

Registered number 09496737

LIGHTSOURCE RENEWABLE ENERGY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



LIGHTSOURCE RENEWABLE ENERGY HOLDINGS LIMITED

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LIGHTSOURCE RENEWABLE ENERGY HOLDINGS LIMITED

COMPANY INFORMATION

Directors	K A P Boutonnat N T Boyle P McCartie L I Young B Goarmon
Registered number	09496737
Registered office	7th Floor 33 Holborn London EC1N 2HU
Independent auditors	PricewaterhouseCoopers LLP Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ
Bankers	Barclays Bank 1 Churchill Place London E14 5HP

LIGHTSOURCE RENEWABLE ENERGY HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present the Strategic Report for the year ended 31 December 2021.

Fair review of the business

The Company is a holding company with investments that cover the management, operation and maintenance of utility scale solar (as well as small and mid-scale solar operations) in the UK.

Profit before tax for the year was £2,220,075 (2020: profit of £38,467,362). Total net assets of £626,309 (2020: net assets of £731,563).

The Directors are confident the Company will maintain its position in 2022.

Principal risks and uncertainties

The principal risks which the Company is exposed to are described below.

Operational risk

The Company has a number of key staff within the business and maintains key man insurance to mitigate any risk.

Government support risk

The solar industry is dependent on regulatory support from the government. Changes to this support could have a material impact on the Company. The Company is mitigating this risk by looking to diversify its business activities and also believes that future cost reductions in the supply chain will reduce the dependency on the government support mechanisms.

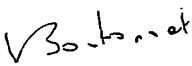
Financing risk

The Company does require funding for a number of the projects it develops. The Company has not seen a reduction in the lending market and its subsidiaries are able to source financing on reasonable terms in the market.

Key performance indicators

The Directors of Lightsource bp Renewable Energy Investments Limited (the ultimate parent entity) manage the group's operations on a divisional basis. For this reason, the Company's Directors believe that analysis using performance indicators of the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the group, including this Company, is discussed in the group's annual report which does not form part of this report.

Approved and signed on behalf of the board


.....
K A P Boutonnat
Director
14 October 2022

LIGHTSOURCE RENEWABLE ENERGY HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Principal activities

The Company is a wholly owned subsidiary of a group of companies of which the principal activities are the construction and operation of solar plants and the generation of solar power. The primary focus of this Company is to act as a holding company. The primary focus and business activity of the Company is not expected to change.

Directors

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

R J C Barker	(Resigned 30 September 2021)
C Borg	(Resigned 30 September 2021)
K A P Boutonnat	
N T Boyle	
P McCartie	
L I Young	(Appointed 11 February 2022)
B Goarmon	(Appointed 6 July 2022)

Going concern

At the date of signing these financial statements, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Financial risk management

Cash flow risk

The Company seeks to manage risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Results and dividends

During the year under review the Company made a profit of £2,220,075 (2020: profit of £38,379,862).

The Directors recommended and paid a dividend for the year of £2,325,329 (2020: £38,028,033).

Qualifying third party indemnity provisions

As permitted by the articles of association of Lightsource bp Renewable Energy Investments Limited ("LS bp") - the ultimate parent undertaking and controlling party of the Company – any Director of the Company who is also a Director of LS bp have had the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the period covered by these financial statements and is currently in force.

Disabled persons

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 retrain them in order that their employment with the Company may continue. It is the policy of the Company that training, carer development and promotion opportunities should be available to all employees.

Employee involvement

The Company has continued its practice of keeping employees informed of matters affecting them as employees and factors affecting the performance of the Company.

LIGHTSOURCE RENEWABLE ENERGY HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the 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 the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for safeguarding the assets of the 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

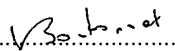
In the case of each Director in office at the date the Directors' report is approved:

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

Independent auditors

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

Approved and signed on behalf of the board



K A P Boutonnat

Director

14 October 2022

Date:

Independent auditors' report to the members of Lightsource Renewable Energy Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Lightsource Renewable Energy Holdings Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2021; the Profit and Loss Account and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to overstate revenue or the Company's profit. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of board minutes;
- Review of legal expenditure in the year to identify potential non-compliance with laws and regulation;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Challenging assumptions and judgements made by management in their significant accounting estimates.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Toni Alderson

Toni Alderson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle-upon-Tyne

Date: 14 October 2022

LIGHTSOURCE RENEWABLE ENERGY HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Cost of sales		-	41,770
Gross profit		-	41,770
Administrative (expenses)/income		(106,798)	7,218,008
Operating (loss)/profit	4	(106,798)	7,259,778
Income from shares in group undertakings	7	2,325,376	30,439,198
Interest receivable from group undertakings	6	1,589	245,564
Interest payable and similar expenses	8	(92)	(15)
Gain on disposal of investments	4	-	522,837
Profit before taxation		2,220,075	38,467,362
Tax on profit	9	-	(87,500)
Profit for the financial year		2,220,075	38,379,862

All results relate to continuing activities.

There are no other items of other comprehensive income for the current year or prior year. Therefore, no separate statement of other comprehensive income has been prepared.

The accompanying notes on pages 11 - 18 form an integral part of the financial statements.

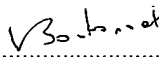
LIGHTSOURCE RENEWABLE ENERGY HOLDINGS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investments	10		-		-
Current assets					
Debtors	12	1,952,369		1,684,499	
Cash at bank and in hand		605		697	
		<u>1,952,974</u>		<u>1,685,196</u>	
Creditors: amounts falling due within one year	13	<u>(1,326,665)</u>		<u>(953,633)</u>	
Net current assets			<u>626,309</u>		<u>731,563</u>
Total assets less current liabilities			<u>626,309</u>		<u>731,563</u>
Net assets			<u><u>626,309</u></u>		<u><u>731,563</u></u>
Capital and reserves					
Called up share capital	14		14,752		14,752
Share premium account			383		383
Retained earnings			<u>611,174</u>		<u>716,428</u>
Total shareholders' funds			<u><u>626,309</u></u>		<u><u>731,563</u></u>

The financial statements on pages 8 to 18 were approved by the Board of Directors and authorised for issue on 14/10/2022..... and are signed on its behalf by:



 K A P Boutonnat
 Director

Registered number 09496737

The accompanying notes on pages 11 - 18 form an integral part of the financial statements.

LIGHTSOURCE RENEWABLE ENERGY HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Retained earnings	Total shareholders' funds
	£	£	£	£
Balance at 1 January 2020	14,752	383	364,599	379,734
Year ended 31 December 2020:				
Profit for the financial year	-	-	38,379,862	38,379,862
Dividends	-	-	(38,028,033)	(38,028,033)
Balance at 31 December 2020	14,752	383	716,428	731,563
Year ended 31 December 2021:				
Profit for the financial year	-	-	2,220,075	2,220,075
Dividends	-	-	(2,325,329)	(2,325,329)
Balance at 31 December 2021	14,752	383	611,174	626,309

The accompanying notes on pages 11 - 18 form an integral part of the financial statements.

LIGHTSOURCE RENEWABLE ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 General information

Lightsource Renewable Energy Holdings Limited is a private company limited by shares incorporated and domiciled in England in the United Kingdom (registered number 09496737). The address of the registered office is 7th Floor, 33 Holborn, London, EC1N 2HU.

The Company is a wholly owned subsidiary of a group of companies of which the principal activities are the construction and operation of solar plants and the generation of solar power. The primary focus and business activity of the Company is not expected to change.

2 Summary of significant accounting policies

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 periods presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. Critical estimates have been applied to these financial statements and are summarised in note 3.

FRS 102 allows certain disclosure exemptions for qualifying entities, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

- from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102;
- from the requirement to prepare certain financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated as required by paragraphs 11.39 to 11.48(a) of FRS102; and
- from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

The Company is a wholly owned subsidiary of Lightsource bp Renewable Energy Investments Limited and is included in the consolidated financial statements of Lightsource bp Renewable Energy Investments Limited which are publicly available. Consequently the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 400 of the Companies Act 2006.

2.2 Going concern

At the date of signing these financial statements, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Income from shares in group undertakings

Income from shares and group undertakings is recognised when the Company's right to receive payment is established.

LIGHTSOURCE RENEWABLE ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies (Continued)

2.4 Foreign exchange

(i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account within administrative expenses.

2.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment losses.

2.6 Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Profit and Loss Account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Profit and Loss Account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Profit and Loss Account.

2.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

LIGHTSOURCE RENEWABLE ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies

(Continued)

2.8 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such on the Balance Sheet. Finance costs and gains or losses relating to financial liabilities are included in the Profit and Loss Account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

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

2.9 Debtors

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

2.10 Creditors

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

2.11 Interest receivable and payable

Interest is recognised by applying the effective interest rate. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/ payments through the expected life of the debt instrument to the net carrying amount on initial recognition.

2.12 Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

LIGHTSOURCE RENEWABLE ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Summary of significant accounting policies

(Continued)

2.13 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Profit and Loss Account, 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

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

2.14 Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

2.15 Contingent liabilities

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

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

LIGHTSOURCE RENEWABLE ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Judgements and key sources of estimation uncertainty

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

(a) Critical judgements in applying the entity's accounting policies

The Company has not made any critical judgements in applying the entity's accounting policies.

(b) Critical accounting estimates and assumptions

(i) Impairment of debtors

The Company makes an estimate of the recoverable value of amounts owed by group undertakings. See note 12 for the net carrying amounts owed by group undertakings and associated impairment provision.

4 Operating (loss)/profit

	2021	2020
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Foreign exchange differences	40,419	59,351
Gain on disposal of investments	-	(522,837)
Provision for bad debts credit	-	(7,849,055)
	<u> </u>	<u> </u>

Auditors' remuneration was borne by another group entity in the current and prior year. The fee attributable to the Company is estimated at £4,500 (2020: £4,000).

In 2019 the Company made an assessment of recoverability against certain intercompany balances and as a result recognised a provision of £7,849,055. In 2020, these balances were settled via dividends and therefore the provision was released in full. The release of the provision in 2020 was recognised within administrative expenses.

5 Employees

The Company has no employees other than the Directors. The Directors' remuneration was borne by another group entity (2020: £nil). Their services to this Company and to a number of fellow subsidiaries are of a non-executive nature and their remuneration is deemed to be wholly attributable to their services to the parent company. Accordingly, the above details include no remuneration in respect of the Directors.

6 Interest receivable and similar income

	2021	2020
	£	£
Shareholder loan interest receivable	1,589	245,564
	<u> </u>	<u> </u>

7 Income from fixed asset investments

	2021	2020
	£	£
Income from shares in group undertakings	2,325,376	30,439,198
	<u> </u>	<u> </u>

LIGHTSOURCE RENEWABLE ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Interest payable and similar expenses

	2021	2020
	£	£
Bank charges	92	15

9 Tax on profit

	2021	2020
	£	£
Current tax		
UK corporation tax on profit for the year	-	31,894
Foreign tax relief/other relief	-	(31,894)
Total UK tax on profit	-	-
Foreign tax suffered	-	87,500
Tax on profit	-	87,500

The effective tax rate is lower (2020: lower) than the actual corporation tax rate of 19% (2020: 19%). The actual charge for the year can be reconciled to the expected charge for the year based on the profit before taxation and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	2,220,075	38,467,362
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2020: 19%)	421,814	7,308,799
Tax effect of expenses that are not deductible in determining taxable profit	13,629	-
Tax effect of income not taxable in determining taxable profit	(441,821)	(7,385,878)
Effects of group relief	6,378	108,974
Effect of overseas tax rates	-	55,605
Taxation charge for the year	-	87,500

Factors that may affect future tax charges

On 23 September 2022, it was announced that the corporation tax rate change from 19% to 25% with effect from 1 April 2023 was to be cancelled. This was not substantively enacted at the balance sheet date and therefore the impact of this change is not reflected in the measurement of deferred tax. If the rate change had been substantively enacted prior to 31 December 2021, there would be no impact on the financial statements.

LIGHTSOURCE RENEWABLE ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Investments

	Notes	2021 £	2020 £
Investments	11	-	-

11 Subsidiaries

Details of the Company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Lightsource Asset Management Limited	7th Floor 33 Holborn, London, EC1N 2HU	Ordinary shares	100.00
Lightsource Renewable Services Limited	7th Floor 33 Holborn, London, EC1N 2HU	Ordinary shares	100.00

12 Debtors: amounts falling due within one year

	2021 £	2020 £
Amounts owed by group undertakings	1,950,469	1,684,499
Other debtors	1,900	-
	<u>1,952,369</u>	<u>1,684,499</u>

Amounts owed by group undertakings are unsecured, repayable on demand and interest free.

13 Creditors: amounts falling due within one year

	2021 £	2020 £
Amounts owed to group undertakings	1,326,665	943,585
Other taxation and social security	-	.48
Accruals and deferred income	-	10,000
	<u>1,326,665</u>	<u>953,633</u>

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

LIGHTSOURCE RENEWABLE ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Called up share capital	2021	2020
	£	£
Ordinary share capital		
Issued and fully paid		
29,503,802 (2020: 29,503,802) Ordinary shares of 0.05p each	14,752	14,752
	<u>14,752</u>	<u>14,752</u>

Each Ordinary share has full rights in the Company with respect to voting, dividends and distributions. The Ordinary shares are not redeemable nor liable to be redeemed at the option of the Company or the holder.

15 Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with related parties. The Company has taken advantage of the exemption under paragraph 33.1A of FRS 102 not to disclose transactions with fellow subsidiaries under common ownership. There are no other related party transactions noted in the year.

The Company holds interest receivable on debentures that were issued by a related party LREHL Renewables India SPV 1 Private Limited. The Company disposed of the debentures in September 2020 but continues to hold the interest receivable as at 31 December 2021 of £753,043.

16 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Lightsource Operations 3 Limited.

The ultimate parent undertaking and controlling party is Lightsource bp Renewable Energy Investments Limited, which is the smallest and largest group to consolidate these financial statements. Copies of Lightsource bp Renewable Energy Investments Limited consolidated financial statements can be obtained from the Company Secretary, 7th Floor, 33 Holborn, London, EC1N 2HU.