debt instruments (other than those wholly repayable or receivable within one year) are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate unless they are included in a hedging arrangement. Fair value is calculated as the present value of estimated future cash flows:

iii. Hedging arrangements

The Group applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised, or the hedging instrument is terminated.

iv. Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Cash-settled share-based payments

The cost of cash-settled transactions is measured at fair value using an appropriate option pricing model. Fair value is established initially at the grant date and at each balance sheet date thereafter until the awards are settled. Changes in the carrying amount for the liability are recognised in the income statement for the period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits held for meeting short - term commitments.

Equity

Equity comprises the following;

- Share capital represents the nominal value of ordinary equity shares ..
- Retained earnings include all current results as disclosed in the consolidated statement of comprehensive income.
- Cash flow hedge reserve includes the accumulated fair value movement on cash hedges eligible for the application of hedge accounting

Dividend income ●●

Dividend income is recognised when the Group's right to receive payment is established.

Interest payable

Interest payable on bank loans is charged to the statement of comprehensive income using the effective interest method.

Interest payable on loans from Group undertakings are charged to the statement of comprehensive income on an accruals basis.

Interest receivable

Interest receivable on loans is recognised in the statement of comprehensive income using the effective interest method.

Operating leases

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Decommissioning Liabilities

Decommissioning provisions are recognised when the Group 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. The provision is discounted to present value using the risk-free rate at the period end date. A corresponding tangible item of property, plant and equipment to the provision is also created.

Any changes in the present value of the estimated expenditure are 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.

Other significant accounting policies

Accounting policies for individual balance sheet and income statement accounts are included in the respective footnotes.

New standards that are not yet effective

There are no standards that are not yet effective that are expected to have a material effect on the Group's financial statements.

Accounting policies that became effective during the year

There are no new accounting policies that have become effective during the year that have had a material effect on the Group's financial statements.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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 judgements about carrying values that are not readily apparent from other sources. Actual results may differ from these estimates.

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

The most critical accounting policies and estimates in determining the financial condition and results of the Group are those requiring a greater degree of subjective or complete judgement. These relate to:

- **Deferred taxes**

- Deferred tax assets are recognised for unused tax losses to the extent that it is probable that the taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

- **Valuation of investments, intangible and tangible assets**

In respect of the recoverability of investments, intangible and tangible assets, and inter-company receivables, consideration of economic and market factors are incorporated into the assessment of each investment project's future growth plans and prospects.

In assessing impairment, judgements are required to establish whether there have been any indicators of impairment either internal or external. Once the need for a review of the carrying value of an investment has been determined, valuation requires estimation techniques and is therefore subject to estimates and judgements.

- **Valuation of derivatives**

Derivative financial instruments are used to manage the Groups exposure to interest rate fluctuations on its debt facilities. Derivatives are measured at fair value, calculated by an independent third party at the end of each reporting period. The calculation of fair value utilises yield curves and discount rates are based on estimates.

- **Goodwill**

The Group establishes a reliable estimate of the useful life of goodwill arising on business combinations. This estimate is based on the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed and any legal, regulatory or contractual provisions that can limit useful life. Management review goodwill for evidence of impairment on an annual basis.

- **Share based payments**

Fair values used in calculating the amount to be expensed as a share-based payment is subject to a level of uncertainty. The Group is required to calculate the fair value of the cash-settled instruments granted to employees in terms of the share option schemes. These fair values are calculated by applying a valuation model, which is in itself judgmental, and takes into account certain inherently uncertain assumptions.

4. TURNOVER

Operating revenue recognised in the statement of comprehensive income is analysed as follows:

	2023 £	2022 £
Asset management services	3,833,536	3,262,888
Development services	1,084,470	1,207,991
Investment management services	-	181,250
Electricity revenues	139,910	-
Other income	603,186	9,105
	<u>5,661,102</u>	<u>4,661,234</u>

All revenue is stated net of trade discounts, VAT and sales taxes.

Geographical area:

	United Kingdom		Europe		Total	
	2023 £	2022 £	2023 £	2022 £	2023 £	2022 £
Asset management services	3,718,202	3,044,322	115,334	218,566	3,833,536	3,262,888
Development services	27	-	1,084,443	1,207,991	1,084,470	1,207,991
Investment management services	-	181,250	-	-	-	181,250
Electricity revenues	-	-	139,910	-	139,910	-
Other income	369,644	9,105	233,542	-	603,186	9,105
	<u>4,087,873</u>	<u>3,234,677</u>	<u>1,573,229</u>	<u>1,426,557</u>	<u>5,661,102</u>	<u>4,661,234</u>

5. OTHER OPERATING INCOME

	2023 £	2022 £
Gain on sale of investments (Note 16)	1,689,462	5,824,948
Sale of tax losses	818,747	-
	<u>2,508,209</u>	<u>5,824,948</u>

On the 15 February 2023, LCIP. Finland Wind Limited sold 100% of the ordinary share capital of LCIP Finland Wind OY to LCRF Holdings S.a.r.l, a related party. LCIP Finland Wind OY also held 100% of the ordinary share capital of Morknasskogens Wind Ab.

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6. EMPLOYEES AND DIRECTORS

	2023 £	2022 £
Wages and salaries	27,719,829	15,411,250
Social security costs	2,220,507	1,905,575
Other pension costs	1,600,744	824,749
	<u>31,540,080</u>	<u>18,141,574</u>

Wages and salaries include employee share options of £1,838,473 (2022: £1,874,550). See Note 28 for further details.

The average monthly number of employees during the year was as follows:

	2023 number	2022 number
Administrative, development and office-based asset management	180	112
Road based operations & maintenance and asset management	16	9
	<u>196</u>	<u>121</u>

Directors' remuneration

The aggregate remuneration in respect of directors qualifying services was £2,595,168 (2022: £2,490,022). The highest amount paid to a director during the year was £626,639 (2022: £576,539).

7. OPERATING LOSS

The Group loss before income tax is stated after charging:

	2023 £	2022 £
Professional fees	6,337,176	2,948,476
Development expenses	30,917,604	19,196,749
Share based payment charge (Note 28)	1,838,473	1,874,550
Rent, rates and service charges	3,028,020	2,479,868
Auditors' remunerations (Note 8)	522,651	571,326
Depreciation of property, plant and equipment (Note 14)	831,097	186,567
Amortisation of goodwill (Note 13)	56,683	62,029
Amortisation of intangibles (Note 13)	141,627	27,992
Foreign exchange losses (gains)	1,135,698	(1,857,162)
Fair value movement on derivatives (Note 23)	<u>312,650</u>	<u>=====</u>

Development expenses related to early-stage costs incurred by subsidiaries. The pipeline of development projects has increased from 6.5GW in 2022 to 14.2GW in 2023.

8 AUDITORS' REMUNERATION

The analysis of auditors' remuneration is as follows:

	2023 £	2022 £
Fees payable to the Company's auditors and associates for the audit of the consolidated financial statements and subsidiary statutory audits	333,380	262,200
Fees payable to the Company's auditors and associates for other services	<u>189,271</u>	<u>309,126</u>

9 INTEREST RECEIVABLE AND SIMILAR INCOME

	2023 £	2022 £
Bank interest income	1,036,198	258,925
Other interest received	<u>1,299,530</u>	<u>651,133</u>
	<u>2,335,728</u>	<u>910,058</u>

Other interest received relates to interest on loans issued to joint ventures and associates during the year, as well as interest received under the interest rate swap derivatives outlined in Note 23.

10 INTEREST PAYABLE AND SIMILAR EXPENSES

	2023 £	2022 £
Interest on debt facilities	6,448,236	476,493
Interest payable to parent Company	445,810	615,409
Amortisation of borrowing costs	848,278	312
Debt commitment fees	743,666	-
Unwinding of provisions (Note 30)	<u>491,045</u>	<u>-</u>
	<u>8,977,035</u>	<u>1,092,214</u>

11. TAXATION

(a) Income tax on loss

Income tax charged in the consolidated statement of profit or loss:

	2023 £	2022 £
Current tax:		
UK Corporation tax on the loss for the year	-	(2,352)
Deferred tax:		
Origination and reversal of temporary differences	-	-
Adjustment in respect of previous periods	-	-
Effect of changes in tax rates	-	-
	-	(2,352)

(b) Reconciliation of the total income tax charge

The income tax expense in the consolidated statement of profit or loss for the year differs from the standard rate of corporation tax in the UK of 23.52% (2022: 19.00%). The differences are reconciled below:

	2023 £	2022 £
Loss before income tax	(68,196,665)	(33,688,859)
At standard rate of corporation tax in the UK of 23.52% (2022: 19.00%)	(16,039,856)	(6,400,438)
Effects of:		
Tax effect of non-deductible or non-taxable items	17,194,757	16,822,541
Income not taxable	(18,337,686)	(16,061,040)
Movement in unprovided deferred tax	-	3,783,686
Effects of Group relief/ other relief	(806)	98,031
Tax rate changes	749,896	31,714
Share options	-	1,725,506
Research & develop tax credit	-	2,352
Other	16,433,695	-
Tax on (loss) profit	-	2,352

(c) Factors that may affect future tax charges

UK corporation tax increased from 19% to 25% from 1 April 2023. Where deferred tax assets and liabilities are expected to unwind after 1 April 2023, they will be charged/(credited) at 25%. No immediate further changes to corporation tax are expected.

Unrecognised deferred tax:

	2023 £	2022 £
Fixed assets	(93,522)	(53,535)
Losses	(28,451,325)	(13,636,136)
Timing differences	(1,339,606)	(59,412)
	(29,844,453)	(14,287,083)

• 12. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent Company is not presented as part of these financial statements.

13. INTANGIBLE ASSETS

Group

	Goodwill £	Other Intangibles £	Totals £
COST			
At 1 January 2023	2,048,550	3,913,510	5,962,060
Additions	-	391,637	391,637
Disposals	(2,048,550)	-	(2,048,550)
Net foreign exchange differences	-	(4,592)	(4,592)
At 31 December 2023	-	4,300,555	4,300,555
AMORTISATION			
At 1 January 2023	8,990	27,992	117,982
Amortisation for year	56,683	141,627	198,310
Disposals	(146,673)	-	(146,673)
Net foreign exchange differences	-	313	313
At 31 December 2023	-	169,932	169,932
NET BOOK VALUE			
At 31 December 2023	-	4,130,623	4,130,623
At 31 December 2022	1,958,560	3,885,518	5,844,078

Goodwill

In the year ended 31 December 2023, the Group disposed of the investment held in LCIP Finland Wind OY, the owner of 100% of the share capital of Morknasskogens Wind Ab. See Note 16 for further details.

In the year ended 31 December 2022, the Group acquired 100% of the share capital of Morknasskogens Wind Ab resulting in the recognition of goodwill.

Other intangibles

During the year ended 31 December 2023, the Group acquired subsidiaries from related parties which did not meet the definition of a business under FRS 102 Section 19. As a result, the acquisitions have been accounted for as an asset acquisition.

The subsidiary acquisitions relate to solar projects. The initial cost of the assets acquired were recognised at their relative fair values. These are amortised over the expected useful life of the underlying solar projects.

Notes to the Consolidated Financial Statements - continued
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14. TANGIBLE ASSETS

Group	Solar PV Assets £	Assets Under Construction £	Fixtures and Fittings £	Other Fixed Assets £	Total £
COST					
At 1 January 2023	-	44,081,836	614,556	653,778	45,350,170
Additions	2,852,537	194,434,812	313,842	464,105	198,065,296
Transfers	40,449,056	(40,449,056)	-	-	-
Disposals	-	(15,001,903)	-	-	(15,001,903)
Net foreign exchange differences	(81,841)	(411,031)	(5)	(76)	(492,953)
At 31 December 2023	43,219,752	182,654,658	928,393	1,117,807	227,920,610
DEPRECIATION					
At 1 January 2023	-	-	22,300	221,976	244,276
Charge for the year	316,765	-	128,147	386,185	831,097
Net foreign exchange differences	(602)	-	-	(1)	(603)
At 31 December 2023	316,163	-	150,447	608,160	1,074,770
NET BOOK VALUE.					
At 31 December 2023	42,903,589	182,654,658	777,946	509,647	226,845,840
At 31 December 2022	-	44,081,836	592,256	431,802	45,105,894

The amount of the borrowing costs capitalised during the year ended 31 December 2023 was £4,375,350 (2022: £1,593,279).

Company

	Fixtures & Fittings £	Other Assets £	Total £
COST			
At 1 January 2023	597,210	533,238	1,130,448
Additions	80,025	457,114	537,139
At 31 December 2023	677,235	990,352	1,667,587
DEPRECIATION			
At 1 January 2023	18,309	221,976	240,285
Charge for the year	99,780	296,179	395,959
At 31 December 2023	118,089	518,155	636,244
NET BOOK VALUE			
At 31 December 2023	559,146	472,197	1,031,343
At 31 December 2022	578,901	376,011	954,912

15. • FIXED ASSET INVESTMENTS
Group

	Interests in associated undertakings	Interest in joint ventures	Total
	£	£	£
Cost:			
At 1 January 2023	5,896,247	2,032,582	7,928,829
Additions	165,867	3,083,119	3,249,046
Share of profit/(loss)	6,926,400	(2,071,245)	4,855,155
Share of capital gain	-	1,185,432	1,185,432
Dividends received	-	(1,224,344)	(1,224,344)
Disposals	-	(370,314)	(370,314)
Net foreign exchange differences	1,992	12,100	14,092
At 31 December 2023	12,990,506	2,647,390	15,637,896

Company

	Associated undertakings	Subsidiary undertakings	Total
	£	£	£
Cost:			
At 1 January 2023	486,293	14,015,564	14,501,857
Additions	-	2,524,960	2,524,960
Net foreign exchange differences	(5,494)	-	(5,494)
At 31 December 2023	480,799	16,540,524	17,021,323

Investment in associates, joint venture & subsidiary undertakings:

Details of the investments in which the parent Company held 20% or more of the nominal value of any class of share capital as at 31 December 2023 are as follows(* held by a subsidiary undertaking):

Name of company	Holding	Proportion of shares held
Balliemanoach Wind Farm Limited* ¹	Ordinary shares	80%
Chalton Manor Solar Farm Limited* ¹	Ordinary shares	100%
Cornwell Solar Farm Limited* ¹	Ordinary shares	100%
Costa Head Wind Farm Limited* ¹	Ordinary shares	80%
Crouch Solar Farm Limited* ¹	Ordinary shares	100%
Drover Lane Solar Farm Limited* ¹	Ordinary shares	100%
Fox Covert Solar Farm Limited* ¹	Ordinary shares	100%
Esse Vind Ab*	Ordinary shares	26%
Gairy Hill Wind Farm Limited* ¹	Ordinary shares	80%
Grid System Services Limited*	Ordinary shares	60%
Grid System Services Limited*	Preference shares	80%
Hartesford Solar Farm Limited* ¹	Ordinary shares	100%
Hesta Head Wind Farm Limited* ¹	Ordinary shares	80%
1:1000 Energy Limited ¹	Ordinary shares	100%
Inkersall Solar Farm Limited* ¹	Ordinary shares	100%
Jura Wind Limited*	Ordinary shares	50%
Feldon Vale Solar Farm Limited* ¹	Ordinary shares	80%
Laver Solar Farm Limited* ¹	Ordinary shares	100%
LC Development Finland Oy*	Ordinary shares	80%
LC Energy BV*	Ordinary shares	40%
LC Energy BV*	Preference shares	80%

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15. FIXED ASSET INVESTMENTS (continued)

Name of Company	Holding	Proportion of shares held
LC Energi Ab ¹	Ordinary shares	40%
LC Danube Limited ¹	A Ordinary shares	100%
LC Danube Limited ¹	B Ordinary shares	30%
LCW2E2 Development Limited ¹	Ordinary shares	80%
Low Carbon Asset Management Limited ¹	Ordinary shares	100%
Low Carbon UK Solar Holdings Limited ¹	Ordinary shares	100%
Low Carbon EMS Limited ¹	A Ordinary shares	80%
Low Carbon EMS Limited ¹	B Ordinary shares	0%
Low Carbon Finland Wind Limited ¹	A Ordinary shares	100%
Low Carbon Finland Wind Limited ¹	B Ordinary shares	0%
Low Carbon Ireland Limited ¹	A Ordinary shares	100%
Low Carbon Ireland Limited ¹	B Ordinary shares	0%
Low Carbon Netherlands Limited ¹	A Ordinary shares	100%
Low Carbon Netherlands Limited ¹	B Ordinary shares	0%
Low Carbon OpCo Limited	Ordinary shares	100%
Low Carbon Poland Limited ¹	Ordinary shares	100%
Low Carbon Solar Investment Company 5 Limited ¹	Ordinary shares	100%
Low Carbon Solar Park 1 Limited ¹	Ordinary shares	80%
Malden Wycke Solar Farm Limited ¹	Ordinary shares	100%
817 Solar Farm Limited ¹	Ordinary shares	100%
Long Meadow Solar Farm Limited ¹	Ordinary shares	100%
Sanden Brook Solar Farm Limited ¹	Ordinary shares	100%
Low Carbon Solar Park 6 Limited ¹	Ordinary shares	100%
Fern Brook Solar Farm Limited ¹	Ordinary shares	100%
Stretton Baskerville Solar Farm Limited ¹	Ordinary shares	100%
Links Solar Farm Limited ¹	Ordinary shares	100%
Meadow Solar Farm Limited ¹	Ordinary shares	100%
Low Carbon Solar Park 11 Limited ¹	Ordinary shares	100%
Thorpe Park Solar Farm Limited ¹	Ordinary shares	100%
Langlands Solar Farm Limited ¹	Ordinary shares	80%
Low Carbon Solar Park 14 Limited ¹	Ordinary shares	100%
JAFa Solar Farm Limited ¹	Ordinary shares	100%
Pepperhill Solar Farm Limited ¹	Ordinary shares	100%
Low Carbon Solar Park 17 Limited ¹	Ordinary shares	80%
Low Carbon Solar Park 18 Limited ¹	Ordinary shares	80%
Beacon Fen Energy Park Limited ¹	Ordinary shares	100%
Low Carbon Solar Park 20 Limited ¹	Ordinary shares	80%
Low Carbon Solar Park 21 Limited ¹	Ordinary shares	100%
Birch Solar Park Limited ¹	Ordinary shares	100%
Low Carbon Storage Ireland Limited ¹	A Ordinary shares	100%
Low Carbon Storage Ireland Limited ¹	B Ordinary shares	0%
Low Carbon Sweden Solar Limited ¹	Ordinary shares	100%
Low Carbon UK Solar Investment Company Limited ¹	A Ordinary shares	100%
Low Carbon UK Solar Investment Company Limited ¹	B Ordinary shares	100%
Low Carbon UK Solar Investec 1 Limited ¹	A Ordinary shares	100%
Low Carbon UK Solar Investec 1 Limited ¹	B Ordinary shares	0%
Low Carbon UK Solar Investec 2 Limited ¹	A Ordinary shares	100%
Low Carbon UK Solar Investec 2 Limited ¹	B Ordinary shares	0%
Low Carbon UK Solar Investec 3 Limited ¹	A Ordinary shares	100%
Low Carbon UK Wind Development Company Limited ¹	Ordinary shares	100%
Low Carbon W2E2 Limited ¹	A Ordinary shares	100%
Low Carbon W2E2 Limited ¹	B Ordinary shares	0%
Low Carbon Biogas Holdings Limited ¹	A Ordinary shares	100%
Low Carbon Windco 1 Limited ¹	Ordinary shares	100%
Nur Energie Limited	Ordinary shares	1.27%
Nur Energie Limited	Ordinary B preference shares	53.45%

15. FIXED ASSET INVESTMENTS (continued)

• Name of company	Holding		Proportion of shares held
	Ordinary	A preference shares	
• Nur Energie Limited			0%
Pare Solar Traffwff Limited*1	Ordinary shares		100%
Redcar Holdings Limited* 1	Ordinary shares		52%
St Clere's Solar Farm Limited*1	Ordinary shares		100%
Gate Burton Energy Park Limited*1	Ordinary shares		80%
Zonnepark Woudbloem B.V* •	Ordinary shares		40%
Zonnepark Veenweg Ter Apel B.V*	Ordinary shares		50%
Zonnepark Veenweg Ter Apel 2 B.V*	Ordinary shares		40%
Zonnepark Nergena B.v •	Ordinary shares		40%
Zonnepark Amerongerwetering B.V*	Ordinary shares		40%
Zonnepark Groenekan B.V*	Ordinary shares		40%
Zonnepark Eynderbeek B.V*	Ordinary shares		40%
Zonnepark Smildervenen B.V*	Ordinary shares		40%
Zonnepark Magdalenahoeve B.V*	Ordinary shares		40%
Zonnepark Oeffeltsesprong B.V*,	Ordinary shares		40%
Zonnepark t Spiekje B.V*	Ordinary shares		40%
Zonnepark Poortvliet B.V*	Ordinary shares		40%
Zonnepark Keppelsweg B.V*	Ordinary shares		100%
Zonnepark Havebos B.V*	Ordinary shares		100%
Zorinepark Werkhoven*	Ordinary shares		100%
Zonnepark Agger B.V♦	Ordinary shares		100%
Zonnepark Wijerbroek Oost B.V*	Ordinary shares		100%
Zonnepark Wijerbroek West B.V*	Ordinary shares		100%
Zonnepark Bergweg Mariahoop B.V*	Ordinary shares		100%
Zonnepark Wusterveld B.V*	Ordinary shares		40%
Zonnepark De Stegenhoek B.V*	Ordinary shares		100%
Nero Adamdel Renewables SA*	Ordinary shares		29%
Nero Renewables Romania SA*	Ordinary shares		29%
Kilmannock Battery Storage Limited*	Ordinary shares		29%
Porterstown Battery Storage Limited*	Ordinary shares		29%
Middleton Battery Storage Limited •	Ordinary shares		60%
Thom-sberry Battery Storage Limited*	Ordinary shares		60%
Gortawee Battery Storage Limited*	Ordinary shares		60%
Mullavilly Energy Limited*	Ordinary shares		39%
Drumkee Energy Limited*	Ordinary shares		39%
BH Energy Gap (Doncaster) Limited*	Ordinary B shares		100%
BH Energy Gap (Doncaster) Limited♦	A1 Ordinary shares		100%
Broad Energy (Wales) Limited*1	Ordinary A shares		0%
Broad Energy (Wales) Limited*1	Ordinary B shares		10.0%
Low Carbon US Holdings Limited 1	Ordinary A shares		100%
Low Carbon Energy Inc*	Ordinary shares		100%
LC Energi Bjorklund AB*	Ordinary shares		40%
LC Energi Falhult AB*	Ordinary shares		40%
LC Energi Arboga Koberg AB*	Ordinary shares		40%
LC Energi Skuru AB*	Ordinary shares		40%
Low Carbon German Solar Limited 1	A Ordinary shares		100%
Low Carbon Germany Limited 1	A Ordinary shares		100%
Low Carbon GmbH*	Ordinary shares		100%
LC Energia Sp.z.o.o*	Ordinary shares		75%
LC Energia 1 Sp.z.o.o*	Ordinary shares		75%
LC Energia 2 Sp.z.o.o*	Ordinary shares		75%
LC Energia 3 Sp.z.o.o*	Ordinary shares		75%
LC Energia 4 Sp.z.o.o*	Ordinary shares		75%
L♦ Energia 5 Sp.z.o.o*	Ordinary shares		75%
LC Energia 6 Sp.z.o.o*	Ordinary shares		75%
LC Energia 7 Sp.z.o.o*	Ordinary shares		75%

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15. FIXED ASSET INVESTMENTS (continued)

Name of Company	Holding	Proportion of shares held
LC Energia 8 Sp.z.o.o*	Ordinary shares	75%
LC Energia 9 Sp.z.o.o*	Ordinary shares	75%
LC Energia 10 Sp.z.o.o*	Ordinary shares	75%
LC Energia 11 Sp.z.o.o*	Ordinary shares	75%
LC Energia 12 Sp.z.o.o*	Ordinary shares	75%
LC Energia 13 Sp.z.o.o*	Ordinary shares	75%
LC Energia 14 Sp.z.o.o*	Ordinary shares	75%
LC Energia 15 Sp.z.o.o♦	Ordinary shares	75%
Low Carbon Poland W2E Limited ¹	Ordinary shares	100%
Soligno Sp.z.o.o*	Ordinary shares	100%
Low Carbon Wind Investment Company 1 Limited ¹	A Ordinary shares	100%
Low Carbon Wind Investment Company 1 Limited ¹	B Ordinary shares	0%
Medway Energy Recovery Limited* ¹	Ordinary shares	80%
Low Carbon Netherlands Storage Limited ¹	A Ordinary shares	100%
Low Carbon Netherlands Storage Limited ¹	B Ordinary shares	0%
LC Energy Grid Services B.V*	Ordinary shares	60%
LC Energy Grid Services B.V*	Preference shares	80%
BESS Wijdewormer BV	Ordinary shares	60%
BESS Meaden BV	Ordinary shares	60%
BESS Musselkanaal BV	Ordinary shares	60%
BESS Viervelaten BV	Ordinary shares	60%
BESS Breukelen Kortrijk BV	Ordinary shares	60%
BESS Ens BV	Ordinary shares	60%
BESS Geertruidenberg	Ordinary shares	60%
BESS Halsteren BV	Ordinary shares	60%
BESS Boxmeer BV	Ordinary shares	60%
Low Carbon UK Wind Limited ¹	Ordinary A shares	100%
Low Carbon UK Wind Limited ¹	Ordinary B shares	0%
East Langwell Wind Farm Limited* ¹	Ordinary A shares	80%
Forsinian Forest Wind Farm Limited* ¹	Ordinary A shares	80%
High Brenfield Wind Farm Limited* ¹	Ordinary A shares	80%
B&H Wind Farm Limited* ¹	Ordinary A shares	80%
Lochaber 1 Wind Farm Limited* ¹	Ordinary A shares	80%
Glen Lednock Wind Farm Limited* ¹	Ordinary A shares	80%
Low Carbon UK Wind Holdings Limited ¹	Ordinary A shares	80%
Low Carbon German Wind Limited ¹	Ordinary A shares	80%
Low Carbon Investment Partners Limited ¹	Ordinary A shares	100%
Low Carbon General Partner Limited* ¹	Ordinary A shares	100%
Low Carbon Renewables Fund GP Sarl*	Ordinary shares	100%
LC Danube Sarl*	Ordinary shares	80%
Danube Wind Holding 1 Sarl*	Ordinary shares	39%
Danube Wind Holding 2 Sarl*	Ordinary shares	39%
First Look Solutions SA*	Ordinary shares	29%
Consenwind SA	Ordinary shares	29%
Midmar Callatis SA	Ordinary shares	29%
Low Carbon Canada solar Operations Limited* ¹	Ordinary shares	100%
Lethbridge One Solar Corp*	Ordinary shares	75%
Cutlers Solar Farm Limited* ¹	Ordinary A shares	100%
Wildwood Solar Farm Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 23 Limited* ¹	Ordinary A shares	80%
Low Carbon Solar Park 24 Limited* ¹	Ordinary A shares	80%
Low Carbon Solar Park 25 Limited* ¹	Ordinary A shares	80%
Primrose Solar Farm Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 27 Limited* ¹	Ordinary A shares	80%
Low Carbon Solar Park 28 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 29 Limited* ¹	Ordinary A shares	80%

Low Carbon Limited (Registered number: 13356797)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023

15. FIXED ASSET INVESTMENTS (continued)

Name of Company	Holding	Proportion of shares held
Low Carbon Solar Park 30 Limited* ¹	Ordinary A shares	80%
Low Carbon Solar Park 31 Limited* ¹	Ordinary A shares	80%
Low Carbon Solar Park 32 Limited* ¹	Ordinary A shares	80%
Low Carbon Solar Park 33 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 34 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 35 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 36 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 37 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 38 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 39 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 40 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 41 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 42 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 43 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 44 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 45 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 46 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 47 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 48 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 49 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 50 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 51 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 52 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 53 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 54 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 55 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 56 Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Park 57 Limited* ¹	Ordinary A shares	100%
Low Carbon Canada Bioenergy Limited* ¹	Ordinary A shares	100%
Low Carbon Canada Bioenergy Limited* ¹	Ordinary B shares	0%
Low Carbon Eco2 Energy Limited*	Ordinary A shares	50%
Low Carbon Eco2 Energy Saskatoon Limited*	Ordinary shares	25%
Low Carbon Eco2 Energy Estevan Limited*	Ordinary shares	25%
Low Carbon Canada Solar Limited ¹	Ordinary A shares	100%
Low Carbon NU-Energy Corp*	A Ordinary shares	50%
Low Carbon NU-Energy Corp*	B Preference shares	100%
Prairie Solar (Hanna) Corp*	Ordinary shares	50%
Prairie Solar (Jenner) Corp*	Ordinary shares	50%
Lethbridge Two Solar Corp*	Ordinary shares	50%
Lethbridge Three Solar Corp*	Ordinary shares	50%
LCIP Finland Wind Limited* ¹	Ordinary A shares	100%
Low Carbon Solar OpCo Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Operations Holdings Limited* ¹	Ordinary A shares	100%
Low Carbon Solar Operations Limited* ¹	Ordinary A shares	100%
Low Carbon Dutch Solar Operations BV*	Ordinary shares	100%
Low Carbon UK Solar Operations Limited* ¹	Ordinary A shares	100%
Low Carbon Investment Management Limited	Ordinary A shares	100%

Each Company is incorporated in the United Kingdom, with the exception of the following:

Company	Country of incorporation
Grid System Services Limited	Republic of Ireland
Kilmarnock Battery Storage Limited	Republic of Ireland
Porterstown Battery Storage Limited	Republic of Ireland
LC Energy B.V	Netherlands
Zonnepark Woudbloem B.V	Netherlands

Low Carbon Limited (Registered number: 13356797)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023

1s: .FIXED ASSET INVESTMENTS (continued)

Company	Country of incorporation
Zonnepark Veenweg Ter Apel B.V	Netherlands
Zonnepark Veenweg Ter Apel 2 B.V	Netherlands
Zonnepark Nergena B.V	Netherlands
Zonnepark Keppelsweg B.V	Netherlands
Zonnepark Havebos B.V	Netherlands
Zonnepark-Werkhoven B.V	Netherlands
Zonnepark Agger B.V	Netherlands
Zonnepark Wijerbroek Cost B.V	Netherlands
Zonnepark Wijerbroek West B.V	Netherlands
Zonnepark Bergweg Mariahoop B.V	Netherlands
Zonnepark Wusterveld B.V	Netherlands
Zonnepark De Stegenhoek B.V	Netherlands
Zonnepark Amerongerwetering B.V	Netherlands
Zonnepark Groenekan B.V	Netherlands
Zonnepark Eynderbeek B.V	Netherlands
Zonnepark Smildervenen B.V	Netherlands
Zonnepark Magdalenahoeve B.V	Netherlands
Zonnepark Oeffeltsesprong B.V	Netherlands
Zonnepark 't Spiekje B.V	Netherlands
Zonnepark Poortvliet B.V	Netherlands
LC Energy Grid Services B.V	Netherlands
BESS Wijdewormer BV	Netherlands
BESS Meeden BV	Netherlands
BESS Musselkanaal BV	Netherlands
BESS Vierverlaten BV	Netherlands
BESS Breukelen Kortrijk BV	Netherlands
BESS EnsBV	Netherlands
BESS Geertruidenberg	Netherlands
BESS Halsteren BV	Netherlands
BESS Boxmeer BV	Netherlands
Low Carbon Dutch Solar Operations BV	Netherlands
Nero Adamdel Renewables SA	Romania
Nero Renewables Romania SA	Romania
LCIP Finland Wind Oy	Finland
Esse Vind Ab	Finland
Low Carbon Energy Inc	United States of America
LC Energi Ab	Sweden
LC Energi Bjorklund AB	Sweden
LC Energi Falhult AB	Sweden
LC Energi Arboga Koberg AB	Sweden
LC Energi Skuru AB	Sweden
Low-carbon GmbH	Germany
LC Energia Sp.z.o.o	Poland
LC Energia 1 Sp.z.o.o	Poland
LC Energia 2 Sp.z.o.o	Poland
LC Energia 3 Sp.z.o.o	Poland
LC Energia 4 Sp.z.o.o	Poland
LC Energia 5 Sp.z.o.o	Poland
LC Energia 6 Sp.z.o.o	Poland
LC Energia 7 Sp.z.o.o	Poland
LC Energia- Sp.z.o.o	Poland

Low Carbon Limited (Registered number: 13356797)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023

15. FIXED ASSET INVESTMENTS (continued).

Company	Country of incorporation
LC Energia 9 Sp.z.o.o	Poland
LC Energia 10 Sp.z.o.o	Poland
LC Energia 11 Sp.z.o.o	Poland
LC Energia 12 Sp.z.o.o	Poland
LC Energia 13 Sp.z.o.o	Poland
LC Energia 14 Sp.z.o.o	Poland
LC Energia 15 Sp.z.o.o	Poland
Soligno Sp.z.o.o	Poland
Low Carbon Renewables Fund GP San	Luxembourg
LC Danube Sari	Luxembourg
Danube Wind Holding 1 Sari	Luxembourg
Danube Wind Holding 2 Sari	Luxembourg
First Look Solutions SA	Romania
Consenwind SA	Romania
Midmar Callatis SA	Romania
Low Carbon Eco2 Energy Saskatoon Limited	Canada
Low Carbon Eco2 Energy Estevan Limited	Canada
Low Carbon NU-Energy Corp	Canada
Prairie Solar (Hanna) Corp	Canada
Prairie Solar (Jenner) Corp	Canada
Lethbridge Two Solar Corp	Canada
Lethbridge Three Solar Corp	Canada
Lethbridge One Solar Corp	Canada

The registered office for each company, is Stirling Square, 5/7 Carlton Gardens, London, SW1Y 5AD, with the exception of the following:

Company	Registered office
Grid System Services Limited	Glen Erin, Caulstown, Dunboyne, Co. Meath, D13RR77
Kilmarnock Battery Storage Limited	38/39 Fitzwilliam Square West, Dublin 2
Porterstown Battery Storage Limited	38/39 Fitzwilliam Square West, Dublin 2
Mullavilly Energy Limited	8th Floor 100 Bishopsgate, London, England, EC2N 4AG
Drumkee Energy Limited	8th Floor 100 Bishopsgate, London, England, EC2N 4AG
Middleton Battery Storage Limited	8th Floor 100 Bishopsgate, London, England, EC2N 4AG
Thornberry Battery Storage Limited	8th Floor 100 Bishopsgate, London, England, EC2N 4AG
Gortawee Battery Storage Limited	8th Floor 100 Bishopsgate, London, England, EC2N 4AG
LC Energy B.V	Goeman Borgesiuslaan 77, 3515ET, Utrecht
Zonnepark Woudbloem B.V	Goeman Borgesiuslaan 77, 3515ET, Utrecht
Zonnepark Veenweg Ter Apel B.V	Amstelveenseweg 760, Amsterdam, 1081 JK
Zonnepark Veenweg Ter Apel 2 B.V	Goeman Borgesiuslaan 77, 3515ET, Utrecht
Zonnepark Nergena B.V	Goeman Borgesiuslaan 77, 3515ET, Utrecht
Zonnepark Keppelsweg B.V	Amstelveenseweg 760, Amsterdam, 1081 JK
Zonnepark Havebos B.V	Amstelveenseweg 760, Amsterdam, 1081 JK
Zonnepark Werkhoven B.V	Amstelveenseweg 760, Amsterdam, 1081 JK
Zonnepark Agger B.V	Amstelveenseweg 760, Amsterdam, 1081 JK
Zonnepark Wijerbroek Oost B.V	Amstelveenseweg 760, Amsterdam, 1081 JK
Zonnepark Wijerbroek West B.V	Amstelveenseweg 760, Amsterdam, 1081 JK
Zonnepark Bergweg Mariahoop B.V	Amstelveenseweg 760, Amsterdam, 1081 JK
Zonnepark Wusterveld B.V	Goeman Borgesiuslaan 77, 3515ET, Utrecht
Zonnepark De Stegenhoek B.V	Amstelveenseweg 760, Amsterdam, 1081 JK
Zonnepark Amerongerwetering B.V	Goeman Borgesiuslaan 77, 3515ET, Utrecht
Zonnepark Groenekan B.V	Goeman Borgesiuslaan 77, 3515ET, Utrecht
Zonnepark Eynderbeek B.V	Goeman Borgesiuslaan 77, 3515ET, Utrecht
Zonnepark Smildervenen B.V	Goeman Borgesiuslaan 77, 3515ET, Utrecht
Zonnepark Magdalenahoeve B.V	Goeman Borgesiuslaan 77, 3515ET, Utrecht
Zonnepark Oeffeltsesprong B.V	Goeman Borgesiuslaan 77, 3515ET, Utrecht

15. FIXED ASSET INVESTMENTS (continued)

Company	Registered office
BESS Wijdewormer BV	Goeman Borgesiuslaan 77, 3515ET, Utrecht
BESS Meeden BV	Goeman Borgesiuslaan 77, 3515ET, Utrecht
BESS Musselkanaal BV	Goeman Borgesiuslaan 77, 3515ET, Utrecht
BESS Vierverlaten BV	Goeman Borgesiuslaan 77, 3515ET, Utrecht
BESS Ens BV	Goeman Borgesiuslaan 77, 3515ET, Utrecht
BESS Geertruidenberg	Goeman Borgesiuslaan 77, 3515ET, Utrecht
BESS Halsteren BV	Goeman Borgesiuslaan 77, 3515ET, Utrecht
BESS Boxmeer BV	Goeman Borgesiuslaan 77, 3515ET, Utrecht
BESS Breukelen Kortrijk BV	Goeman Borgesiuslaan 77, 3515ET, Utrecht
Zonnepark t Spiekje B.V	Goeman Borgesiuslaan 77, 3515ET, Utrecht
Zonnepark Poortvliet B.V	Goeman Borgesiuslaan 77, 3515ET, Utrecht
LC Energy Grid Services B.V	Goeman Borgesiuslaan 77, 3515ET, Utrecht
Nero Adamdel Renewables SA	Street Siriului 33A, AP.3, Floor, Room C1, Module C1.2, Bucharest, Romania
Nero Renewables.Romania SA	Street Siriului 33A, AP.3, Floor, Room C1, Module C1 2, Bucharest, Romania
First Look Solutions SA	Street Siriului 33A, AP.3, Floor, Room C1, Module C1.2, Bucharest, Romania
Consenwind SA	Street Siriului 33A, AP.3, Floor, Room C1, Module C1 2, Bucharest, Romania
Midmar Callatis SA	Street Siriului 33A, AP.3, Floor, Room C1, Module C1.2, Bucharest, Romania
BH Energy Gap (Doncaster) Limited	6 Queen Street, Leeds, West Yorkshire, LS1 2TW
Broad Energy (Wales) Limited	Buttington Quarry, Buttington, Welshpool, Powys, SY21 8SZ
Costa Head Wind Farm.Limited	Hoolan Energy Limited, 16 Young Street, Edinburgh, EH2 4JB
Hesta Head Wind Farm Limited	Hoolan Energy Limited, 16 Young Street, Edinburgh, EH2 4JB
Nur Energia Limited	95 Aldwych., London, WC2B 4JF
LC Development Oy	Erortajankatu 15-17, 00130, Helsinki, Finland
Esse Vind Ab	Radhusgaten 21 B11, VAASA, 65100, Finland
Low Carbon Energy Inc.	8 The Green Ste. B, Dover, Kent County, Delaware 19901
LC Energi Ab	Bohusgaten 15, 411 39 Gothenburg, Sweden
LC Energi Bjorklund AB	Bohusgaten 15, 411 39 Gothenburg, Sweden
LC Energi Falhult AB	Bohusgaten 15, 411 39 Gothenburg, Sweden
LC Energi Arboga Koborg AB	Bohusgaten 15, 411 39 Gothenburg, Sweden
LC Energi Skuru AB	Bohusgaten 15, 411 39 Gothenburg, Sweden
Low Carbon GmbH	Knesebeckstr. 32 10623 Berlin
LC Energia Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 1 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 2 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 3 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 4 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 5 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 6 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 7 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 8 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 9 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 10 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 11 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 12 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 13 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 14 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów

Low Carbon Limited (Registered number: 13356797)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2023

15. FIXED ASSET INVESTMENTS (continued)

Company	Registered office
LC Energia 15 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
Soligno Sp.z.o.o	Aleje Ujazdowskie 41, 00-540, Warsaw, Poland
Low Carbon Eco2 Energy Estevan Limited	Suite 1000, Livingston Place West, 25 2 nd St SW, Calgary, Alberta, T2P 0C1, Canada
Low Carbon NU-Energy Corp	Suite 1000, Livingston Place West, 25 2 nd St SW, Calgary; Alberta, T2P 0C1, Canada
Prairie Solar (Hanna) Corp	Suite 1000, Livingston Place West, 25 2 nd St SW, Calgary, Alberta, T2P 0C1, Canada
Prairie Solar (Jenner) Corp	Suite 1000, Livingston Place West, 25 2 nd St SW, Calgary, Alberta, T2P 0C1, Canada
Lethbridge Two Solar Corp	Suite 1000, Livingston Place West, 25 2 nd St SW, Calgary, Alberta, T2P 0C1, Canada
Lethbridge Three Solar Corp	Suite 1000, Livingston Place West, 25 2 nd St SW, Calgary, Alberta, T2P 0C1, Canada
Lethbridge One Solar Corp	Suite 1000, Livingston Place West, 25 2 nd St SW, Calgary, Alberta, T2P 0C1, Canada
Low Carbon Eco2 Energy Saskatoon Limited	1500 - 1874 Scarth Street, Regina, Saskatchewan Canada S4P 4E9
Low Carbon Dutch Solar Operations BV	Amstelveenseweg 760; Amsterdam, 1081 JK
Low Carbon Renewables Fund GP Sari	15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg, Grand Duchy of Luxembourg
LC Danube Sari	15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg, Grand Duchy of Luxembourg
Danube Wind Holding 1 Sari	15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg, Grand Duchy of Luxembourg
Danube Wind Holding 2 Sari	15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg, Grand Duchy of Luxembourg

¹For the year ended 31 December 2023 the above subsidiaries incorporated in the United Kingdom (greater than 50%) were entitled to, and applied the exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

16. BUSINESS COMBINATIONS

Disposal of LCIP Finland Wind OY

On the 15th February 2023, LCIP Finland Wind Limited sold 100% of the ordinary share capital of LCIP Finland Wind OY to LCRF Holdings S.a.r.l, a related party. LCIP Finland Wind OY also held 100% of the ordinary share capital of Morknasskogens Wind Ab from the date of acquisition to the date of disposal.

At the disposal date, the amounts recognised in respect of the disposal are as follows:

	2023 £
Goodwill	1,958,562
Assets Under Construction	15,002,725
Cash	5,485,020
VAT	899,535
Trade creditors	(996,770)
Loans	(4,197,148)
Net assets	18,151,924
Consideration	19,841,386
Gain on sale (Note 5).	<u>1,689,462</u>

16. BUSINESS COMBINATIONS (continued)

Restructure of UK Solar Development

During 2023, the Group undertook a re-organisation of wholly owned subsidiaries of Low Carbon UK Solar Investment Company Limited (an 80% owned subsidiary) transferring these entities to two newly incorporated investment holding companies, Low Carbon UK Solar Investco 1 Limited and Low Carbon UK Solar Investec 2 Limited.

In addition, the previous non-controlling interest of 20% in Low Carbon UK Solar Investment Company was purchased, and a new non-controlling interest was granted in Low Carbon UK Solar Investec 1 Limited and Low Carbon UK Solar Investco 2 Limited, with the same related party. The non-controlling interest holder was a trustee for an employment benefit trust made up of a combination of Directors and senior members of management of the Group.

The non-controlling interest was purchased for cash of £6,911,910 as well as contingent consideration of £767,991, with an element of deferred consideration payable on financial close of future development projects.

At the end of the restructure, the amounts recognised in respect of the transactions are as follows:"

	2023 £
Cash paid	(6,911,910)
Contingent consideration	(767,991)
Deferred consideration	(14,424,145)
	<u>(22,104,046)</u>
Equity attributable to non-controlling interests	7,489,439
Equity attributable to shareholders	<u>14,614,607</u>

Acquisition of Low Carbon Investment Partners Limited and Low Carbon Investment Management Limited

On 14th February 2022 Low Carbon Limited acquired 100% of the ordinary share capital of Low Carbon Investment Partners Limited ("LCIP") and Low Carbon Investment Management Limited. These acquisitions are considered to be a business combination under FRS 102s s19.

Low Carbon Investment Partners Limited was acquired through a share for share exchange with the issuance of 1,000,000 ordinary £0.0001 shares in Low Carbon Limited with a fair value of £6,400,000. At the acquisition date the amounts recognised in respect of Low Carbon Investment Partners Limited net liabilities are as follows:

	£
Investments	10,981
Other debtors	156,001
Cash	2,386,496
Intercompany loans balance	<u>(11,273,534)</u>
Net liabilities	(8,720,056)
Consideration	<u>(6,400,000)</u>
Equity reserve	<u>115,120,056</u>

Low Carbon Investment Management Limited was acquired for consideration of £786,496. At the acquisition date the amounts recognised in respect of Low Carbon Investment Management Limited net assets are as follows:

	£
Prepayments and other debtors	47,185
Intercompany loans receivable	977,380
Cash	671,883
Accruals and trade payables	<u>(958,515)</u>
Net assets	737,933
Consideration	<u>(786,496)</u>
Equity reserve	<u>146,563</u>

16. BUSINESS COMBINATIONS (continued)

In compliance with FRS 102, the Company has thoroughly evaluated any contingent considerations and non-controlling interests that may have arisen as a result of the business combination. No such items have been identified. The business combination aligns with the Company's strategic growth initiatives and bolsters its presence within the sustainable energy sector. The acquisition underscores the Company's dedication to diversifying its operations in both development projects and providing fund management services. The fair value relates to the acquisition of additional interest in underlying assets held by LCIP. These assets were already controlled by the Group before the LCIP acquisition and therefore excess consideration has been classified as equity reserve as opposed to goodwill.

17. DEBTORS

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	257,778	1,255,832	29,654	98,435
Amounts owed by group undertakings (Note 27)	-	-	115,881,654	121,759,227
Amounts owed by related undertakings (Note 27)	255,000	-	255,000	-
Other debtors	16,616,616	16,851,091	4,086,731	3,214,951
Short-term loans to joint ventures (Note 27)	15,557,115	10,222,738	-	-
VAT	10,939,093	5,676,394	421,098	479,507
Accrued income	36,417	128,750	2,639,737	121,250
Prepayments	8,788,758	476,778	859,156	266,848
	<u>52,450,777</u>	<u>34,611,583</u>	<u>124,173,030</u>	<u>125,940,218</u>

Included within Other debtors is a balance of £6,023,533 (2022: £10,143,448) that relates to a solar panel reservation agreement. As part of the agreement, underlying solar project company subsidiaries will receive delivery of solar panels.

Included within prepayments is a balance of £4,819,623 (2022: £nil) related to solar panels which have been purchased under the panel reservation agreement but not yet delivered to the project.

Amounts owed by Group undertakings are unsecured, attract interest at a rate of 5% per annum and are repayable on demand.

Amounts owed by joint ventures are unsecured, attract interest at a rate between 5 and 7.5%, and are repayable on financial close or sale of the underlying development projects.

18. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Bank current account	96,103,786	74,971,339	32,100,057	30,590,061
Restricted cash	<u>7,996,698</u>	<u>660,000</u>	-	-
Cash and cash equivalents	<u>104,100,484</u>	<u>75,631,339</u>	<u>32,100,057</u>	<u>30,590,061</u>

Included in restricted cash is £7,996,698 (2022: £660,000) restricted under debt facility agreements as well as to comply with Financial Conduct Authority ("FCA") capital adequacy requirements.

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade creditors	18,428,633	2,968,984	823,457	438,632
Amounts owed to parent company (Note 27)	10,482,678	10,034,668	10,482,678	10,034,668
Amounts owed to group undertakings.(Note 27)	-	-	57,010,095	44,246,453
Amounts owed to joint ventures	223,103	-	-	-
Payroll taxes	908,813	566,992	887,984	559,120
Other creditors	381,984	532,885	-	106
Accruals and deferred income	21,320,656	8,561,933	10,188,999	5,325,582
Loans (Note 21)	1,819,532	-	-	-
Derivative financial instruments (Note 23)	312,650	-	-	-
	<u>53,878,049</u>	<u>22,665,462</u>	<u>79,393,213</u>	<u>60,604,561</u>

Amounts owed to Group undertakings and the parent company are unsecured, attract interest at a rate of 5% per annum and are repayable on demand.

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Other creditors (Note 28)	3,713,129	1,874,550	3,713,129	1,874,550
Loans (Note 21)	360,732,653	89,444,094	-	-
Derivative financial instruments (Note 23)	8,832,007	-	-	-
	<u>373,277,789</u>	<u>91,318,644</u>	<u>3,713,129</u>	<u>1,874,550</u>

21. LOANS

An analysis of the maturity of loans is given below. The figures are net of associated capitalised transaction costs:

	Group	
	2023	2022
	£	£
<i>Amounts falling due under one year:</i>		
Junior debt facilities	<u>1,819,532</u>	<u>-</u>
<i>Amounts falling due between one and two years:</i>		
Senior bank loans	<u>194,291,405</u>	<u>23,720,975</u>
<i>Amounts falling due between two and five years:</i>		
Junior debt facilities	62,017,336	-
Senior bank loans	<u>-</u>	<u>926,582</u>
<i>Amounts falling due in more than five years:</i>		
Repayable otherwise than by instalments	<u>104,423,912</u>	<u>64,796,537</u>
Junior debt facilities	<u>-</u>	<u>-</u>

21. LOANS - continued

Amounts owed to Group undertakings are unsecured, attract interest at 5% per annum and are repayable on demand.

Included within debts due under one year is a loan of £1,819,532 due to be repaid in December 2024 (2022: nil).

Included within the senior bank loans repayable between one and two years are loans of £129,117,104, €59,916,937 and \$11,800,720, for a total of £194,291,405 in GBP (2022: £23,720,975 due in two to five years). Senior bank loans are repayable on 9 August 2025, with the option to extend for one year, and are secured against the assets of solar projects, all of which are held within subsidiaries of Low Carbon Operations Limited. Amortised transaction costs of £6,543,356 (2022: £3,725,348) have been netted against the over one-year senior bank loan balance to which they relate. The Group expects to exercise the one-year extension period.

Included within the junior debt facilities repayable in two to five years is a balance of £62,017,336 (2022: £926,582), which falls due in 2027. The balance due in more than five years is £102,112,250 and €2,664,110, for a total of £104,423,912 GBP (2022: £664,796,537). Repayment dates are between 2030 and 2033, and the loan is secured against the assets of solar projects, all of which are subsidiaries of Low Carbon OpCo Limited.

The effective interest rate for all loan arrangements was between 6.48% and 11.44%.

22. LEASING AGREEMENTS

Minimum lease payments are due as follows:

Obligations under operating leases:

At 31 December 2023, the future minimum rentals payable under non-cancellable operating leases are as follows:

	2023 £	Group 2022 £	2023 £	Company 2022 £
Land and buildings				
Not later than one year	3,455,153	542,594	1,513,000	-
Later than one year and not later than five years	18,779,531	8,767,678	4,320,210	7,118,155
Later than five years	<u>56,112,284</u>	<u>18,283,494</u>	<u>10,251,234</u>	<u>7,927,036</u>
	<u>78,346,968</u>	<u>27,593,766</u>	<u>16,084,444</u>	<u>15,045,191</u>
Vehicles				
Not later than one year	61,905	-	61,905	-
Later than one year and not later than five years	<u>123,585</u>	-	<u>123,585</u>	-
	<u>185,490</u>	-	<u>185,490</u>	-

23. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives recognised at fair value through profit and loss

In 2023, the Group entered into nine foreign exchange forward contracts to hedge against currency exposure on future purchases of renewable assets made in US dollars. Of these nine forwards contracts, six have been settled during the year, and three remain open as at the year-end date. These are set to mature on the 31 January 2024, 2 April 2024, and 1 May 2024, respectively.

The value of these derivatives are recorded at fair value through profit and loss, with the value being re-recorded in reference to the spot rate at the period end date. The fair value of the derivatives at year-end was £312,650 (2022: £nil) and recognised through profit and loss.

Cash flow hedges

The Group has entered into 14 interest rate swap contracts throughout the current and prior year.

The Group is party to 14 cash flow hedges designated with both euro and GBP notional currencies, to hedge interest rate risk exposure on junior debt facilities and the senior bank loan facilities, utilised for the construction of renewable energy assets.

GBP swaps are used to receive interest at a variable rate with floating references to SONIA compounding with a five-day lookback and pay interest at a fixed rate. These swaps will mature on 30 June 2027 for those entered during 2022 and on the 31 December 2039 for those which were entered in during 2023. The average fixed rate on the swaps is 3.0594%.

Euro swaps are used to receive interest at a variable rate with floating references to three-months EURIBOR and pay interest at a fixed rate. One swap matures on the 31 December 2038, four on 31 March 2037 and one on 30 September 2033. The average fixed rate on the swaps is 2.3269%.

Cash flows on the swaps are settled with the counterparties on a quarterly basis, with the net amount being paid or received from the counterparties depending on variability in interest rates. The amounts of £3,985,334 and €603,489 are expected to be received during 2024, £110,915 is expected to be received, €515,106 is expected to be paid during 2025, £4,290,440 and €758,898 is expected to be paid in the years after 2025.

As the fair value of the swaps change during the year, the amount recognised in comprehensive income and the amounts which were reclassified to profit and loss fluctuate due to the movements in fair value on the hedged instrument and the hedged item. The change in the fair value of the hedging instrument which was recognised in other comprehensive income is £10,010,991 on the GBP swaps and €3,950,134 on the euro swaps. The amount which was reclassified from equity to profit and loss is (£1,397,260) and (€262,063) respectively.

The Group has the following derivative financial instruments:

	2023	2022
	£	£
Amounts falling due within one year	4,344,335	1,186,595
Amounts falling due after one year	4,199,416	10,350,546
Financial assets at fair value	8,543,751	11,537,141
Amounts falling due after one year	(8,832,007)	-
Financial liabilities at fair value	(8,832,007)	-

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24. CALLED UP SHARE CAPITAL

		2023		2022
Allotted, called up and fully paid	Number	£	Number	£
Ordinary shares £0.00001 each	9,000,000	<u>90</u>	9,000,000	<u>90</u>

25. ULTIMATE PARENT COMPANY

At 31 December 2023 the Company is under the joint control of Low Carbon Group Limited, a Limited Company incorporate in England and Wales, and MassMutual Holding LLC a Delaware Limited, a Limited Liability Corporation. There is no ultimate beneficial owner.

The smallest and largest Group in which the Company is consolidated and which publishes consolidated financial statements is Low Carbon Limited, whose financial statements can be obtained from Stirling Square, 5-7 Carlton Gardens, London SW1Y SAD.

26. CONTINGENT LIABILITIES

There were no contingent liabilities to report at the balance sheet date.

27. RELATED PARTY TRANSACTIONS

Group

In 2023, the Group entered into transactions, in the ordinary course of business, with related parties. The nature of these transactions was as follow:

	2023 £	2022 £
Dividends paid to minority shareholders of subsidiaries within the Low Carbon Limited Group	1,198,733	156,659
Consultancy fees and expenses charged to the Group by companies controlled by directors of Low Carbon Limited	♦75,259	524,980
Revenue charged to other subsidiaries of the parent of the joint controlling party	841,558	1,210,180
Revenue charged to entities which the Low Carbon Limited Group exerts significant influence	2,100,779	-
Management fees charged to the joint controlling party	40,000	60,000
Consideration received from related parties in regard to business combinations (Note 16)	19,841,385	-
Consideration paid to related parties in regard to the acquisition of non-controlling interests (Note 16)	6,911,910	-
Consideration provided for to related parties in regard to business combinations (Note 16)	15,192,030	-
Interest expense on consideration provided to related parties in regard to business combinations (Note 30)	478,529	-
Share Capital and Premium investment received from MassMutual Holding LLC (Note 24)	-	23,400,000

During the current year the following transactions have been undertaken with the joint controlling parties and its subsidiaries:

	2023 £	2022 £
Loan receipts	102,841,995	96,469,997
Loans repayments	(30,360,835)	(4,842,609)
Loan interest charged and included in income statement	5,106,473	903,852
Loan interest charged and included in fixed assets	2,295,659	1,592,281

At the period end the following balances remain outstanding with the joint controlling parties and its subsidiaries:

	2023 £	2022 £
Amounts owed by Group undertakings (Note 17)	255,000	-
Amounts owed to Group undertakings (Note 19)	10,482,678	10,034,669
Loans (Note 21)	168,260,780	88,045,394

During the year the following transactions have been undertaken with joint ventures, associates and entities over which the Group has significant influence:

	2023 £	2022 £
Loan advances	5,373,310	9,725,318
Loans provided for	-	(2,198,651)
Loan interest charged	729,724	401,205

At the period end, the following balances remain outstanding with joint ventures, associates and entities over which the Group has significant influence:

	2023 £	2022 £
Short-term loans receivable (Note 17)	• 15,557,116	10,222,738

27. RELATED PARTY TRANSACTIONS (continued)

At the period end, the following balances remain outstanding with other related parties of the Group:

	2023	2022
	£	£
Contingent consideration provision (Note 30)	15,670,559	-

Company

	2023	2022
	£	£
Management fees charged to the joint controlling party	40,000	60,000
Consultancy fees and expenses charged to the Group by companies controlled by directors of Low Carbon Limited	875,259	524,980
Share capital and premium investment received from MassMutual Holding LLC (Note 24)	-	23,400,000

During the year the following transactions have been undertaken with the joint controlling party and its subsidiaries:

	2023	2022
	£	£
Loan receipts	443,072	10,305,311
Loans repayments	(445,272)	4,842,609
Loan interest charged	445,810	615,403

At the period end the following balances remain outstanding:

	2023	2022
	£	£
Amounts owed by related undertakings (Note 17)	255,000	-
Amounts owed to Parent Company (Note 19)	10,482,678	10,034,647

During the year the following transactions have been undertaken with subsidiaries not entitled to the disclosure exemption:

	2023	2022
	£	£
Loan advances	89,690,041	169,610,391
Loans repayments	(112,980,923)	(121,622,202)
Loan interest charged	4,559,522	2,409,934

As at 31 December 2023, the following balances remain outstanding:

	2023	2022
	£	£
Amounts owed by Group undertakings (Note 17)	115,881,654	121,759,227
Amounts owed to Group undertakings (Note 19)	57,010,095	44,246,474

28. SHARE-BASED PAYMENT TRANSACTIONS

In 2021 Low Carbon Limited adopted a share option plan to grant options to employees in exchange for their employment services.

The options will vest in three tranches on the third, fourth and fifth anniversary of the date of grant and will be exercisable on a liquidity event if the employee remains in service. The liquidity event is expected to happen nine years from the grant date.

The grant dates, in addition to the exercise price of the options are shown below. The Company has the option to settle the share options in either equity or cash. Management have expressed the intention for the shares to be settled in cash and as a result the share options have been accounted for as a liability on the grant date. The share option liability was subsequently measured at fair value on a straight-line basis over the period of nine years from the original grant date.

Date of grant	Exercise Price
01 January 2022	£0.0001
25 May 2022	£0.0001
01 January 2023	£32.28

The expense recognised for share-based payments in respect of employee services received during the year to 31 December 2023 was £1,838,473 (2022: £1,874,550).

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year.

	2023 No.	2022 No.
Shares outstanding at the beginning of the year	574,334	-
Shares granted	146,245	574,952
Shares lapsed	(52,022)	(618)
Shares outstanding at the end of the year	668,557	574,334
	2023 WAEP	2022 WAEP
Weighted average exercise price	£6.6358	£0.0001

29. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH USED IN OPERATIONS

	2023 £	2022 £
Loss before taxation	(68,075,745)	(33,688,859)
Depreciation of property, plant and equipment and amortisation of intangible assets	1,029,407	276,294
Impairment of goodwill and property, plant and equipment	-	572,623
Share of profit of joint ventures and associates	(4,855,155)	(5,108,576)
Gain on investment disposal	(1,689,462)	(4,519,091)
Share-based payment	1,838,473	1,874,550
Foreign currency exchange loss/(gain), net	1,135,750	(252,673)
Finance costs	8,977,036	1,092,214
Finance income	(2,335,728)	(910,058)
	(63,975,424)	(40,663,576)
Increase in trade and other receivables	(17,839,194)	(15,096,784)
Increase in trade and other payables	22,596,406	2,085,964
Cash used in operations	(59,218,212)	(53,674,396)

30. PROVISIONS FOR OTHER LIABILITIES

The Group had the following provisions during the year:

	Decommissioning £	Contingent Consideration £	Total £
At 1 January 2023	-	-	-
Additions	4,929,700	15,192,030	20,121,730
Unwind of discount (Note 10)	12,516	478,529	491,045
Net foreign exchange differences	(6,703)	-	(6,703)
At 31 December 2023	<u>4,935,513</u>	<u>15,670,559</u>	<u>20,606,072</u>
Provisions due under one year	-	6,537,468	6,537,468
Provisions due in over one year	<u>4,935,513</u>	<u>9,133,091</u>	<u>14,068,604</u>
Total	<u>4,935,513</u>	<u>15,670,559</u>	<u>20,606,072</u>

Decommissioning provisions represent the Group's obligation to dismantle solar PV installations on leased land and revert land to its original condition at the end of the term of the lease agreement. As the end date of these agreements can be up to 40 years after the construction of the project, the exact value of these works are subject to estimation at the year-end date.

Contingent consideration represents the group's obligation to pay additional consideration to previous minority shareholders as part of the UK Solar Development restructure, as detailed within Note 16. The exact value of this consideration is uncertain, as it will change depending on the market value of each project at the time of completion.

31. RECONCILIATION OF FINANCING ACTIVITIES

The movements in the Group's liabilities in the year as a result of financing activities are set out within the below reconciliation:

	Loans £	Amounts due to group undertakings £	Total £
1 January 2023	89,444,094	10,034,668	99,478,762
Additions	302,621,303	445,272	303,066,575
Repayments	(29,917,763)	(443,072)	(30,360,835)
Transaction costs	(7,391,946)	-	(7,391,946)
Amortisation of transaction costs	848,278	-	848,278
Interest	11,977,432	445,810	11,977,432
Interest paid	(4,881,137)	-	(4,881,137)
Effects of foreign exchange	(148,076)	-	(148,076)
31 December 2023	<u>362,552,185</u>	<u>10,482,678</u>	<u>373,034,863</u>

32. POST BALANCE SHEET EVENTS

In September 2024, the Company entered into loan facility agreements with its investors, Low Carbon Group Limited (holding a 51 % interest in the Group) and Massachusetts Mutual Life Insurance Company (holding a 49% interest in the Group), totalling £40 million. Both entities are related parties to the Group. As of the date of approving these financial statements, no amounts have been drawn down from the facilities. These facilities provide immediate liquidity to the Group and support our going concern assessment. Additionally, these agreements include a convertible option, allowing the loans to be converted into Ordinary shares of Low Carbon Limited.

33. SUMMARY OF DIFFERENCES BETWEEN FRS 102 AND US GAAP

The accompanying consolidated financial statements have been prepared in accordance with FRS 102, which differs in certain significant respects from accounting principles generally accepted in the United States of America (US GAAP).

Effect on profit for the financial year as a result of significant differences between FRS 102 and US GAAP

	2023 £	2022 £
Loss for the year in accordance with FRS 102	(68,196,665)	(33,686,507)
US GAAP adjustments:		
Variable interest entity ("VIE") (i)	(6,045,971)	(6,594,465)
Share based payments (ii)	1,838,579	1,874,550
Interest rate swaps (iii)	(13,477,034)	11,537,275
Amortisation of goodwill and intangibles (iv)	141,627	27,992
Gain on sale of Danube (v)	-	26,062,875
Capitalisation of borrowing costs (vi)	1,414,035	(1,152,010)
Loan modification (vii)	(231,118)	-
Loss for the year under US GAAP	(84,556,547)	(1,930,290)

Effect on Shareholders' equity as a result of significant differences between FRS 102 and US GAAP

	2023 £	2022 £
Total equity under FRS 102	(35,931,566)	66,674,758
US GAAP adjustments:		
VIE (i)	(21,631,755)	(15,319,401)
Share based payments (ii)	3,713,129	1,874,550
Amortisation of goodwill and intangibles (iv)	(534,437)	(676,064)
Gain on sale of Danube (v)	26,062,875	26,062,875
Capitalisation of borrowing costs (vi)	262,025	(1,152,010)
Loan modification (vii)	(231,118)	-
Equity under US GAAP	(28,290,787)	77,464,708

Significant differences between FRS 102 and US GAAP

(i) Investments - VIE

Accounting Standards Codification (ASC) 810 requires a Company to consolidate an entity based on the controlling financial interest through the voting interest model or variable interest model. Under the variable interest model, the Company assessed its existing investments where it was involved in the design, redesign, or creation of the entity and acquired additional interests through contractual relationships and was exposed to the expected losses. The Company concluded that the Company has a variable interest in the following entities: LC Energy BV, BH Energy Gap (Doncaster) Limited, Broad Energy (Wales) Limited, Esse Wind Ab, Jura Wind Limited, LC Energi Ab, Low Carbon Eco2 Energy Limited and Low Carbon NU-Energy Corp. These entities are considered VIEs and the Company is the primary beneficiary in each of the VIEs.

Accordingly, the Company consolidated these entities and derecognised the existing related equity method investments, investments recognised at cost, and loans related to these VIEs.

33. SUMMARY OF DIFFERENCES BETWEEN FRS 102 AND US GAAP (continued)

(i) Investments - VIE (continued)

As a result of this, under US GAAP, the acquisition of several entities from LC Energy BV (a VIE) is an intercompany transaction, which has been eliminated upon consolidation. The intangibles and related amortisation resulting from this transaction recognised under FRS 102 have been reversed for US GAAP purposes.

(ii) Share based payments

Low Carbon limited issued share options in 2022 and 2023. These options are subject to-vesting and performance conditions, i.e. the participants cannot exercise their vested options until the occurrence of a liquidity event. Under US GAAP, a liquidity event cannot be regarded as probable until it occurs. As a result, the recognition of compensation costs is deferred until the liquidity event occurs. Hence, no compensation cost was recognised under US GAAP in the current year, and any amount recognised under FRS 102 has been reversed.

(iii) Interest rate swaps

For US GAAP purposes, the Company has elected not to apply hedge accounting to its interest rate swaps. Since the Company is following hedge accounting for its interest rate swaps under FRS 102, the change in fair value recognised in equity as an effective hedge has been reclassified to the income statement under US GAAP.

(iv) Amortisation of goodwill and intangibles

Under US GAAP, the acquisition of several entities from LC Energy BV (a VIE under US GAAP) is an intercompany transaction, which has been eliminated upon consolidation. The intangibles and related amortisation resulting from the transaction recognised under FRS 102 have been reversed for US GAAP purposes.

(v) Gain on sale of Danube

During the previous year, Low Carbon sold 51% of its equity interest in Danube Wind Holding 1 S.A R.L. and Danube Wind Holding 2 S.A R.L. ASC 810 requires an entity to recognise the gain on sale on loss of control and remeasurement of the remaining equity interest at fair value. Under US GAAP, the Company recognised a gain of £31.7 million on the sale of its 51% interest and remeasurement of its remaining 49% interest in the Danube entities. UK GAAP does not require remeasurement at fair value, hence the value of the remaining investment under US GAAP was adjusted to reflect the remeasurement.

(vi) Capitalisation of borrowing costs

As per ASC 835, an entity should capitalise interest by applying a "capitalisation rate" to their qualifying expenditure, whereas under FRS 102, all interest related to specific loans can be capitalised. Hence, the amount that should be capitalised under US GAAP is lower. The amount that cannot be capitalised under US GAAP was adjusted to the income statement.

(vii) Loan modification

During the year, the Group modified a loan with a consortium of banks to increase the facilities available, as part of this modification, the number of lenders increased from 3 to 7, and one lender reduced their exposure by decreasing their contributions to the available facility. As per ASC 470, where the loan modification reduced from a specific lender in this way, a proportion of the capitalised transaction fees must be expensed through profit and loss. This differs to FRS 102 where the initial transaction costs have remained the same, as the new facility was treated as a new loan agreement.