
HEART OF ENGLAND COMMUNITY ENERGY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

COMPANY INFORMATION

Directors	E Appleton P Fairburn G A Guy R Hampson Dr S Juned M A McNally (resigned 15 June 2025) D G Passingham J D Stott (Chair)
Company secretary	Communities for Renewables C.I.C.
Registered number	RS007232
Registered office	Redruth House Cornwall Business Park West, Scorrier Redruth Cornwall TR16 5EZ
Independent auditors	Griffin Chartered Accountants & Statutory Auditor Courtenay House Pynes Hill Exeter Devon EX2 5AZ

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

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HEART OF ENGLAND COMMUNITY ENERGY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

The directors present their report and the financial statements for the year ended 31 December 2025.

Business and purpose

Heart of England Community Energy Limited owns three community solar farms through its subsidiaries Leys Solar Energy CIC, Poplars Solar Energy CIC and Willows Solar Energy CIC. All group companies are asset locked and operated for the benefit of the community.

In addition to over-seeing the operation of the solar farms, the board's focus is on the Objects of the Society to maximise community benefit from the generation of renewable electricity in South Warwickshire and nearby areas.

2025 was an exceptional year for the group, with the three solar farms all benefitting from high power prices for electricity sales, which were secured during the 2022 energy crisis, and solar irradiance that was 10% above the long term average. As a result, group income in 2025 is £1.8m higher than revenue in 2024.

For 2026, power prices have fallen closer to the expected long term average, with group income projected to drop to £2.3m which is similar to the 2024 figure of £2.2m.

The increased income in 2025 has enabled repayment of all bond capital in the year and allocation of substantial surpluses for future community projects.

£367,589 was spent on community benefit projects in the year. A detailed breakdown of projects supported is included in the accounts.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

Directors

The directors who served during the year were:

E Appleton
P Fairburn
G A Guy
R Hampson
Dr S Juned
M A McNally (resigned 15 June 2025)
D G Passingham
J D Stott (Chair)

Disclosure of information to auditors

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

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

Auditors

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

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on _____ and signed on its behalf.

Director

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEART OF ENGLAND COMMUNITY ENERGY LIMITED

Opinion

We have audited the financial statements of Heart of England Community Energy Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2025, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2025 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or the Parent 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEART OF ENGLAND COMMUNITY ENERGY LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Group Strategic Report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEART OF ENGLAND COMMUNITY ENERGY LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Group 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:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing the supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEART OF ENGLAND COMMUNITY
ENERGY LIMITED (CONTINUED)**

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

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 Auditors' 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.

Laura Waycott FCA (Senior Statutory Auditor)
for and on behalf of

Griffin
Chartered Accountants & Statutory Auditor
Courtenay House
Pynes Hill
Exeter
Devon
EX2 5AZ
Date:

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	2025 £	2024 £
Turnover		4,044,681	2,201,580
Gross profit		4,044,681	2,201,580
Administrative expenses		(1,222,506)	(1,148,844)
Community fund		(367,589)	(74,991)
Operating profit		2,454,586	977,745
Interest receivable and similar income		979	1,076
Interest payable and similar expenses		(448,086)	(475,947)
Profit before taxation		2,007,479	502,874
Tax on profit		(440,032)	(66,745)
Profit for the financial year		1,567,447	436,129
Total comprehensive income for the year		1,567,447	436,129
Profit for the year attributable to:			
Owners of the Parent Company		1,567,447	436,129
		1,567,447	436,129

The notes on pages 15 to 27 form part of these financial statements.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2025**

	Note	2025 £	2024 £
Fixed assets			
Intangible assets	5	334,739	354,924
Tangible assets	6	9,255,467	9,856,256
		<u>9,590,206</u>	<u>10,211,180</u>
Current assets			
Debtors: amounts falling due within one year	8	248,258	523,343
Cash at bank and in hand		2,529,111	1,295,348
		<u>2,777,369</u>	<u>1,818,691</u>
Creditors: amounts falling due within one year	9	(1,307,390)	(1,040,890)
Net current assets		<u>1,469,979</u>	<u>777,801</u>
Total assets less current liabilities		<u>11,060,185</u>	<u>10,988,981</u>
Creditors: amounts falling due after more than one year	10	(9,369,185)	(10,952,984)
Provisions for liabilities			
Deferred taxation	12	(90,554)	-
		<u>(90,554)</u>	<u>-</u>
Net assets excluding pension asset		<u>1,600,446</u>	<u>35,997</u>
Net assets		<u>1,600,446</u>	<u>35,997</u>
Capital and reserves			
Called up share capital		262,503	265,501
Capital redemption reserve		4,500	1,500
Profit and loss account		1,333,443	(231,004)
Equity attributable to owners of the Parent Company		<u>1,600,446</u>	<u>35,997</u>
		<u>1,600,446</u>	<u>35,997</u>

HEART OF ENGLAND COMMUNITY ENERGY LIMITED
REGISTERED NUMBER: RS007232

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2025

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

Director

The notes on pages 15 to 27 form part of these financial statements.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED
REGISTERED NUMBER: RS007232

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2025

	Note	2025 £	2024 £
Fixed assets			
Investments	7	226,125	226,125
		<u>226,125</u>	<u>226,125</u>
Current assets			
Debtors: amounts falling due within one year	8	727,154	688,131
Cash at bank and in hand		793,075	273,977
		<u>1,520,229</u>	<u>962,108</u>
Creditors: amounts falling due within one year	9	(236,939)	(96,903)
Net current assets		<u>1,283,290</u>	865,205
Total assets less current liabilities		<u>1,509,415</u>	1,091,330
Creditors: amounts falling due after more than one year	10	-	(697,118)
Net assets		<u><u>1,509,415</u></u>	<u><u>394,212</u></u>
Capital and reserves			
Called up share capital		262,503	265,501
Capital redemption reserve		4,500	1,500
Profit and loss account brought forward		127,211	22,324
Profit for the year		1,118,201	105,887
Other changes in the profit and loss account		(3,000)	(1,000)
Profit and loss account carried forward		<u>1,242,412</u>	127,211
		<u><u>1,509,415</u></u>	<u><u>394,212</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

Director

The notes on pages 15 to 27 form part of these financial statements.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Called up share capital	Capital redemption reserve	Profit and loss account	Equity attributable to owners of Parent Company	Total equity
	£	£	£	£	£
At 1 January 2025	265,501	1,500	(231,004)	35,997	35,997
Comprehensive income for the year					
Profit for the year	-	-	1,567,447	1,567,447	1,567,447
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	1,567,447	1,567,447	1,567,447
Contributions by and distributions to owners					
Purchase of own shares	-	3,000	-	3,000	3,000
Shares issued during the year	2	-	-	2	2
Shares redeemed during the year	(3,000)	-	-	(3,000)	(3,000)
Transfer to/from profit and loss account	-	-	(3,000)	(3,000)	(3,000)
Total transactions with owners	(2,998)	3,000	(3,000)	(2,998)	(2,998)
At 31 December 2025	262,503	4,500	1,333,443	1,600,446	1,600,446

The notes on pages 15 to 27 form part of these financial statements.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Called up share capital	Capital redemption reserve	Profit and loss account	Equity attributable to owners of Parent Company	Total equity
	£	£	£	£	£
At 1 January 2024	266,501	500	(666,133)	(399,132)	(399,132)
Comprehensive income for the year					
Profit for the year	-	-	436,129	436,129	436,129
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	436,129	436,129	436,129
Contributions by and distributions to owners					
Purchase of own shares	-	1,000	-	1,000	1,000
Shares redeemed during the year	(1,000)	-	-	(1,000)	(1,000)
Transfer to/from profit and loss account	-	-	(1,000)	(1,000)	(1,000)
Total transactions with owners	(1,000)	1,000	(1,000)	(1,000)	(1,000)
At 31 December 2024	265,501	1,500	(231,004)	35,997	35,997

The notes on pages 15 to 27 form part of these financial statements.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2025	265,501	1,500	127,211	394,212
Comprehensive income for the year				
Profit for the year	-	-	1,118,201	1,118,201
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,118,201	1,118,201
Contributions by and distributions to owners				
Purchase of own shares	-	3,000	-	3,000
Shares issued during the year	2	-	-	2
Shares redeemed during the year	(3,000)	-	-	(3,000)
Transfer to/from profit and loss account	-	-	(3,000)	(3,000)
Total transactions with owners	(2,998)	3,000	(3,000)	(2,998)
At 31 December 2025	262,503	4,500	1,242,412	1,509,415

The notes on pages 15 to 27 form part of these financial statements.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2024	266,501	500	22,324	289,325
Comprehensive income for the year				
Profit for the year	-	-	105,887	105,887
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	105,887	105,887
Contributions by and distributions to owners				
Purchase of own shares	-	1,000	-	1,000
Shares redeemed during the year	(1,000)	-	-	(1,000)
Transfer to/from profit and loss account	-	-	(1,000)	(1,000)
Total transactions with owners	(1,000)	1,000	(1,000)	(1,000)
At 31 December 2024	265,501	1,500	127,211	394,212

The notes on pages 15 to 27 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

1. General information

Heart of England Community Energy Limited is a private company limited by share capital incorporated in England and Wales. It is constituted as a Community Benefit Society under the Co-operative and Community Benefit Societies Act 2014.

The society's registered number and registered office address can be found on the Company information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The consolidated financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

These accounts have been prepared on a going concern basis. The directors have reviewed detailed financial forecasts considering likely inflows and outflows of cash, most of which are predictable or committed, considered a period of at least twelve months from signing of these accounts in confirming the entity as a going concern.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Finance costs

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

2.7 Borrowing costs

Interest-bearing borrowings are initially at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

2. Accounting policies (continued)

2.10 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

2.11 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Plant and machinery	-	10% and 4%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

2. Accounting policies (continued)

2.14 Cash and cash equivalents

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

2.15 Creditors

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

2.16 Financial instruments

Basic financial assets

Basic financial assets, which include trade and other debtors, cash and bank balances, are initially measured at their transaction price (adjusted for transaction costs except in the initial measurement of financial assets that are subsequently measured at fair value through profit and loss) and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other debtors due with the operating cycle fall into this category of financial instruments.

Basic financial liabilities

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 Group after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other creditors, bank loans, other loans and loans due to fellow group companies are initially measured at their transaction price (adjusting for transaction costs except in the initial measurement of financial liabilities that are subsequently measured at fair value through profit and loss). When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future payments discounted at a market rate of interest, discounting is omitted where the effect of discounting is immaterial.

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

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade creditors are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

3. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors:

	2025	<i>2024</i>
	£	£
Fees payable to the Company's auditors for the audit of the consolidated, subsidiary and parent Company's financial statements	7,825	<i>7,450</i>
Break down of above fees payable to the Group's auditors and its associates in respect of:		
Audit of Heart of England Community Energy Limited	1,489	<i>1,414</i>
Audit of Leys Solar Energy CIC	2,112	<i>2,012</i>
Audit of Poplars Solar Energy CIC	2,112	<i>2,012</i>
Audit of Willows Solar Energy CIC	2,112	<i>2,012</i>
	7,825	<i>7,450</i>

4. Employees

The Group and Company have no employees other than the directors, who did not receive any remuneration (*2024 - £NIL*).

The average monthly number of employees, including directors, during the year was 0 (*2024 - 0*).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

5. Intangible assets

Group and Company

	Goodwill £
Cost	
At 1 January 2025	504,630
At 31 December 2025	<u>504,630</u>
Amortisation	
At 1 January 2025	149,706
Charge for the year on owned assets	20,185
At 31 December 2025	<u>169,891</u>
Net book value	
At 31 December 2025	<u><u>334,739</u></u>
<i>At 31 December 2024</i>	<u><u>354,924</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

6. Tangible fixed assets

Group

Plant and
machinery
£

Cost or valuation

At 1 January 2025 15,594,663

Additions 75,900

At 31 December 2025 15,670,563

Depreciation

At 1 January 2025 5,738,407

Charge for the year on owned assets 676,689

At 31 December 2025 6,415,096

Net book value

At 31 December 2025 9,255,467

At 31 December 2024 9,856,256

7. Fixed asset investments

Company

Investments
in
subsidiary
companies
£

Cost or valuation

At 1 January 2025 226,125

At 31 December 2025 226,125

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

7. Fixed asset investments (continued)

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Leys Solar Energy C.I.C.	As Parent	Ordinary	100%
Poplars Solar Energy C.I.C.	As Parent	Ordinary	100%
Willows Solar Energy C.I.C.	As Parent	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2025 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Leys Solar Energy C.I.C.	(247,273)	(66,481)
Poplars Solar Energy C.I.C.	85,280	255,748
Willows Solar Energy C.I.C.	144,409	280,160

8. Debtors

	Group 2025 £	<i>Group 2024 £</i>	Company 2025 £	<i>Company 2024 £</i>
Trade debtors	36,894	-	-	-
Amounts owed by group undertakings	-	-	723,712	678,214
Prepayments and accrued income	211,364	173,865	3,442	9,917
Deferred taxation	-	349,478	-	-
	248,258	<i>523,343</i>	727,154	<i>688,131</i>

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

9. Creditors: Amounts falling due within one year

	Group 2025	<i>Group 2024</i>	Company 2025	<i>Company 2024</i>
	£	£	£	£
Bank loans	723,515	702,105	-	-
Other loans	163,841	124,840	-	-
Trade creditors	61,046	71,154	17,590	19,167
Other taxation	96,218	56,109	9,196	1,518
Accruals and deferred income	262,770	86,682	210,153	76,218
	1,307,390	1,040,890	236,939	96,903

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

	Group 2025	<i>Group 2024</i>	Company 2025	<i>Company 2024</i>
	£	£	£	£
Bank loans	6,884,546	7,607,385	-	-
Other loans	2,484,639	3,345,599	-	697,118
	9,369,185	10,952,984	-	697,118

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

11. Loans

Analysis of the maturity of loans is given below:

	Group 2025 £	<i>Group 2024 £</i>	Company 2025 £	<i>Company 2024 £</i>
Amounts falling due within one year				
Bank loans	723,515	<i>702,105</i>	-	-
Other loans	163,841	<i>124,840</i>	-	-
	887,356	<i>826,945</i>	-	-
Amounts falling due 2-5 years				
Bank loans	3,177,740	<i>3,070,504</i>	-	-
Other loans	883,063	<i>783,001</i>	-	-
	4,060,803	<i>3,853,505</i>	-	-
Amounts falling due after more than 5 years				
Bank loans	3,706,806	<i>4,536,881</i>	-	-
Other loans	1,601,576	<i>2,562,598</i>	-	<i>697,118</i>
	5,308,382	<i>7,099,479</i>	-	<i>697,118</i>
	10,256,541	<i>11,779,929</i>	-	<i>697,118</i>

All long term borrowings are secured against the assets of the company.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

12. Deferred taxation

Group

	2025 £
At beginning of year	349,478
Charged to profit or loss	(440,032)
At end of year	(90,554)

Company

	2025	
At end of year	-	-
	Group 2025 £	Group 2024 £
Accelerated capital allowances	(264,447)	(251,891)
Tax losses carried forward	173,893	601,369
	(90,554)	349,478

13. Commitments under operating leases

At 31 December 2025 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2025 £	Group 2024 £
Not later than 1 year	65,222	61,475
Later than 1 year and not later than 5 years	275,113	264,902
Later than 5 years	879,203	962,082
	1,219,538	1,288,459

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

14. Community Benefit

Beneficiary	Project	Total
Act on Energy	Admin costs and fuel poverty measures	34,508
Citizens Advice South Warwickshire	Hardship funding and administrator time for 2025 and 2026*	73,112
Stratford Upon Avon Foodbank	Funding towards staff and operations costs for 2025 and 2026 as well as provision of a goods hoist at the Precision Business Centre.*	189,477
Warwickshire Reminiscence Action Project	Support for staff costs for 2025/26, development of the Bishopton Dementia Café, LAALO carer support programme and Memory Box loan scheme.	20,000
Stepping Stones Stratford Upon Avon	Operations funding for 2025.	5,492
Stour Health and Wellbeing Partnership	Community builder programme	20,000
Solar Aid	Mayi Walas Programme	20,000
Crafty Lunch Club CIC	Funding for the expansion of services for disabled adults in South Warwickshire, specifically; a monthly community café to promote volunteering, social inclusion and disability awareness, and; a series of monthly social events and activities to reduce social isolation.	5,000
Total		<u>367,589</u>

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**COMPANY DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2025**

	2025 £	2024 £
Turnover		
Management Charges	60,274	58,006
Community Benefit income	1,457,460	151,303
Bond Offer recharge income	42,050	5,800
	<u>1,559,784</u>	<u>215,109</u>
	2025 £	2024 £
Administration expenses		
Hotels, travel and subsistence	478	263
Advertising and promotion	167	300
Trade subscriptions	3,324	825
Legal and professional	31,199	30,166
Auditors' remuneration	1,461	1,418
Bank charges	24	4
Insurances	2,297	1,980
Amortisation - intangible fixed assets	50,473	6,962
Administration exceptional (on face of P&L a/c)	367,589	74,991
	<u>457,012</u>	<u>116,909</u>
	2025 £	2024 £
Interest receivable		
Group interest receivable - interco	53,586	53,733
	<u>53,586</u>	<u>53,733</u>
	2025 £	2024 £
Interest payable		
Other loan interest payable	38,157	46,046
	<u>38,157</u>	<u>46,046</u>