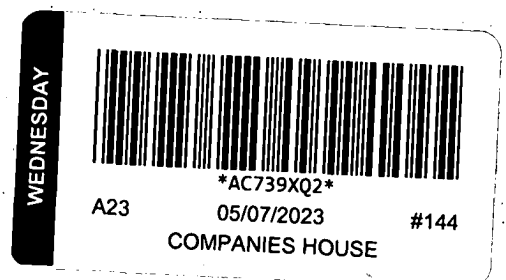


# **CUBICO HOLDINGS (UK) LIMITED**

**Registered number 10051973**

**Annual report and financial statements**

**For the year ended 31 December 2022**



# Cubico Holdings (UK) Limited

## Contents

Strategic Report.....	2
Directors' Report.....	9
Statement of Directors' responsibilities in respect of the financial statements.....	12
Independent auditors' report to the members of Cubico Holdings (UK) Limited .....	13
Income statement .....	17
Statement of financial position.....	18
Statement of changes in equity .....	19
Statement of cash flows.....	20
Notes to the financial statements .....	21
Appendix 1 .....	35

# Cubico Holdings (UK) Limited

## Strategic Report

The Directors present their Strategic Report on the Company for the year ended 31 December 2022.

References in this report to the "Company" mean Cubico Holdings (UK) Limited, and together with the immediate parent undertaking, Cubico Sustainable Investments Limited, the ultimate parent undertaking, Cubico Sustainable Investments GP 1 Limited, the Company's direct subsidiary, Cubico Holdings (UK) 2 Limited, and indirect subsidiaries (see Appendix 1), the "Group".

### 1. Overview

The Company is an investor, through its indirect subsidiaries, in renewable energy projects, which includes operational onshore wind and solar photovoltaic ("PV") assets. The Company leverages the Group's combination of in-house business development, operations, financial, commercial and technical expertise. The balanced and diversified portfolio aims to provide shareholders with attractive long-term returns whilst seeking to preserve the capital value of its investment portfolio through active portfolio management.

The Company utilises the Group's highly experienced management team and strong origination capability to focus on optimising the performance of its existing investments.

The Company made a profit of £70.0m for the financial year ending 31 December 2022, resulting from a gain of £70.9m on investments held at fair value, driven by higher power price curves and inflation during the year. The Company's investments held at fair value increased to £107.4m from £51.3m, after distributions of £14.8m during the year.

### 2. Market Overview

The first truly global energy crisis, triggered by Russia's invasion of Ukraine, has sparked unprecedented momentum for renewables. Fossil fuel supply disruptions have underlined the energy security benefits of domestically generated renewable electricity, leading many countries to strengthen policies supporting renewables. Meanwhile, higher fossil fuel prices worldwide have improved the competitiveness of solar PV and wind generation against other fuels.

The Company's indirect subsidiaries are focused on wind and solar renewable technologies which continue to dominate renewable capacity expansion. Within the UK, 53GW of renewables have been installed to date. There is increasing political support, with the UK being the first country to legislate for net-zero (by 2050). The government has signalled renewed support for onshore wind and announced plans to fully decarbonise UK electricity generation by 2035. The Contracts for Difference (CfD) Allocation Round 5 (AR5), the results of which are expected to be published in July 2023, includes an auction for established ('Pot 1') technologies such as onshore wind and solar PV. A further CfD AR6 auction is expected to be scheduled for 2024. Additionally, corporate demand for renewable power is strong and expected to remain robust. The market for corporate PPAs exists and is developing for grid-connected wind and solar PV projects.

Projections for onshore renewable deployment in the UK are strong with solar PV expected to add 13GW and onshore wind anticipated to add a further 11GW by the end of the decade.

In the 2022 Autumn Statement, the UK Government announced a new Electricity Generator Levy (EGL), effective from 1 January 2023 until March 2028. This is to tax an element of the additional profits made by certain low-carbon UK electricity generators as a result of the sharp increase in energy costs. The Levy is a 45% tax on exceptional receipts, being wholesale exported electricity that exceed an average price of £75/MWh. There is an annual allowance of £10m per group before the Levy is applicable. For the purpose of the EGL, the Company's direct subsidiary, Cubico Holdings (UK) 2 Limited and its subsidiaries are considered to be one group. Any amounts due in relation to the EGL would impact the cashflows of the Company's direct and indirect subsidiaries and therefore the fair value of the Company's investment in subsidiaries. The Company's directors expect the Company's subsidiaries to be subject to the Levy based on forecast power prices, however, the amount is dependent on variable power prices. If power prices decrease over the coming years, the Company's Levy charge could be nil if the Cubico Holdings (UK) 2 Limited group's exceptional receipts are below the £10m annual allowance.

# Cubico Holdings (UK) Limited

## Strategic report (continued)

### 3. Our Strategy

The Company invests in projects, through indirect subsidiaries, deploying renewable technologies (onshore wind and solar PV) that produce environmentally friendly energy and takes a long-term approach to investing, focussing on delivering maximum and sustainable returns at appropriate risk to create real shareholder value.

The Company's subsidiaries are in a stable portfolio of operating projects and the Company remains open to opportunities to add to the portfolio with existing or adjacent technologies.

### 4. Management outlook

The Company's current portfolio is generally performing consistently with the Board's expectations without any material operating issues. The Board expects that the Company will be able to continue its steady operating performance both for 2023 and in the longer term, supporting the payment of predictable long-term distributions. The Company's diverse portfolio, in terms of its technology, assists in smoothing out the short-term variability in production that is expected by projects which are subject to variable meteorological conditions.

#### Brexit

Management have considered the implications of and potential impact on the Company of the UK's withdrawal from the European Union. We believe our business model is robust enough and adaptable to foreseeable short-term disruption which might arise following the transition period. The most likely impact would come from any resulting macroeconomic changes, including changes in interest rates, which could impact discount rates and inflation in relation to the Company's investments held at fair value.

### 5. Key Performance Indicators

The Company sets out below its Key Performance Indicators (KPIs) which it utilises to track its performance over time against its objectives.

Category	KPI	2022	2021
Financial	Investments at fair value through profit or loss (refer to note 8)	£107.4m	£51.3m

Investments at fair value through profit or loss increased from £51.3m to £107.4m, driven by higher power price curves and inflation during the year leading to a fair value gain of £70.9m (2021: £3.5m). The increase in fair value was net of distributions totalling £14.8m received during the year from the Company's direct subsidiary.

# Cubico Holdings (UK) Limited

## Strategic report (continued)

### 6. Risks and Risk Management

The Company owns a portfolio of renewable energy investments, through its investment in subsidiaries.

The Company manages risk by maintaining a risk register which encompasses all risks to the Company and its direct and indirect subsidiaries, which may ultimately impact the valuation of the Company's investments held at fair value. The Company is also responsible for ensuring that the Company's subsidiaries appropriately manage the risks identified. The process for identifying, mitigating and managing risks of the Company is set out by the Group Risk Management Committee ('GRMC') and is reviewed by the Groups' Audit and Risk sub-committee ('ARC') to ensure that procedures are in place to identify principal risks, mitigate and minimise the impact of those risks.

While there are a broad range of risk elements that may potentially impact the Company and its investments in subsidiaries, including ones relating to general macro-economic factors, there are two principal risk categories that management will focus its attention on in 2023:

Principle Risk	RR-Rating <sup>1</sup>	Risk Description	Key Mitigants and Controls
<b>Merchant Power Prices (Electricity prices moving adversely)</b>	<b>HIGH</b> [Likelihood = 4; Severity = 3]	<p>The Company's indirect subsidiaries' revenues have both fixed price elements and exposure to market rates in the Power Purchase Agreements ("PPAs"). Movement in prices directly impact the valuation the Company's investments held at fair value.</p> <p>Fixed price power contracts also revert to spot prices on their expiry and do not typically cover the full operating life of the asset. The spot price for electricity is volatile and is linked to gas prices. Adverse movements in market rates (against spot rates and expected rates built into the valuation model) will lead to financial loss and impact the valuation of the Company's investments held at fair value.</p>	<ul style="list-style-type: none"> <li>The Company closely monitors the merchant power prices exposure by assessing the resilience of the portfolio to future variations of electricity prices and regularly updates the projections on merchant power prices;</li> <li>The Company monitors current and forecasted electricity prices via the engagement with an independent market expert, where opportunities to fix prices are proactively tracked;</li> <li>The Company regularly monitors the impact of low power prices on its value;</li> <li>The Treasury Committee assesses the use of hedging to mitigate merchant price volatility; and</li> <li>Inhouse Merchant Market Analyst analyses exposure across the portfolio</li> </ul>
<b>Political &amp; Regulatory Risk</b>	<b>HIGH</b> [Likelihood = 3; Severity = 3]	<p>Political risk around contractual frameworks, in particular, government subsidies (FiTs, ROCs, tax incentives, etc) are unilaterally withdrawn or renegotiated or further windfall taxes are introduced leading to financial loss and impacting the valuation of the Company's investments in subsidiaries. This also includes risk of non-payment (or late payment) by the government and utility companies.</p> <p>Political risk also include major disruptions, change of government, tax legislation, new regulatory framework and significant changes in macroeconomic indicators, including interest rates and inflation. Geopolitical events can have a direct impact on global gas and power prices which can impact electricity prices (see above)</p>	<ul style="list-style-type: none"> <li>Investments are within the UK which has credible and stable legal frameworks;</li> <li>Monitoring of political and regulatory developments within the UK through regular dialogue with professional advisor; and</li> <li>PPAs are only entered into with financially strong counterparties with strong credit ratings.</li> </ul>

<sup>1</sup> The Group's risk register assigns a score (the "RR-Score": low, medium, high or extreme) based on the risk likelihood (1 – rare to 5 – almost certain) and risk severity (1 – insignificant to 5 – catastrophic).

# Cubico Holdings (UK) Limited

## Strategic report (continued)

### 6. Risks and Risk Management (continued)

Further comment on these categories is provided below:

#### **Movement in Electricity Prices**

The Company believes that it is necessary to take a long-term view on electricity prices – particularly wholesale prices – which is done in consultation with an independent energy price forecaster, as the Company's indirect subsidiaries have revenues that comprise a large proportion of subsidies, such as fixed price Feed in Tariffs (FITs) and Renewable Obligation Certificates (ROCs) together with power purchase agreements (PPAs) with fixed prices or price floors.

Electricity prices surged to record highs across the UK and Europe in 2022. Price increases were a result of significant supply disruptions following the Russian invasion of Ukraine, which was shortly after a rebound in demand in 2021 following the easing of global lockdowns.

Longer term price pressures may arise from factors such as increases in demand for electrical power, increases in carbon taxes following further international cooperation in decarbonisation initiatives, trends towards greater electrical usage in the transportation sector, the ongoing phasing out of heavily polluting coal-fired power stations and the net reduction in nuclear energy generation expected in the UK over the years ahead.

### 7. Sustainability

Sustainability is embedded in the Company's strategy through its investment in subsidiaries and in particular, its subsidiaries approach to producing energy, consuming resources and how the subsidiaries treat the land and communities where they operate.

The Company assesses material issues affecting the Company and its investments in subsidiaries. This includes Environment, Social and Governance ('ESG') risks such as the environment, health and safety, natural disasters, adverse weather, contractors and compliance, which ultimately may impact the value of the Company's investments in subsidiaries.

#### **Environment**

The Company is dedicated to curbing emissions and producing cleaner energy. The Company's investments in energy projects, through the Company's indirect subsidiaries, supports the transition to a low-carbon energy future.

#### **Social**

##### **Health and safety**

Health and safety is important to the Company and can impact the valuation of the Company's investments in subsidiaries. The Company and its subsidiaries take their responsibility seriously to ensure the health and safety of those working at the solar and wind sites and the community at large. Site managers at assets owned by the Company's indirect subsidiaries oversee health and safety practices.

#### **Governance**

The Company's board role is to oversee execution of the Company's business strategy and ensure the operational and financial performance of the Company and its direct and indirect subsidiaries, which ultimately impact the valuation of the Company's investments held at fair value.

# Cubico Holdings (UK) Limited

## Strategic report (continued)

### 7. Sustainability (continued)

#### Section 172(1) Statement

Section 172 of the Companies Act 2006 requires that a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard, amongst other matters to:

- a) the likely consequences of any decision in the long term;
- b) the interests of the company's employees;
- c) the need to foster the company's business relationships with suppliers, customers and others;
- d) the impact of the company's operations on the community and the environment;
- e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the company.

The Company provides disclosures relevant to the requirements of Section 172(1) throughout the Strategic Report. Please refer to the table below for a reference to where this information can be found:

Section 172(1) statement area	Commentary / Reference
The issues, factors and stakeholders the Directors consider relevant in complying with section 172 (1) (a) to (f) and how they have formed that opinion.	The Company's ultimate parent undertaking is scheduled to conduct board meetings at least four times a year to discuss matters pertaining to the Group and the Company, which the directors of the Company attend or are informed of. As a result, the Directors are kept fully informed of matters relevant to the Company.
(a) the likely consequences of any decision in the long term,	<p>The Company's Board considers the likely consequences on all stakeholders of decisions taken. We acknowledge that every decision we make will not necessarily result in a favourable outcome for all of our stakeholders. The Company's Board aims to make sure that decisions are consistent and predictable.</p> <p>The Company's investments in subsidiaries are in a stable portfolio of operating projects with a limited number of decisions required that would result in consequences for stakeholders. However, the board will consider the impact on all stakeholders of decisions taken.</p>
(b) the interests of the company's employees,	The Company has no employees.
(c) the need to foster the company's business relationships with suppliers, customers and others.	<p>The Company's board is not directly involved in engagement with stakeholders such as partners, suppliers, customers, local communities, lenders and other external stakeholders. However, the Company's board requires that its subsidiaries, both direct and indirect, have strong mutually beneficial relationships with these principal stakeholders as they are integral to the Company's subsidiaries held as an investment portfolio, which own operational wind and solar assets. Consequently, they are key stakeholders of the Company.</p> <p>The Company is committed to the ethical and sustainable conduct of business. To protect the long-term value of the Company's investments in subsidiaries, the Board takes a long-term approach. The Board expects all stakeholders of the Company to</p>

# Cubico Holdings (UK) Limited

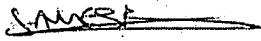
	<p>comply with the values and requirements of the Group's Supplier Code of Conduct, and to ensure that they are also applied within their own supply chains</p> <p><u>Shareholders:</u></p> <p>The Company's Board of Directors is ultimately accountable to the Company's shareholders for the running of the business and the making of key strategic decisions.</p> <p><u>Partners:</u></p> <p>GLIL Renewable Holdings Limited, a subsidiary of GLIL Infrastructure LLP, is a co-investor and partner in the Company's subsidiary, Cubico Holdings (UK) 2 Limited. The quality of our partner relationships is a key consideration in choosing who the Company co-invests with.</p> <p>We work together with our partners to deliver the best solutions for our renewable energy projects, with regular meetings held with our partners and quarterly board meetings of the Company's direct subsidiary.</p> <p><u>Suppliers:</u></p> <p>Key operational suppliers to the Company's indirect subsidiaries include Original Equipment Manufacturers ("OEMs"), spare part O&amp;M providers and asset managers. Our asset managers maintain relationships with the site landowners.</p> <p>Other suppliers include technical, financial and legal advisors.</p> <p>The Company is committed to ensuring its subsidiaries work with suppliers that share our values, are suitably skilled and have been vetted in accordance with the Group's Procurement and Business Partner Vetting Policy.</p> <p><u>Customers:</u></p> <p>As an energy provider, the Company's indirect subsidiaries' key customers are PPA counterparties and energy offtakers. These offtakers receive the output of energy in exchange for revenue payments.</p> <p><u>Lenders:</u></p> <p>The Company's direct subsidiary has entered into long term project financing with a consortium of leading international banking groups and has a direct impact on the Company's investments in subsidiaries.</p>
(d) the impact of the company's operations on the community and the environment,	<p>The Company recognises its responsibility towards the environment and society.</p> <p>The Company's investments in renewable energy projects, through indirect subsidiaries, will contribute to reducing global greenhouse gas emissions and slowing climate change, resulting in a safer and healthier environment for the local communities in which we operate.</p>
(e) the desirability of the company maintaining a reputation for high standards of business conduct, and	<p>The Company and its direct and indirect subsidiaries apply certain policies set by the ultimate parent undertaking, such as the General Code of Conduct, Anti-Bribery and Corruption Policy, Environmental and Social Policy, and its Modern Slavery Statement. The ultimate parent undertaking's board periodically reviews and approves clear frameworks to ensure that high standards are maintained.</p>
(f) the need to act fairly as between members of the company.	<p>After weighing up all relevant factors, the Directors consider which course of action best enables delivery of the Company's strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, the Directors act fairly as between the Company's members.</p>



# Cubico Holdings (UK) Limited

## Strategic report (continued)

Approved by the Company's Board on 30<sup>th</sup> June 2023 and signed on its behalf on by:



James Pinney  
For and on behalf of  
Cubico Holdings (UK) Limited

# Cubico Holdings (UK) Limited

## Directors' Report

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2022.

### General information

Cubico Holdings (UK) Limited (the "Company") is a private company limited by shares and incorporated in England and Wales on 9 March 2016 and domiciled in the United Kingdom.

### Principal activities

The primary activity of the Company is that of a holding company of investments, through direct and indirect subsidiaries, for its immediate parent undertaking, Cubico Sustainable Investments Limited. The Directors do not anticipate any changes to the business activities in the forthcoming year.

### Registered office and principal place of business

The address of the Company's registered office and principal place of business is 70 St Mary Axe, London, England, EC3A 8BE.

### Independent Auditors

Deloitte LLP  
1 New Street Square  
London  
EC4A 3HQ

### Principal bankers

Santander UK Plc  
2 Triton Square  
Regent's Place  
London NW1 3AN

### Future developments

The Directors do not anticipate any significant change in the Company's activities as a result of future developments.

### Results and dividends

The Company reported a profit of £70,030k for the financial year ending 31 December 2022 (2021: £2,286k).

No interim dividends were paid during the year (2021: nil). The Directors do not recommend the payment of a final dividend (2021: nil).

### Carbon emissions

The Company is an intermediate holding company with no operations and consequently does not have any emissions.

### Post balance sheet events

Refer to note 13: Events occurring after the reporting date.

# Cubico Holdings (UK) Limited

## Directors' Report (continued)

### Directors and Directors' interests

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Name	Status	Date of Appointment	Date of resignation
Matthew Donaldson	Active	23 July 2021	
James Pinney	Active	1 August 2022	
Steven Drapper	Active	1 April 2022	
Matthew Boss	Resigned	2 September 2020	1 August 2022
David Swindin	Resigned	9 March 2016	1 April 2022

None of the Directors who held office during the financial year had any disclosable interests in the shares of the Company.

### Directors' third-party and pension scheme indemnity provisions

The Directors of the Company are indemnified under a qualifying third-party indemnity provision. Directors and Officers Liability Insurance policy indemnifies Directors 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. The policy was in force throughout the financial year and to the date of this report. The policy was taken out by the Company's ultimate parent undertaking, Cubico Sustainable Investments GP1 Limited, and is also in place for the Company and its direct and indirect subsidiaries.

### Political Contributions

There were no political donations made or political expenditure incurred during the year (2021: none).

### Financial risk management

Information on the management of financial risk is disclosed in Note 15 to the financial statements.

### Statement of going concern

The business activities are set out above. The financial position of the Company is set out in the financial statements. The Company currently meets its day-to-day working capital requirements through its intercompany funding. The continuation of the Company's activities is dependent upon the continuing support of its parent undertakings.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of signing the financial statements. The Company has received a letter of financial support from its immediate parent entity, Cubico Sustainable Investments Limited. The Company therefore continues to adopt the going concern basis in preparing its financial statements (refer to Note 2 for further information).

### Business relationships with suppliers and customers

How the Directors manage business relationships with suppliers, customers and others is disclosed in the Section 172(1) Statement in the Strategic Report.

# Cubico Holdings (UK) Limited

## Directors' Report (continued)

### Statement of disclosure of information to auditors

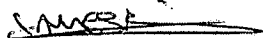
In the case of each director in office at the date the directors' report is approved, confirms that:

- 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board on 30<sup>th</sup> June 2023 and signed on its behalf on by:



James Pinney  
Director

# Cubico Holdings (UK) Limited

## **Statement of Directors' responsibilities in respect of the financial statements**

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

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

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 company and of the profit or loss of the company 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 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 to ensure that the financial statements comply with the Companies Act 2006 and to sufficiently show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company.

The Section 172(1) Statement is not published on the Company's website as the Company does not have its own website.

# Cubico Holdings (UK) Limited

## Independent auditors' report to the members of Cubico Holdings (UK) Limited

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of Cubico Holdings (UK) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31<sup>st</sup> December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- Income Statement;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows; and
- the related notes 1 to 17 of the financial statements, including Appendix 1.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

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.

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

# Cubico Holdings (UK) 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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 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.

## **Auditor's 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# Cubico Holdings (UK) Limited

## Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included environmental regulations and General Data Protection Regulation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the valuation of investments and our procedures performed to address this are described below:

- Evaluated the reasonableness of the assumptions utilised by management to derive the valuation of investments;
- Assessed the appropriateness of the underlying models utilised to derive the valuation for respective investments through sensitivity analyses;
- Performed an Analytical review on the cash flows generated by the investments and the adjustments to the valuation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house/external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports



# Cubico Holdings (UK) Limited

## Report on other legal and regulatory requirements

### 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 the directors' report have been prepared in accordance with applicable legal requirements.

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

### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

### 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.



Makhan Chahal ACA (Senior Statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

30<sup>th</sup> June 2023

# Cubico Holdings (UK) Limited

## Income statement

For the year ended 31 December 2022

Continuing operations	Note	Year ended 31 Dec 2022 £'000	Year ended 31 Dec 2021 £'000
Gain on investment held at fair value	8	70,868	3,458
<b>Operating profit</b>		<b>70,868</b>	<b>3,458</b>
Finance costs	6	(838)	(1,172)
<b>Profit before taxation</b>		<b>70,030</b>	<b>2,286</b>
Tax on profit	11	-	-
<b>Profit for the financial year</b>		<b>70,030</b>	<b>2,286</b>

The Company has no recognised gains or losses other than the profit for the year.

*The above income statement should be read in conjunction with the accompanying notes.*

# Cubico Holdings (UK) Limited

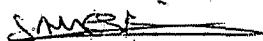
## Statement of financial position

As at 31 December 2022

	Note	31 Dec 2022 £'000	31 Dec 2021 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments at fair value through profit or loss	8	107,411	51,334
<b>Total fixed assets</b>		<b>107,411</b>	<b>51,334</b>
<b>Total assets</b>		<b>107,411</b>	<b>51,334</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	9	(169)	(3,588)
<b>Total current liabilities</b>		<b>(169)</b>	<b>(3,588)</b>
<b>Net current liabilities</b>		<b>(169)</b>	<b>(3,588)</b>
<b>Total assets less current liabilities</b>		<b>107,242</b>	<b>47,746</b>
<b>Non-current liabilities</b>			
Creditors: amounts falling due after more than one year	10	(10,236)	(20,770)
<b>Total non-current liabilities</b>		<b>(10,236)</b>	<b>(20,770)</b>
<b>Total liabilities</b>		<b>(10,405)</b>	<b>(24,358)</b>
<b>Net assets</b>		<b>97,006</b>	<b>26,976</b>
<b>EQUITY</b>			
Called up share capital	14	-	-
Share premium account	14	16,191	16,191
Retained earnings		80,815	10,785
<b>Total equity</b>		<b>97,006</b>	<b>26,976</b>

*The above statement of financial position should be read in conjunction with the accompanying notes.*

The financial statements of Cubico Holdings (UK) Limited (registered number 10051973) on pages 17 to 35 were approved by the Board of Directors on 30<sup>th</sup> June 2023 and signed on its behalf by:



James Pinney  
Director

# Cubico Holdings (UK) Limited

## Statement of changes in equity

For the year ended 31 December 2022

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
<b>As at 1 January 2021</b>	-	16,191	8,499	24,690
Profit for the financial year	-	-	2,286	2,286
<b>Total comprehensive income for the year</b>	-	-	2,286	2,286
<b>As at 31 December 2021</b>	-	16,191	10,785	26,976
Profit for the financial year	-	-	70,030	70,030
<b>Total comprehensive income for the year</b>	-	-	70,030	70,030
<b>As at 31 December 2022</b>	-	16,191	80,815	97,006

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

# Cubico Holdings (UK) Limited

## Statement of cash flows

For the year ended 31 December 2022

	Note	Year ended 31 Dec 2022 £'000	Year ended 31 Dec 2021 £'000
<b>Operating activities</b>			
Profit for the financial year		70,030	2,286
Adjustments for:			
Gain on investments held at fair value	8	(70,868)	(3,458)
Finance costs		838	1,172
Decrease in creditors		(3,263)	-
<b>Net cash flows used in operating activities</b>		<b>(3,263)</b>	<b>-</b>
<b>Investing activities</b>			
Receipts from sale of investments	8	-	-
Repayments from investments	8	14,791	5,442
<b>Net cash flows generated from investing activities</b>		<b>14,791</b>	<b>5,442</b>
<b>Financing activities</b>			
Interest paid		(994)	(3,207)
Repayment of shareholder loans		(10,534)	(2,235)
<b>Net cash flows used in financing activities</b>		<b>(11,528)</b>	<b>(5,442)</b>
<b>Increase in cash and cash equivalents for the year</b>		<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the year		-	-
<b>Cash and cash equivalents at the end of the year</b>		<b>-</b>	<b>-</b>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

# Cubico Holdings (UK) Limited

## Notes to the financial statements

### 1. Corporate information

Cubico Holdings (UK) Limited (the "Company") is a limited liability company incorporated in England and Wales and domiciled in the United Kingdom. The address of its registered office is 70 St Mary Axe, London, United Kingdom, EC3A 8BE. The Company's principal activities are disclosed in the Directors' Report.

### 2. Basis of preparation

#### (a) Basis of preparation and statement of compliance

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 ('FRS 102'), the Financial Reporting Standard Applicable in the UK and Republic of Ireland and the companies Act 2006.

The financial statements are prepared in pound sterling, which is the functional currency of the entity and rounded to nearest thousand unless stated otherwise.

These financial statements are separate financial statements. The Company has adopted FRS 102 and does not consolidate the investments it holds in accordance with FRS 102 section 9.9.

#### Basis of non-consolidation

The Company has acquired investments in its capacity as a holding company for its parent undertaking, Cubico Sustainable Investments Limited. In accordance with FRS 102 section 9.9, subsidiaries that are held as part of an investment portfolio shall be measured at fair value with changes in fair value recognised in the income statement. The Company treats its investments in subsidiaries and investments in joint ventures as an investment portfolio which is measured at fair value through profit and loss, as opposed to being consolidated on a line by line basis.

#### (b) Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### (c) Fair value measurement

Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety which are described as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs are the inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

# Cubico Holdings (UK) Limited

## Notes to the financial statements (continued)

### 2. Basis of preparation (continued)

#### (d) Going concern

The financial statements have been prepared on a going concern basis.

The Company currently meets its day to day working capital requirements through intercompany funding. The continuation of the Company's activities is dependent upon the continuing support of its parent undertakings. The Directors have concluded, after making enquiries that they have a reasonable expectation that the Company has access to adequate resources, and the support from its parent undertakings, to enable it to continue in operational existence for at least twelve months from approval of the financial statements. The Company has received a letter of financial support from its immediate parent undertaking, Cubico Sustainable Investments Limited. For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been applied consistently throughout the year, other than where new policies have been adopted.

### 3. 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 years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

The Company has chosen to adopt both the recognition and measurement provisions and disclosure requirements of Sections 11 and 12 of FRS 102 in respect of financial instruments.

#### (a) Investment at fair value through profit or loss

Investments are designated upon initial recognition to be accounted for at fair value through profit or loss in accordance with FRS 102. After initial recognition, investments at fair value through profit or loss are measured at fair value with changes recognised in the income statement.

Investments are derecognised on disposal or when no future economic benefits are expected from the investments.

The Company finances its direct subsidiary through capital contributions and loan. The loan to the subsidiary is unsecured, matures in 2041 and has no fixed repayment profile. Based on the fact that the contractual substance of the loan is that it is a capital contribution intended to provide the subsidiary with a long-term source of additional capital, the Company accounts for the financing as an investment in the subsidiary. In the event that the loan is considered to be not recoverable, as investments are measured at fair value through profit or loss, changes in fair value are recognised in the income statement.

Refer to note 4 for details of accounting estimates and assumptions used to determine the fair value of investments.

#### (b) Income tax expense

The income tax expense or credit for the year comprises current and deferred tax. Tax is recognised in the income statement.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

# Cubico Holdings (UK) Limited

## Notes to the financial statements (continued)

### 3. Significant accounting policies (continued)

#### (b) Income tax expense (continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future, or where there is an agreement in place that gives the Company the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### (c) Impairment

##### (i) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

##### (ii) Impairment of financial assets

The Company assesses at the end of each reporting year whether there is objective evidence that a financial asset or group of financial assets, other than those held at fair value through profit and loss is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimate future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised



# Cubico Holdings (UK) Limited

## Notes to the financial statements (continued)

### 3. Significant accounting policies (continued)

#### (c) Impairment (continued)

(such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

#### (d) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### (e) Foreign currency translation

##### *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in "Great British Pounds" (£), which is also the Company's functional currency.

#### (f) Investment income

Investment income from investments relates solely to returns from the Company's direct subsidiary. This is recognised when the right to receive interest income is determined on an accrual basis and dividends when these are received.

#### (g) Borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method, with the interest expense recognised in the income statement. Gains and losses are recognised in the income statement when liabilities are derecognised as well as through the amortisation process. Accrued interest is paid within 12 months of the reporting date and is classified as current and principal amounts due more than 12 months after the reporting date are classified as non-current.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, expires, or is transferred to another party. The difference between the carrying amount and any consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

### 4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual values may vary from these estimates. 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

# Cubico Holdings (UK) Limited

## Notes to the financial statements (continued)

### 4. Critical accounting judgements and key sources of estimation uncertainty (continued)

The Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and in the relevant notes to the financial statements.

#### Critical judgements in applying the accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements

##### *(i) Investments portfolio classification*

The Company considers its investments in subsidiary and joint ventures to be held as part of an investment portfolio. In accordance with FRS 102 section 9.9, a subsidiary which is held as part of an investment portfolio shall be measured at fair value through profit and loss, as opposed to being consolidated on a line by line basis with changes in fair value recognised in the income statement.

#### Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### *(ii) Investments held at fair value through profit or loss*

The Company's investments are measured at fair value for financial reporting purposes. These valuations are reviewed and approved by the Board. A list of subsidiaries is included in note 8.

The investments held at fair value through profit or loss, whose fair values include the use of Level 3 inputs, are valued by discounting future cash flows from investments to the Company at a discount rate when the assets are operational. The discount rate applied in the year ended 31 December 2022 valuation was 6.5% (2021: 5.5%). The discount rate is a significant Level 3 input and a change in the discount rate applied could have a material effect on the fair value of the investments held at fair value through profit and loss. Other material inputs in the measurement of fair value are the forward looking power price curves and inflation.

As at 31 December 2022, the Company owned 1 investment (2021: 1), 17 indirect subsidiaries (2021: 17) and 2 joint ventures which are indirectly held by the Company (2021: 2).

The carrying amount of investments held at fair value through profit and loss at 31 December 2022 was £107,411k (2021: £51,334k).

The Company and its immediate parent undertaking, Cubico Sustainable Investments Limited, under the Investment Exemption rule hold investments at fair value.

The table below sets out the information about significant unobservable inputs used at 31 December 2022 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

#### Valuation methodology

The Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuation.

# Cubico Holdings (UK) Limited

## Notes to the financial statements (continued)

### 4. Critical accounting judgements and key sources of estimation uncertainty (continued)

#### (ii) Investments held at fair value through profit or loss (continued)

##### Discount rates

The discount rate used for valuing the renewable infrastructure investment is based on both the industry discount rate and on the specific circumstances of the project. The risk premium takes into account risks and opportunities associated with the investment earnings.

The post-tax discount rate used for valuing the investment is as follows:

Discount rate	31 Dec 2022
Discount rate	6.5%

A change to the discount rate by plus or minus 0.25% has the following effect on the valuation:

Discount rate	+0.25% change £m	-0.25% change £m
Fair value at 31 December 2022	(1.6)	1.6
Fair value - percentage movement	(1.5%)	1.5%

##### Power prices

Power price forecasts are based on the base case assumptions from the valuation date and throughout the operating life of the investment. The base case power pricing is based on the current forecast real price reference curve data provided by a leading power price forecaster, adjusted to reflect the value the market will place on such generation in an arm's length transaction.

A change in the forecast electricity price assumptions by plus or minus £5.00 has the following effect:

Power prices	+£5.00 change £m	-£5.00 change £m
Fair value at 31 December 2022	7.1	(7.0)
Fair value - percentage movement	6.6%	(6.5%)

# Cubico Holdings (UK) Limited

## Notes to the financial statements (continued)

### 4. Critical accounting judgements and key sources of estimation uncertainty (continued)

#### (ii) Investments held at fair value through profit or loss (continued)

The table below shows the sensitivity of the investment to changes in long term inflation by plus or minus 1%:

Long term inflation	+1.0% change £m	-1.0% change £m
Fair value at 31 December 2022	10.0	(9.0)
Fair value - percentage movement	9.3%	(8.4%)

### 5. Independent auditors' remuneration

Independent auditors' remuneration has been paid by Cubico Sustainable Investments Limited on behalf of all Group companies.

	Year ended 31 Dec 2022 £'000	Year ended 31 Dec 2021 £'000
Fees payable to the independent auditors for the audit of the financial statements	7	5
<b>Total independent auditors' remuneration</b>	<b>7</b>	<b>5</b>

### 6. Finance costs

	Year ended 31 Dec 2022 £'000	Year ended 31 Dec 2021 £'000
Interest payable on shareholder loans	(838)	(1,172)
	<b>(838)</b>	<b>(1,172)</b>

### 7. Employees

The Company had no employees in the current financial year (2021: none)

No Directors were remunerated for their services to the Company (2021: none).

# Cubico Holdings (UK) Limited

## Notes to the financial statements (continued)

### 8. Investments at fair value through profit or loss

The following table shows the movement in investments in subsidiaries during the year:

	2022 £'000	2021 £'000
<b>Investments in subsidiaries at fair value at 1 January</b>	<b>51,334</b>	<b>53,318</b>
Interest income	2,532	2,731
Unrealised gain on investment	68,336	727
<b>Gain on investment held at fair value</b>	<b>70,868</b>	<b>3,458</b>
Distributions received	(14,791)	(5,442)
<b>Investments in subsidiaries at fair value at 31 December</b>	<b>107,411</b>	<b>51,334</b>

Distributions received represent repayment of shareholder loan interest and principal from subsidiary. Shareholder loans are intended to provide the subsidiary with a long-term source of additional capital and are accounted for as an investment in the subsidiary. Therefore, the repayment of interest and principal is included in the movement in investments at fair value through profit and loss. The Shareholder loan is unsecured and bears interest of 5.25%. The loan matures on 19 February 2041 and has no fixed repayment profile. Credit risk refers to the risk that the subsidiary will default on its shareholder loan and not pay distributions to the Company. This risk is considered remote as the cash flows have been assessed in the fair value of investments and the fact that the Company and its subsidiary have a common ultimate controlling party, Cubico Sustainable Investments GP 1 Limited.

The cost of investments are funded by the parent company, Cubico Sustainable Investments Limited.

#### (a) Subsidiaries

Subsidiary at 31 December and the Company's percentage of share capital (to the nearest whole number) are set out below:

	Address of the registered office	Principal Activity	Class of Shares	Holding 31 Dec 2022	Holding 31 Dec 2021
Cubico Holdings (UK) 2 Limited	70 St Mary Axe, London, United Kingdom, EC3A 8BE	Holding Company	Ordinary	51%	51%

The proportion of the voting rights in the subsidiary undertakings held directly by the Company do not differ from the proportion of ordinary shares held.

Refer to Appendix 1 for a list of indirectly held subsidiaries.

#### (b) Joint Ventures

The fair value of joint ventures is included within the fair value of investments in subsidiaries (see above). The following table shows the movement in investments in joint ventures during the year:

	2022 £'000	2021 £'000
Investments in joint ventures at fair value at 1 January	-	-
<b>Investments in joint ventures at fair value at 31 December</b>	<b>-</b>	<b>-</b>

Refer to Appendix 1 for a list of indirectly held joint ventures. The Company has no commitments relating to joint ventures.

# Cubico Holdings (UK) Limited

## Notes to the financial statements (continued)

### 9. Creditors – amounts falling due within one year

	31 Dec 2022	31 Dec 2021
	£'000	£'000
Amounts owed to Group undertakings	169	3,588
	<b>169</b>	<b>3,588</b>

Due to the short-term nature of the current payables, their carrying value is assumed to approximate their fair value. £169k (2021: £326k) of the amounts owed to Group undertakings relate to accrued interest on the shareholder loan (note 10). Amounts are unsecured and interest free. The decrease in the creditor balance is due to the payment of a service fees amounting to £3,261k during 2022 pertaining to 2019 and 2020.

### 10. Creditors – amounts falling due after more than one year

	31 Dec 2022	31 Dec 2021
	£'000	£'000
Amounts owed to Group undertakings (measured at amortised cost)	10,236	20,770
	<b>10,236</b>	<b>20,770</b>

The shareholder loan of £10,236k (2021: £20,770k) is unsecured. The loan matures on 19 February 2041 and bears interest at 5.25% per annum. The loan does not have a fixed repayment profile.

The carrying amount of borrowings is equal to fair value.

### 11. Tax on profit

#### (a) Income tax expense

	Year end 31 Dec 2022	Year end 31 Dec 2021
	£'000	£'000
<i>Current tax charge</i>		
UK Corporation tax for the year	-	-
<b>Total current tax charge</b>	-	-
Deferred tax charge for the year	-	-
<b>Total tax charge in the income statement</b>	-	-

# Cubico Holdings (UK) Limited

## Notes to the financial statements (continued)

### 11. Tax on profit (continued)

#### (b) Reconciliation of the total tax charge

Tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2022 UK of 19% (2021: 19%).

The differences are reconciled below:

	Year ended 31 Dec 2022 £'000	Year end 31 Dec 2021 £'000
Profit before taxation	70,030	2,286
Profit before taxation multiplied by the UK standard rate of corporation tax of 19% (2021: 19%)	13,306	434
Tax effects of:		
Income not subject to tax	(13,059)	(138)
Effects of group relief/ other reliefs	(247)	(296)
<b>Total tax charge in the income statement</b>	-	-

The UK rate of corporation tax has increased from 19% to 25% from 1 April 2023, as legislated by the Finance Act 2021. There is no impact following the enactment of Finance Act 2022 in February 2022.

There is no expiry date on any timing differences, unused tax losses and unused tax credits.

### 12. Contingent liabilities and contingent assets

The Company had no contingent liabilities or assets at 31 December 2022 (2021: none).

### 13. Events occurring after the reporting date

There were no material events after the reporting date.

### 14. Share capital and share premium

#### Share capital and share premium

	31 Dec 2022		
	Number of Shares	Par Value £'000	Share Premium £'000
Ordinary shares			
Fully paid A class shares with a share value of £0.01 each	502	-	16,191
Fully paid B class shares with a share value of £0.01 each	500	-	-
<b>Total share capital and share premium</b>	<b>1,002</b>	<b>-</b>	<b>16,191</b>

	31 Dec 2021		
	Number of Shares	Par Value £'000	Share Premium £'000
Ordinary shares			
Fully paid A class shares with a share value of £0.01 each	502	-	16,191
Fully paid B class shares with a share value of £0.01 each	500	-	-
<b>Total share capital and share premium</b>	<b>1,002</b>	<b>-</b>	<b>16,191</b>

# Cubico Holdings (UK) Limited

## Notes to the financial statements (continued)

### 14. Share capital and share premium (continued)

#### Ordinary shares

A class ordinary shares carry full economic rights, along with voting rights in all matters except the appointment of directors. B class ordinary shares carry nominal economic rights and provide no voting rights other than in relation to the appointment of directors.

At 31 December 2022:

- 100% of the A class ordinary shares were held by Cubico Sustainable Investments Limited
- 83% of the B class ordinary shares were held by Cubico Sustainable Investments Limited and 17% by 35Moront Corp.

### 15. Risk management

#### (a) Capital management

Capital consists of equity attributable to the equity holders of the Company. The Company met its primary capital management objective of ensuring that it has sufficient funds to invest in the Company's portfolio of renewable energy infrastructure companies and safeguard the Company's ability to continue as a going concern.

The Company is not subject to any externally imposed capital requirements.

To maintain or adjust the capital structure, the Company may issue new shares for cash, engage in active portfolio management, or other such restructuring activities as appropriate.

No significant changes were made in the objectives, policies or processes during the year ended 31 December 2022.

#### (b) Financial risk management

The Company's principal financial assets and liabilities comprise amounts owed to group undertakings (notes 9 and 10) which arise directly from its operations. The main purpose of these financial instruments is to manage short-term cash flow and provide finance for the Company's operations.

Details of significant accounting policies and methods adopted in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to these financial statements.

The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are credit, interest rate and liquidity risks.

#### (i) Credit risk

Credit risk refers to the risk that a third party will default on its contractual obligations resulting in financial loss to the Company. The Company has no financial assets with third parties. The credit risk on balances owed by the Company's subsidiary refers to the risk that the Company's subsidiary will default on its shareholder loan. This risk is considered remote as the cash flows have been assessed in the fair value of investments and the fact the Company and its subsidiary have a common ultimate controlling party, Cubico Sustainable Investments GP 1 Limited.



# Cubico Holdings (UK) Limited

## Notes to the financial statements (continued)

### 15. Risk management (continued)

#### (ii) Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings.

	31 Dec 2022 £'000
<i>Financial liabilities</i>	
Amounts owed to Group undertakings (note 10)	(10,236)
<b>Net Exposure</b>	<b>(10,236)</b>
	31 Dec 2021 £'000
<i>Financial liabilities</i>	
Amounts owed to Group undertakings (note 10)	(20,770)
<b>Net Exposure</b>	<b>(20,770)</b>

#### (iii) Liquidity risk

The Company has a liquidity risk arising from the ability to fund its liabilities and project commitments. This risk is managed by ensuring that the Company has sufficient funds to meet those commitments by monitoring the expected total cash inflows and outflows on a continuous basis.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining year at the balance sheet date to the contractual maturity date.

	Due within one (1) year £'000	Due later than one (1) year but within five (5) years £'000	Due later than five (5) years £'000	Total £'000
<b>As at 31 December 2022</b>				
<i>Non-derivative financial liabilities</i>				
Amounts owed to Group undertakings (note 9)	169	-	-	169
Amounts owed to Group undertakings (note 10)	-	-	10,236	10,236
<b>Total</b>	<b>169</b>	<b>-</b>	<b>10,236</b>	<b>10,405</b>

	Due within one (1) year £'000	Due later than one (1) year but within five (5) years £'000	Due later than five (5) years £'000	Total £'000
<b>As at 31 December 2021</b>				
<i>Non-derivative financial liabilities</i>				
Amounts owed to Group undertakings (note 9)	3,588	-	-	3,588
Amounts owed to Group undertakings (note 10)	-	-	20,770	20,770
<b>Total</b>	<b>3,588</b>	<b>-</b>	<b>20,770</b>	<b>24,358</b>

# Cubico Holdings (UK) Limited

## Notes to the financial statements (continued)

### 16. Controlling parties

The immediate parent undertaking and immediate controlling party is Cubico Sustainable Investments Limited, incorporated in England & Wales, registered address 70 St Mary Axe, London, United Kingdom, EC3A 8BE.

The ultimate parent undertaking and ultimate controlling party is Cubico Sustainable Investments GP 1 Limited, incorporated in England & Wales, registered address 70 St Mary Axe, London, United Kingdom, EC3A 8BE.

### 17. Related party transactions

#### (a) Entities over which the Company has control

The Company accounts for investments in subsidiaries at fair value. Details of the subsidiary and transactions during the year are disclosed in note 8.

#### (b) Entities with control, joint control or significant influence over the Company

The name and relationship of related parties is set out below:

Entity	Relationship
Cubico Sustainable Investments Limited	Immediate parent
Cubico Sustainable Investments GP 1 Limited	Ultimate parent

#### (c) Transactions and outstanding balances arising on transactions with entities over which the Company has control

Transactions during the year with related parties:

	31 Dec 2022 £'000	31 Dec 2021 £'000
<i>Cubico Holdings (UK) 2 Limited:</i>		
Interest income	2,532	2,731
Receipt of shareholder loan (including interest)	14,791	5,442

Outstanding balances with related parties at the year end:

	31 Dec 2022 £'000	31 Dec 2021 £'000
<i>Cubico Holdings (UK) 2 Limited:</i>		
Shareholder loan principal receivable	41,164	52,020
Accrued interest receivable	956	2,358

# Cubico Holdings (UK) Limited

## Notes to the financial statements (continued)

### 17. Related party transactions (continued)

#### (d) Transactions and outstanding balances arising on transactions with entities with control, joint control or significant influence over the Company

Transactions during the year with related parties:

	31 Dec 2022 £'000	31 Dec 2021 £'000
<i>Cubico Sustainable Investments Limited:</i>		
Interest expense	(838)	(1,172)
Payment of shareholder loan (including interest)	(11,529)	(5,442)
Payment of management services	(3,261)	-

Outstanding balances with related parties at the year end:

	31 Dec 2022 £'000	31 Dec 2021 £'000
<i>Cubico Sustainable Investments Limited:</i>		
Shareholder loan principal payable	(10,236)	(20,770)
Accrued interest payable	(169)	(326)
Management services payable	-	(3,261)

Transactions with related parties and balances due, are under normal terms and conditions.

# Cubico Holdings (UK) Limited

## Appendix 1

### (a) Subsidiaries

Set out below are details of the subsidiaries and percentage of share capital (to the nearest whole number) held by the Company's subsidiary, Cubico Holdings (UK) 2 Limited, as at 31 December:

	Address of the registered office	Principal Activity	Class of Shares	Holding 31 Dec 2022	Holding 31 Dec 2021
Broxton Solar Co Limited	70 St Mary Axe, London, United Kingdom, EC3A 8BE	Production of electricity	Ordinary	100%	100%
Middlewick Wind Farm Limited	70 St Mary Axe, London, United Kingdom, EC3A 8BE	Production of electricity	Ordinary	100%	100%
Wandylaw Wind Farm Limited	70 St Mary Axe, London, United Kingdom, EC3A 8BE	Production of electricity	Ordinary	100%	100%
Newlands Farm Solar Park Limited	70 St Mary Axe, London, United Kingdom, EC3A 8BE	Production of electricity	Ordinary	100%	100%
Bake Farm Solar Farm Limited	70 St Mary Axe, London, United Kingdom, EC3A 8BE	Production of electricity	Ordinary	100%	100%
Barton Close Farm Solar Park Limited	70 St Mary Axe, London, United Kingdom, EC3A 8BE	Production of electricity	Ordinary	100%	100%
Grantham Solar Farm Limited	70 St Mary Axe, London, United Kingdom, EC3A 8BE	Production of electricity	Ordinary	100%	100%
Hadlow Solar Park Limited	70 St Mary Axe, London, United Kingdom, EC3A 8BE	Production of electricity	Ordinary	100%	100%
BWE (7) Limited	Saltire Court, 20 Castle Terrace, Edinburgh, Scotland, EH1 2EG	Production of electricity	Ordinary	100%	100%
BWE (5) Limited	Saltire Court, 20 Castle Terrace, Edinburgh, Scotland, EH1 2EG	Production of electricity	Ordinary	100%	100%
Overton Solar Farm Limited	70 St Mary Axe, London, United Kingdom, EC3A 8BE	Production of electricity	Ordinary	100%	100%
Southfield Farm Solar Park Limited	70 St Mary Axe, London, United Kingdom, EC3A 8BE	Production of electricity	Ordinary	100%	100%
Wisbech Solar Farm Limited	70 St Mary Axe, London, United Kingdom, EC3A 8BE	Production of electricity	Ordinary	100%	100%
Chiplow Wind Farm Limited	70 St Mary Axe, London, United Kingdom, EC3A 8BE	Production of electricity	Ordinary	100%	100%
Kelmarsh Wind Farm Ltd	70 St Mary Axe, London, United Kingdom, EC3A 8BE	Production of electricity	Ordinary	100%	100%
Winwick Wind Farm Ltd	70 St Mary Axe, London, United Kingdom, EC3A 8BE	Production of electricity	Ordinary	100%	100%
Penmanshiel Energy Limited	70 St Mary Axe, London, United Kingdom, EC3A 8BE	Production of electricity	Ordinary	100%	100%

### (c) Joint ventures of subsidiaries

Set out below are details of the two joint venture holdings held by the Company's indirect subsidiaries, Bake Farm Solar Farm Limited and BWE (5) Limited, respectively, as at 31 December:

	Address of the registered office	Principal Activity	Class of Shares	Holding 31 Dec 2022	Holding 31 Dec 2021
Britford Solar Connection Limited	70 St Mary Axe, London, United Kingdom, EC3A 8BE	Grid infrastructure	Ordinary	50%	50%
Solar Connections (New Mains of Guynd) Limited	Saltire Court, 20 Castle Terrace, Edinburgh, Scotland, EH1 2EG	Grid infrastructure	Ordinary	50%	50%