

Iona Capital Ltd

**ANNUAL REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS**

31 March 2022

REGISTERED NUMBER

01583260

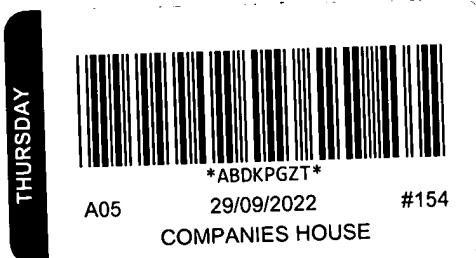


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Company Information

Board of Directors

Nicholas Ross

Philip Davies

Colm Walls

Auditors

RSM UK Audit LLP

25 Farringdon Street

London EC4A 4AB

Bankers

HSBC Bank PLC

60 Queen Victoria Street

London

EC4N 4TR

Secretary and Registered Office

Nicholas Ross

123 Pall Mall

London

SW1Y 5EA

Iona Capital Ltd

Directors' Report

The Directors present their Annual Report and the Consolidated Financial Statements of Iona Capital Ltd ('the Company'), Iona Management Services Ltd (formerly Advantage Biogas Ltd), Iona EI (General Partner) LLP, Iona EI (General Partner) 2 LLP, Iona NW (General Partner) LLP and Iona EI (General Partner) 3 LLP (together 'the Group') for the year ended 31 March 2022.

The Strategic Report on page 4 provides information on the principal risks of the Group and consideration of future developments.

PRINCIPAL ACTIVITY

The principal activity of the Group continues to be that of Investment Management. It is regulated by the Financial Conduct Authority ('FCA').

RESULTS AND DIVIDEND

The profit for the year after taxation amounted to £265,558 (2021: profit of £352,964). An interim dividend of £nil was recommended, and no payments were made during the year (2021: £nil).

DIRECTORS

Directors of the Company during the year and at the date of this report were as follows:

Nicholas Ross
Philip Davies
Colm Walls

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of the other Directors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

ELECTIVE RESOLUTIONS

By a written resolution dated 23 December 1997, elective resolutions were approved whereby the Company is no longer required to hold Annual General Meetings and the Directors are no longer required to lay Financial Statements before the Company in general meetings.

INDEPENDENT AUDITOR

RSM UK Audit LLP have indicated their willingness to continue to office.

By Order of the Board of Directors



Colm Walls
123 Pall Mall
London
SW1Y 5EA

Date: 28 July 2022

BUSINESS REVIEW

The Group held management agreements with Iona Environmental Infrastructure LP, Iona Environmental Infrastructure 2 LP, Iona North West Environmental Infrastructure LP and Iona Environmental Infrastructure 3 LP ('the Institutional Funds') during the year. In addition, the Group took on a management agreement with a new Institutional Fund, Iona Resource and Energy Efficiency (Strathclyde) LP. The Institutional Funds provide equity and subordinated debt into renewable infrastructure projects in the Bio Energy sector.

In addition to managing the funds, the Company receives income for services provided for back office support to investee companies of the Institutional Funds.

The Group traded profitably in the year and its profit before tax was £314,923 (2021: £439,689). During the year the Group received a transaction fee of £172,722 in relation to the acquisition of two assets held by Iona Resource and Energy Efficiency (Strathclyde) LP ('IREES'). In accordance with the Group's accounting policies as detailed in Note 1, of this fee, £35,525 was offset against General Partner's Share payable by IREES, and as at 31 March 2022, £137,197 was remaining to be offset. The full amount of £517,965 retained in relation to transaction fees received in the year to 31 March 2021 was offset against General Partner's Share payable by Iona Environmental Infrastructure LP.

The Group ended the year with net assets of £3,184,762 (2021: £2,919,204). The Board regularly reviews the development and strategic direction of the Group. The Group intends to continue developing its business in the Bio Energy sector, with emphasis on the institutional fund business where it continues to see good growth potential.

ESG

Iona Capital Ltd is a fund management business whose mission statement is, "By delivering superior investment returns in sustainable businesses, we help drive funding to accelerate the transition to a low carbon global economy." This defines the Group's primary commitment to fund environmental investment opportunities together with our implicit support of the broader UN Sustainable Development Goals.

Furthermore, Iona Capital Ltd is a signatory to the Principles for Responsible Investment ('PRI') and as such commits to the PRI's six core principles.

The board believe that superior investment performance is fully compatible with a responsible and progressive approach to ESG as markets and governments increasingly embrace the necessary transition to a sustainable economy.

PRINCIPAL RISKS AND UNCERTAINTIES

Price risk

The Group's income comprises mainly amounts that are fixed (subject to RPI movements), or are fixed percentages of funds committed by its clients, so that the key risk facing is the loss of key personnel. Client agreements include a 'key person' clause whereby continuing investment of funds is dependent on continuity of the current Directors of the Company. Loss of these Directors may result in suspension of the investment period during which no new investments may be entered into.

Liquidity risk

As explained in the Going Concern note below the Group's liquidity risk is assessed regularly through review of the balance sheet and cash flow forecasts.

Credit risk

Credit risk is assessed through regular review of the Group's debtor position, including aged debts. A significant proportion of the aged debt on the Group's balance sheet is due from the investee companies of the funds managed by the Group and therefore there is visibility over debt recovery.

Other risks

The Group's other principal risks include legal, regulatory and operational risk. The Group has detailed policies and procedures surrounding these risks, which are regularly reviewed by external advisors.

The Company in its capacity as fund manager has undertaken a detailed review of its portfolio with particular focus on liquidity needs and the ability of employees to continue working. The Company has spoken with key suppliers to all investee companies, in particular the feedstock suppliers and does not anticipate any long-term issues with the supply chain. In addition, staff rotas are in place at all operating sites to ensure that if there are absences due to illness there is sufficient cover.

GOING CONCERN

The Group's activities, together with the factors likely to affect its future development, its financial position and the financial risks are described above.

After reviewing the balance sheet and cash flow forecasts and projections (including the ongoing impact of COVID-19, the conflict in Ukraine and rising inflation), the Directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future, which is a period of twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing financial statements. See note 1 on page 14 for further information.

KEY PERFORMANCE INDICATORS ('KPIs')

The key KPIs for the Group are revenue and profit before tax. In the year to 31 March 2022 the Group's revenues totalled £3,794,018 (31 March 2021: £4,566,896) and the profit before tax was £314,923 (31 March 2021: £439,689). The Group's Directors monitor these on a regular basis.

SECTION 172 STATEMENT

The Board of Directors of Iona Capital Ltd consider, both individually and together, that they have acted in the way that would most likely promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken throughout the year ended 31 March 2022.

The Group's purpose is to manage and advise on investments of UK Institutional Funds in the United Kingdom. Iona is focused on creating sustainable long-term value for each of its stakeholders, including shareholders, investors in the funds, employees and local communities. To achieve this, the Board has engaged with its key stakeholders and has considered and monitored the Group's principal risks (see page 4). The safety of the Group's workforce and the communities in which it operates is a key component of its culture and is critical to the Group's success.

By Order of the Board of Directors



Colm Walls
123 Pall Mall
London
SW1Y 5EA

Date: 28 July 2022

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report, Strategic 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). 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 Group and Company 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 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Iona Capital Ltd

Opinion

We have audited the financial statements of Iona Capital Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise Group Statement of Comprehensive Income, Group and Parent Company Statement of Changes in Equity, Group and Parent Company Statement of Financial Position, Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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.

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.

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

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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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.

Independent Auditor's Report to the Members of Iona Capital Ltd

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud having obtained an understanding of the effectiveness of the control environment.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting submissions to local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the parent company's authorisation with the Financial Conduct Authority. We performed audit procedures to inquire of management whether the company is in compliance with these laws and regulations and inspected correspondence with the Financial Conduct Authority.

The group audit engagement team identified the risk of revenue recognition and management override of controls as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing revenue recognition in line with the relevant legal agreements, manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

Independent Auditor's Report to the Members of Iona Capital Ltd

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.

Stuart Clowser

STUART CLOWSER (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London, EC4A 4AB

28 July 2022

Group Statement of Comprehensive Income

	Notes	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Turnover	2	3,794,018	4,566,896
Operating expenses		(3,479,095)	(4,127,207)
Group operating profit	3	314,923	439,689
Share of losses in associates		-	-
Profit on ordinary activities before interest and taxation		314,923	439,689
Interest receivable and similar income		-	-
Profit on ordinary activities before taxation		314,923	439,689
Taxation (charge)	5	(49,365)	(86,725)
Profit for the financial year		265,558	352,964

All results and comparatives shown in the consolidated income statement are from continuing operations.

Group Statement of Comprehensive Income

Group	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Profit for the year	265,558	352,964
Total comprehensive income for the year	265,558	352,964
Total comprehensive income for the year attributed to:		
Owners of the Parent Company	265,558	352,964

The notes on pages 14 to 24 form an integral part of the financial statements.

Iona Capital Ltd

Statement of Changes in Equity

Group	Called up share capital	Profit and Loss account	Shareholders' equity
	£	£	£
At 1 April 2020	597,500	1,968,740	2,566,240
Profit for the year	-	352,964	352,964
At 31 March 2021	597,500	2,321,704	2,919,204
Profit for the year	-	265,558	265,558
At 31 March 2022	597,500	2,587,262	3,184,762

Parent Company	Called up share capital	Profit and Loss account	Shareholders' equity
	£	£	£
At 1 April 2020	597,500	1,979,776	2,577,276
Profit for the year	-	353,090	353,090
At 31 March 2021	597,500	2,332,866	2,930,366
Profit for the year	-	265,603	265,603
At 31 March 2022	597,500	2,598,469	3,195,969

Iona Capital Ltd


Group and Parent Company Statement of Financial Position

	Notes	Group		Parent Company	
		As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
		£	£	£	£
Fixed assets					
Tangible fixed assets	7	152,461	225,234	152,461	225,234
Investments	8	-	-	10,300	10,300
		<u>152,461</u>	<u>225,234</u>	<u>162,761</u>	<u>235,534</u>
Current assets					
Debtors	9	3,587,667	2,417,880	3,589,162	2,419,280
Cash at bank		1,049,601	2,688,079	943,500	2,687,561
		<u>4,637,268</u>	<u>5,105,959</u>	<u>4,532,662</u>	<u>5,106,841</u>
Creditors					
Amounts falling due within one year	10	(1,402,773)	(2,315,492)	(1,297,260)	(2,315,512)
Net current assets		<u>3,234,495</u>	<u>2,790,467</u>	<u>3,235,402</u>	<u>2,791,329</u>
Total assets less current liabilities		<u>3,386,956</u>	<u>3,015,701</u>	<u>3,398,163</u>	<u>3,026,863</u>
Provisions for liabilities	11	(202,194)	(96,497)	(202,194)	(96,497)
Net assets		<u>3,184,762</u>	<u>2,919,204</u>	<u>3,195,969</u>	<u>2,930,366</u>
Represented by:					
Called up share capital	12	597,500	597,500	597,500	597,500
Retained earnings		2,587,262	2,321,704	2,598,469	2,332,866
Total shareholders' funds		<u>3,184,762</u>	<u>2,919,204</u>	<u>3,195,969</u>	<u>2,930,366</u>

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own statement of comprehensive income for the year. The Company reported a profit for the financial year ended 31 March 2022 of £265,603 (2021: profit of £353,090).

The notes on pages 14 to 24 form an integral part of the financial statements.

The Financial Statements on pages 10 to 24 were approved and authorised for issue by the Board of Directors on 28 July 2022 and were signed on its behalf by:


Colm Walls
Director

Date: 28 July 2022
Registered Number: 01583260

Iona Capital Ltd

Group Statement of Cash Flows

		Year ended 31 March 2022	Year ended 31 March 2021
	Notes	£	£
Net cash (outflow)/inflow from operating activities	14a	<u>(1,624,344)</u>	<u>1,067,127</u>
Investing activities			
Interest received		-	-
Payments to acquire tangible fixed assets		(14,134)	(9,543)
Net cash flow from investing activities		<u>(14,134)</u>	<u>(9,543)</u>
Financing activities			
Dividends paid		-	-
Net cash flow from financing activities		<u>-</u>	<u>-</u>
(Decrease) / Increase in cash and cash equivalents		(1,638,478)	1,057,584
Cash and cash equivalents at 1 April 2021		2,688,079	1,630,495
Cash and cash equivalents at 31 March 2022	14b	<u>1,049,601</u>	<u>2,688,079</u>

The notes on pages 14 to 24 form an integral part of the financial statements.

Notes to the Financial Statements

1. Accounting Policies

STATEMENT OF COMPLIANCE

Iona Capital Limited ("the Company") is a limited liability company incorporated in England. The Registered Office is 123 Pall Mall, London, SW1Y 5EA.

The Company and its subsidiaries' ("the Group") financial statements have been prepared in compliance with FRS102 as it applies to the financial statements of the Group for the year ended 31 March 2022.

BASIS OF ACCOUNTING

The consolidated financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and on a going concern basis.

ACCOUNTING CONVENTION

The consolidated financial statements are prepared under the historical cost convention. The more significant accounting policies are listed below.

GOING CONCERN

At the date of approving the financial statements of the Company, the Directors are sufficiently confident that the Company and the Group have adequate resources for the Company and Group to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements.

This is based on projections and forecast cash flows for the forthcoming 12-month period from the date of signing these financial statements. The Directors have also completed scenario analysis based on the potential impacts of changes in the level of existing cash, management fee income generated from investor commitments to funds under management, changes to the company's cost base, success of potential future transactions (including new investments to be managed) and the timing of the recoverability of debtors.

The Directors consider it reasonable that based on the current levels of income and the ability to adjust variable costs, the Company and Group will be able to continue to operate as projected and with a positive cash position.

Based on the above the Directors consider it appropriate to prepare the financial statements on a going concern basis.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Parent Company and its subsidiary undertakings (collectively the "Group") drawn up until 31 March each year. All material intercompany transactions and balances have been eliminated in the Group financial statements.

Entities, other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence are treated as associates. In the Group financial statements, associates are accounted for using the equity method.

Under the equity method of accounting, an equity investment in associate is initially recognised at the transaction price and is subsequently adjusted to reflect the Group's share of the profit or loss of the associate. If the share of losses of an associate equals or exceeds the carrying amount of the investment in associate, no further losses are recognised once the investment is reduced to zero. If the associate subsequently reports profits, the Group shall resume recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

In the Parent Company financial statements investments in subsidiaries and associates are accounted for at cost less impairment.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all office equipment and furniture and fittings, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Office equipment: over 2 to 5 years

Furniture and fittings: over 5 years

Notes to the Financial Statements

1. Accounting Policies (continued)

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

EQUITY INVESTMENTS

Equity investments are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through the profit and loss). Subsequently, they are measured at fair value through profit or loss except for those equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at costs less impairment until a reliable measure of fair value becomes available.

If a reliable measure of fair value is no longer available, the equity instrument's fair value on the last date the instrument was reliably measurable is treated as the costs of the instrument.

FINANCIAL ASSETS

Financial assets are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets that are measured at fair value through profit or loss).

Assets which meet the definition of basic financial instruments shall be subsequently measured at amortised cost unless designated as fair value through profit or loss at the outset.

Assets which are non-basic financial instruments are measured at fair value through the profit and loss.

FINANCIAL LIABILITIES

Financial liabilities are initially measured at the transaction price (including transaction costs except in the initial measurement of financial liabilities that are measured at fair value through profit or loss).

OPERATING LEASE

Rentals payable under operating leases are charged in the income statement on a straight-line basis over the lease term. Lease incentives are recognised over the lease term.

TAXATION AND DEFERRED TAXATION

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in a period different from those which they are recognised in the financial statement, except that:

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

REVENUE RECOGNITION

Turnover

Turnover represents (i) fees earned, net of value added tax, from investment management services and back office support to Institutional Funds and the investee companies of the Institutional Funds provided during the period and (ii) transaction fees earned, net of value added tax, when making new investments in investee companies. Both sources of turnover arise from continuing activities in the United Kingdom. Fee income is recognised when the Group obtains the right for considerations in exchange for its performance of services.

Interest income

Interest is recognised when interest accrues using the effective interest method.

FOREIGN CURRENCY

The Financial Statements are prepared in Sterling which is the functional currency of the Group.

Notes to the Financial Statements

1. Accounting Policies (continued)

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet and the amounts reported for revenues and expenses during the year. The Group makes estimates and assumptions concerning the future, however, the nature of estimation means that actual outcomes could differ from these estimates. The following estimates and judgments have had the most significant effect on amounts recognised in the financial statements.

Transaction fees

Transaction fees received by the Company are held on the balance sheet for offset against future management fees receivable from the funds which it manages, except where it is entitled to retain the transaction fee under the terms of a fund's Limited Partnership Agreement. During the year to 31 March 2022 the Company received transaction fees of £172,722 (31 March 2021: £1,832,324), none of which was recognised as income (31 March 2021: 20% or £366,465) and 100% or £172,722 was credited to the balance sheet (31 March 2021: 80% or £1,465,859). £35,525 (31 March 2021: £947,894) was subsequently offset against General Partners Share obligations from the associated fund – Iona Resource and Energy Efficiency (Strathclyde) LP (31 March 2021: Iona Environmental Infrastructure LP) – and £137,197 remained outstanding (31 March 2021: £517,965), to be offset against future General Partner's Share obligations, as at 31 March 2022.

Deferred charges

Commissions paid by the Company to third parties in connection with raising funds for an investment vehicle managed by the Company have been capitalised. The capitalised amount is initially recognised at cost and is being amortised on a straight-line basis over the remaining life of the investment vehicle. The balance remaining at 31 March 2022 is £119,554 (31 March 2021: £239,108) - see note 9 for further details.

Recoverability of debtors

Included in Other debtors is £627,725 (31 March 2021: £356,764) of costs incurred in relation to potential investments and fund raising, which are expected to be recovered from the funds or investments when they have successfully closed. If the fund raising or investment is unsuccessful these costs would be expensed, however management believes that it is appropriate to treat the costs as recoverable. Included in Trade debtors is £1,422,556 (31 March 2021: £875,987) of costs incurred or services provided in relation to existing investments and in other debtors a £200,000 (31 March 2021: £nil) working capital loan due from an existing investment, which management believes are appropriate to treat as recoverable. No provision for doubtful debt has therefore been recognised. Included in Amounts owed by related parties is £722,650 (31 March 2021: £717,390) in relation to a loan provided to ICL (LP Funding) Ltd. The assets of ICL (LP Funding) are limited partnership interests in 2 of the funds managed by the Company. The fair value of the assets are in excess of the amount owed to the Company and therefore no provision for doubtful debt has been recognised.

Taxation

The Group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authority. Management estimation is required to determine the amount of deferred assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning. Further details are contained in note 5.

Provisions

In calculating the dilapidations provision the Company has used estimated costs for returning the premises to their original state. The estimated cost/square foot were provided by the contractor who carried out the original fit-out of the premises and were in line with the actual cost/square foot incurred by the Company when reinstating its previous premises.

Notes to the Financial Statements

2. Turnover

Turnover is attributable to activities related to investment management in the United Kingdom. Turnover included £2,749,675 (2021: £2,997,853) investment management fee income, £383,918 (2021: £361,619) administration fee income, and £660,425 (2021: £1,207,424) transaction fee income.

3. Group operating profit

Operating profit is stated after charging:	2022	2021
	£	£
Depreciation	86,907	86,323
Auditors' remuneration for audit services	24,000	18,200
Non-audit remuneration for tax compliance	5,350	5,350
Operating lease expense - Land and buildings	188,000	188,000

The audit fees of the general partners are borne by their respective limited partnerships.

4. Staff costs

(a) Staff costs (including directors' remuneration)	2022	2021
	£	£
Wages and salaries	1,667,642	2,305,799
Social security costs	202,672	290,606
Pension costs	194,244	154,516
	2,064,558	2,750,921

The average monthly number of employees (including Directors) during the year	Nos	Nos
	20	20

(b) Directors' remuneration	£	£
Directors' remuneration	522,810	913,077
Social security costs	67,544	121,435
Pension costs (2022: 2 directors; 2021: 2 directors)	36,300	34,045
	626,654	1,068,557

In respect of the highest paid director:

Aggregate remuneration	185,767	464,287
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Notes to the Financial Statements

5. Taxation

(a) Total tax charge on profit on ordinary activities

	2022	2021
	£	£
Current tax:		
UK Corporation tax at 19% (2021: 19%)	(5)	101,209
Adjustment in respect of prior year	(56,327)	39
	<u>(56,332)</u>	<u>101,248</u>
Deferred tax		
Current year charge/(credit)	105,697	(14,523)
Group deferred tax	<u>105,697</u>	<u>(14,523)</u>
Total tax charge on profit on ordinary activities	<u>49,365</u>	<u>86,725</u>

(b) Factors affecting the total tax charge

The tax assessed on profit on ordinary activities for the year is lower than the standard rate of corporate tax in the UK of 19% (2021: 19%). The differences are reconciled below:

	2022	2021
	£	£
Profit on ordinary activities before tax	314,923	439,689
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	59,835	83,541
Expenses not deductible for tax purposes	13,825	3,819
Utilisation of losses	(73,665)	-
Movement in unrecognised deferred tax	-	(646)
Share of Limited Partnerships' results	133,381	(28)
Other timing differences	(41,104)	-
Adjustment in respect of prior year	(56,327)	39
Effect of change in tax rate on deferred tax	13,420	-
Total tax expense	<u>49,365</u>	<u>86,725</u>

Notes to the Financial Statements

5. Taxation (continued)

(c) Deferred taxation

Deferred tax included in the Statement of Financial Position is as follows:

	Group 2022 £	Group 2021 £
Deferred income	(467,710)	-
Losses carried forward	357,311	-
Accelerated capital allowances	(37,795)	(42,497)
Included in Provisions for liabilities (note 11)	(148,194)	(42,497)
At 1 April 2021	(42,497)	(57,020)
Deferred charge/credit in the Income Statement (note 11)	(105,697)	14,523
At 31 March 2022	(148,194)	(42,497)

Under FRS 102 deferred tax balances should be calculated at the rate at which they are expected to unwind, based on the tax rates that have been substantively enacted or enacted at the balance sheet date. The substantively enacted rate in the United Kingdom is 25% from 1 April 2023 and therefore the 25 per cent rate has been used in calculating the deferred tax charge. The company has an unrecognised deferred tax asset of £nil (2021: £19,439).

6. Profit attributable to the members of the Parent Company

The profit dealt with in the financial statements of the Parent Company is £265,603 (2021: profit of £353,090).

7. Tangible fixed assets

Group and Parent Company:	Office equipment	Fixture & Fittings	Total
Cost	£	£	£
At 1 April 2021	100,368	413,988	514,356
Additions	14,045	89	14,134
Disposals	(49,146)	-	(49,146)
At 31 March 2022	65,267	414,077	479,344
Depreciation	£	£	£
At 1 April 2021	83,566	205,556	289,122
Disposals	(49,146)	-	(49,146)
Charge for the year	16,928	69,979	86,907
At 31 March 2022	51,348	275,535	326,883
Carrying amount at 31 March 2022	13,919	138,542	152,461
Carrying amount at 31 March 2021	16,802	208,432	225,234

Iona Capital Ltd

Notes to the Financial Statements

8. Investments

Group	2022	2021
	£	£
Associate	-	-
	-	-
	2022	2021
	£	£
At 1 April	-	-
Share of (loss)/profit retained by the associate	-	-
At 31 March	-	-

The Company owns 25% of the ordinary share capital of Advantage Biogas Limited, an entity incorporated in England & Wales whose principal activity is contract based servicing and maintenance of equipment in the Biomass industry.

On 9 November 2021 Advantage Biogas Limited changed its name to Iona Management Services Limited.

The Group's share of loss of the associate in the year ended 31 March 2019 reduced the carrying value of the investment in associate to £nil at 31 March 2019 and therefore no further share of losses were recognised after that point. The Group will resume recognition of its share of profits only after the Group's share of profits equals the share of losses not recognised. At 31 March 2022, the Group's share of losses not recognised amounted to £112,893 (31 March 2021: £246,425).

Parent Company

	Subsidiary undertakings	Associates	Other investments	Total
	£	£	£	£
At 1 April 2021	300	10,000	-	10,300
Addition	-	-	-	-
At 31 March 2022	300	10,000	-	10,300

	Country of incorporation	Proportion of capital held	Nature of business
<i>Subsidiaries</i>			
Iona EI (General Partner) LLP	England	99.5%	General partner to Iona Environmental Infrastructure LP
Iona EI (General Partner) 2 LLP	England	99.5%	General partner to Iona Environmental Infrastructure 2 LP
Iona NW (General Partner) LLP	England	99.5%	General partner to Iona North West Environmental Infrastructure LP
Iona EI (General Partner) 3 LLP	England	99.5%	General partner to Iona Environmental Infrastructure 3 LP
<i>Associate</i>			
Iona Management Services Limited	England	25%	Provision of operation and maintenance contracts to Anaerobic Digestion plants

Iona Capital Ltd

Notes to the Financial Statements

Each of the subsidiaries noted above share the same registered address as the Company, noted in note 1 on page 14.

Iona Management Services Limited has a registered address of Marlborough House, Westminster Place, York YO26 6RW.

9. Debtors	Group		Parent Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts owed by related parties	724,040	718,763	725,540	720,163
Trade debtors	1,590,438	905,596	1,590,438	905,596
Deferred charges	119,554	239,108	119,554	239,108
Corporation tax	5	-	-	-
Other debtors	993,193	500,897	993,193	500,897
Prepayments	160,437	53,516	160,437	53,516
	3,587,667	2,417,880	3,589,162	2,419,280

The deferred charges balance represents amounts paid to third parties in relation to capital raising for an investment vehicle managed by Company. It is being amortised over the remaining life of the investment vehicle, to 31 March 2023, which is the period revenues are contractually receivable by the Company.

Included in amounts owed by related parties is a loan of £722,650 (2021: £717,390) granted to ICL (LP Funding) Limited. The loan is repayable the earlier of the: (1) the date falling five Business Days after the date of written demand by the Lender and (2) the Termination Date as defined in the facility Agreement, which is once the funds' investments have been realised. Interest is no longer charged on this loan.

10. Creditors: amounts falling due within one year	Group		Parent Company	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	374,818	240,130	269,305	240,130
Other creditors	137,197	624,900	137,197	624,900
Corporation tax	-	101,209	-	101,229
Other taxes	65,459	107,527	65,459	107,527
Accruals and deferred income	825,299	1,241,726	825,299	1,241,726
	1,402,773	2,315,492	1,297,260	2,315,512

11. Provisions for liabilities

Group and Company:	Deferred Tax	Dilapidations	Total
	£	£	£
At 1 April 2020	57,020	54,000	111,020
Credit in the year	(14,523)	-	(14,523)
At 31 March 2021 and 1 April 2021	42,497	54,000	96,497
Charge in the year	105,697	-	105,697
At 31 March 2022 and 1 April 2022	148,194	54,000	202,194

Iona Capital Ltd

Notes to the Financial Statements

12. Called up share capital

Group and Company	2022	2021
	£	£
Allotted, called up and full paid:		
597,500 Ordinary shares of £1 each	597,500	597,500

13. Dividends

	2022	2021
	£	£
Declared and paid during the year:		
Interim for 2022: £0 (2021: £0)	-	-

14. Notes to the statement of cash flows

(a) Reconciliation of profit to net cash flows from operating activities

	2022	2021
	£	£
Group profit for the year	314,923	439,689
Adjustments to reconcile profit for the year to the net cash flow from operating activities		
Depreciation	86,907	86,323
(Increase)/decrease in debtors	(1,169,782)	157,727
(Increase)/decrease in creditors	(811,510)	383,388
Taxation		
Corporation tax paid	(44,882)	-
	(1,939,267)	627,438
Net cash (outflow)/inflow from operating activities	(1,624,344)	1,067,127

(b) Cash and cash equivalents

	Group		Parent Company	
	2022	2021	2022	2021
	£	£	£	£
Cash at bank and in hand	1,049,601	2,688,079	943,500	2,687,561
	1,049,601	2,688,079	943,500	2,687,561

Notes to the Financial Statements

15. Ultimate Controlling Company

The Company has no immediate or ultimate controlling party.

16. Related party transactions

Iona Environmental Infrastructure LP and Iona EI (SLP) LP are considered related parties due to Iona EI (General Partner) LLP, a 100% subsidiary of the Company, acting as General Partner to both partnerships.

During the year the Group received income relating to services provided to Iona Environmental Infrastructure LP of £498,248 (2021: £279,915) and incurred expenses of £72,330 (2021: £66,226) on its behalf. At 31 March 2022 the balance payable by Iona Environmental Infrastructure LP to the Group was £nil (2021: £13).

Iona Environmental Infrastructure 2 LP and Iona EI (SLP) 2 LP are considered related parties due to Iona EI (General Partner) 2 LLP, a 100% subsidiary of the Company, acting as General Partner to both partnerships.

During the year the Group received income relating to services provided to Iona Environmental Infrastructure 2 LP of £660,341 (2021: £631,679) and incurred expenses of £62,156 (2021: £47,256) on its behalf. At 31 March 2022, the balance payable by Iona Environmental Infrastructure 2 LP to the Group was £4,097 (2021: £59).

Iona North West Environmental Infrastructure LP is considered a related party due to Iona NW (General Partner) LLP, a 100% subsidiary of the Company, acting as General Partner to the partnership.

During the year the Group received income relating to services provided to Iona North West Environmental Infrastructure LP of £432,336 (2021: £425,665) and incurred expenses of £35,484 (2021: £32,242) on its behalf. At 31 March 2022, the balance payable by Iona North West Environmental Infrastructure LP to the Group was £114,377 (2021: £0).

Iona Environmental Infrastructure 3 LP and Iona EI (SLP) 3 LP are considered related parties due to Iona EI (General Partner) 3 LLP, a 100% subsidiary of the Company, acting as General Partner to both partnerships.

During the year the Group received income relating to services provided to Iona Environmental Infrastructure 3 LP of £719,009 (2021: £1,304,158) and incurred expenses of £77,792 (2021: £101,173) on its behalf. At 31 March 2022, the balance payable by Iona Environmental Infrastructure 3 LP to the Group was £40,463 (2021: £0).

Iona Resource and Energy Efficiency (Strathclyde) LP is considered a related party due to Iona EI (General Partner) 3 LLP, a 100% subsidiary of the Company, acting as General Partner to the partnership.

During the year the Group received income relating to services provided to Iona Resource and Energy Efficiency (Strathclyde) LP of £nil (2021: £nil) and incurred expenses of £6,422 (2021: £nil) on its behalf. At 31 March 2022, the balance payable by Iona Resource and Energy Efficiency (Strathclyde) LP to the Group was £275 (2021: £0).

Iona Environmental Infrastructure Holdco Ltd is considered, a 100% subsidiary of the Company. At 31 March 2022, the balance payable by Iona Environmental Infrastructure Holdco Ltd to the Group was £272 (2021: £0).

Iona Environmental Infrastructure Parentco Ltd is considered, a 100% subsidiary of the Company. At 31 March 2022, the balance payable by Iona Environmental Infrastructure Parentco Ltd to the Group was £16 (2021: £0).

Iona Shawton Ltd is considered a related party due to being an SPV of the Company. At 31 March 2022, the balance payable by Iona Shawton Ltd to the Group was £93,703 (2021: £0).

ICL (LP Funding) Limited is a related party to the Company as it is considered to be under common control. During the year the Company lent ICL (LP Funding) Limited £5,260 (2021: £55,000), and charged interest of on the loan of £nil (2021: £0). As at 31 March 2022, £722,650 (2021: £717,390) was due from ICL (Funding) Limited.

During the year the Group incurred expenses of £nil (2021: £nil) on behalf of Iona EI (SLP) LP; two of the Directors are limited partners of the partnership. As at 31 March 2022, £600 (2021: £600) is due from Iona EI (SLP) LP.

During the year the Group incurred expenses of £nil (2021: £nil) on behalf of Iona EI (SLP) II LP; two of the Directors are limited partners of the partnership. As at 31 March 2022, £200 (2021: £200) is due from Iona EI (SLP) II LP.

During the year the Group incurred expenses of £nil (2021: £nil) on behalf of Iona NW (SLP) LP; two of the Directors are limited partners of the partnership. As at 31 March 2022, £200 (2021: £200) is due from Iona NW (SLP) LP.

During the year the Group incurred expenses of £nil (2021: £nil) on behalf of Iona EI (SLP) III LP; two of the Directors are limited partners of the partnership. As at 31 March 2022, £300 (2021: £300) is due from Iona EI (SLP) III LP.

Key Management

All Directors are considered to be key management personnel. Total remuneration in respect of the Directors is disclosed in Note 4.

Notes to the Financial Statements

17. Commitments and contingent liabilities

On 29 January 2019, the Company entered into a lease agreement for its offices at 123 Pall Mall, London, SW1Y 5EA. This lease is due to expire on 29 January 2024.

	2022	2021
	£	£
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Not later than one year	240,360	240,720
Later than one year and not later than five years	200,000	440,360
Total	440,360	681,080

18. Subsequent events

There are no subsequent events to report.