

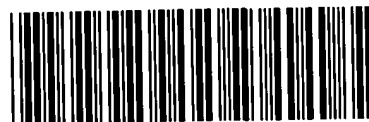
**ANNUAL REPORT  
AND  
CONSOLIDATED FINANCIAL STATEMENTS**

**31 March 2021**

**REGISTERED NUMBER**

**01583260**

**SATURDAY**



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**Company Information**

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*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'), 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 2021.

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 £352,964 (2020: loss of £2,176). An interim dividend of £nil was recommended, and no payments were made during the year (2020: £300,000).

### 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: 21 July 2021

### 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. 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 £439,689 (2020: loss of £94,413). During the year the Group received a transaction fee of £1,832,324 in relation to a portfolio refinance of the assets held by Iona Environmental Infrastructure LP ("IEI LP"). In accordance with the Group's accounting policies as detailed in Note 1, of this fee, 20% or £366,465 was retained by the Group and contributed towards the profit for the year. The remaining 80% or £1,465,859 was retained for future offset against General Partner's Share payable by IEI LP. At year-end on 31 March 2021, £517,965 was remaining to be offset.

The Group ended the year with net assets of £2,919,204 (2020: £2,566,240). 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.

### COVID-19

The Directors were actively monitoring the effects of the Coronavirus Disease 19 "COVID-19" throughout the year and continue to do so. The Directors do not believe this situation has altered the risk assessment described above as the Directors are ensuring all government requirements are adhered to and operating cash inflows are expected to continue to be positive. This is due to fee income being generated from investor backed funds and thus the group and company continue to have sufficient resources in place to continue operating.

## Strategic Report

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 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 2021 the Group's revenues totalled £4,566,896 (31 March 2020: £3,354,595) and the profit before tax was £439,689 (31 March 2020: loss of £94,413). 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 2021.

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: 21 July 2021

## Statement of Directors' Responsibilities

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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 2021 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 2021 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 management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing 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**

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**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.

RSM UK Audit LLP

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

21 July 2021

**Group Statement of Comprehensive Income**

		Year ended 31 March 2021	Year ended 31 March 2020
	Notes	£	£
Turnover	2	4,566,896	3,354,595
Operating expenses		(4,127,207)	(3,487,135)
<b>Group operating profit/(loss)</b>	3	<b>439,689</b>	<b>(132,540)</b>
Share of losses in associates			
<b>Profit/(loss) on ordinary activities before interest and taxation</b>		<b>439,689</b>	<b>(132,540)</b>
Interest receivable and similar income			38,127
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>439,689</b>	<b>(94,413)</b>
Taxation (charge)/credit	5	(86,725)	92,237
<b>Profit/(loss) for the financial year</b>		<b>352,964</b>	<b>(2,176)</b>

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

**Group Statement of Comprehensive Income**

Group	Year ended 31 March 2021	Year ended 31 March 2020
	£	£
Profit/(loss) for the year	352,964	(2,176)
Total comprehensive income for the year	352,964	(2,176)
<b>Total comprehensive income for the year attributed to:</b>		
Owners of the Parent Company	352,964	(2,176)

The notes on pages 14 to 23 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 2019	597,500	2,270,916	2,868,416
Loss for the year	-	(2,176)	(2,176)
Dividends paid	-	(300,000)	(300,000)
At 31 March 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

Parent Company	Called up share capital	Profit and Loss account	Shareholders' equity
	£	£	£
At 1 April 2019	597,500	2,281,747	2,879,247
Loss for the year	-	(1,971)	(1,971)
Dividends paid	-	(300,000)	(300,000)
At 31 March 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

# Iona Capital Ltd

## Group and Parent Company Statement of Financial Position

	Notes	Group		Parent Company	
		As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	7	225,234	302,014	225,234	302,014
Investments	8	-	-	10,300	10,300
		<u>225,234</u>	<u>302,014</u>	<u>235,534</u>	<u>312,314</u>
<b>Current assets</b>					
Debtors	9	2,417,880	2,575,646	2,419,280	2,577,007
Cash at bank		2,688,079	1,630,495	2,687,561	1,468,525
		<u>5,105,959</u>	<u>4,206,141</u>	<u>5,106,841</u>	<u>4,045,532</u>
<b>Creditors</b>					
Amounts falling due within one year	10	(2,315,492)	(1,830,895)	(2,315,512)	(1,669,550)
<b>Net current assets</b>		<u>2,790,467</u>	<u>2,375,246</u>	<u>2,791,329</u>	<u>2,375,982</u>
<b>Total assets less current liabilities</b>		<u>3,015,701</u>	<u>2,677,260</u>	<u>3,026,863</u>	<u>2,688,296</u>
<b>Provisions for liabilities</b>	11	(96,497)	(111,020)	(96,497)	(111,020)
<b>Net assets</b>		<u>2,919,204</u>	<u>2,566,240</u>	<u>2,930,366</u>	<u>2,577,276</u>
<b>Represented by:</b>					
Called up share capital	12	597,500	597,500	597,500	597,500
Retained earnings		2,321,704	1,968,740	2,332,866	1,979,776
<b>Total shareholders' funds</b>		<u>2,919,204</u>	<u>2,566,240</u>	<u>2,930,366</u>	<u>2,577,276</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 2021 of £353,090 (2020: loss of £1,971).

The notes on pages 14 to 23 form an integral part of the financial statements.

The Financial Statements on pages 10 to 23 were approved and authorised for issue by the Board of Directors on 21 July 2021 and were signed on its behalf by:



Colm Walls  
Director

Date: 21 July 2021  
Registered Number: 01583260

# Iona Capital Ltd

## Group Statement of Cash Flows

	Notes	Year ended 31 March 2021 £	Year ended 31 March 2020 £
<b>Net cash inflow from operating activities</b>	14a	<u>1,067,127</u>	<u>641,794</u>
<b>Investing activities</b>			
Interest received		-	38,127
Payments to acquire tangible fixed assets		(9,543)	(17,922)
<b>Net cash flow from investing activities</b>		<u>(9,543)</u>	<u>20,205</u>
<b>Financing activities</b>			
Dividends paid		-	(300,000)
<b>Net cash flow from financing activities</b>		<u>-</u>	<u>(300,000)</u>
Increase in cash and cash equivalents		1,057,584	361,999
Cash and cash equivalents at 1 April 2020		1,630,495	1,268,496
<b>Cash and cash equivalents at 31 March 2021</b>	14b	<u>2,688,079</u>	<u>1,630,495</u>

The notes on pages 14 to 23 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 2021.

#### 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

The Group and Company have produced forecasts and projections, taking account of reasonably possible changes in trading performance (including the ongoing impact of COVID-19), which show that the Group and Company should be able to operate within its current working capital structure. After making enquiries, the Directors have a reasonable expectation that operating cash inflows will continue to be positive due to fee income being generated from investor commitments to funds managed and advised by the Company and therefore, 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. The Directors therefore continue to adopt the going concern basis in preparing the financial statements.

The Directors are actively monitoring the effects of the Coronavirus Disease 19 "COVID-19". The Directors do not believe this situation has altered the risk exposure (as explained on page 4 of the Strategic Report). As explained above, the Group and Company are expected to continue to have sufficient resources in place to continue operating.

#### 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.

#### 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. On 28 May 2020, the Company received a transaction fee of £1,832,324, of which 20% or £366,465 was recognised as income and 80% or £1,465,859 was credited to the balance sheet. £947,894 was subsequently offset against General Partners Share obligations from the associated fund – Iona Environmental Infrastructure LP – and £517,965 remained outstanding, to be offset against future General Partner's Share obligations, on 31 March 2021.

## Notes to the Financial Statements

### 1. Accounting Policies (continued)

#### 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 2021 is £239,108 - see note 9 for further details.

#### Other debtors

Included in other debtors is £356,764 (2020: £145,178) 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.

#### 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.

#### 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

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.

#### 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.



## Notes to the Financial Statements

### 1. Accounting Policies (continued)

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

Revenue 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.

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.

The Group uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

### 2. Turnover

Turnover is attributable to activities related to investment management in the United Kingdom. Turnover included £2,997,853 (2020: £3,029,753) investment management fee income, £361,619 (2020: £324,842) administration fee income, and £1,207,424 (2020: £ nil) transaction fee income.

### 3. Group operating profit

Operating profit is stated after charging:	2021	2020
	£	£
Depreciation	86,323	87,153
Auditors' remuneration for audit services	18,200	13,500
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.

# Iona Capital Ltd

## Notes to the Financial Statements

### 4. Staff costs

(a) Staff costs (including directors' remuneration)	2021	2020
	£	£
Wages and salaries	2,305,799	1,962,521
Social security costs	290,606	246,017
Pension costs	154,516	132,785
	<u>2,750,921</u>	<u>2,341,323</u>

The average monthly number of employees (including Directors) during the year	Nos	Nos
	20	19

(b) Directors' remuneration	£	£
Directors' remuneration	685,558	695,398
Social security costs	90,037	90,444
Pension costs (2021: 2 directors; 2020: 2 directors)	34,045	24,612
	<u>809,640</u>	<u>810,454</u>

In respect of the highest paid director:

Aggregate remuneration	290,268	286,777
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### 5. Taxation

#### (a) Total tax charge on profit on ordinary activities

	2021	2020
	£	£
Current tax:		
UK Corporation tax at 19% (2020: 19%)	101,209	-
Adjustment in respect of prior year	39	177,338
	<u>101,248</u>	<u>177,338</u>

#### Deferred tax

Current year	(14,523)	(269,575)
Group deferred tax	<u>(14,523)</u>	<u>(269,575)</u>

Total tax charge/(credit) on profit on ordinary activities	<u>86,725</u>	<u>(92,237)</u>
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## Notes to the Financial Statements

### 5. Taxation (continued)

#### (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% (2020: 19%). The differences are reconciled below:

	2021	2020
	£	£
Profit/(loss) on ordinary activities before tax	439,689	(94,413)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	83,541	(17,938)
Expenses not deductible for tax purposes	3,819	5,837
Movement in unrecognised deferred tax	(646)	975
Income not taxable	-	39
Share of Limited Partnerships' (losses)/profits	(28)	(1,988)
Deferred income	-	(256,500)
Adjustment in respect of prior year	39	177,338
Total tax expense/(credit)	86,725	(92,237)

#### (c) Deferred taxation

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

	Group	Group
	£	£
Accelerated capital allowances	(42,497)	(57,020)
Included in Provisions for liabilities (note 11)	(42,497)	(57,020)
At 1 April 2020	(57,020)	(326,595)
Deferred credit in the Income Statement (note 11)	14,523	269,575
At 31 March 2021	(42,497)	(57,020)

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 UK Finance Bill 2015 was enacted in November 2015 reducing the standard rate of corporation tax from 20 per cent to 19 per cent effective from 1 April 2019 and the UK Finance Bill 2016 was enacted in September 2016 reducing the standard rate of corporation tax further to 17 per cent effective from 1 April 2020. This Bill is likely to be superseded in the summer of 2021 and therefore the 19 per cent rate has been used in calculating the deferred tax charge. The company has an unrecognised deferred tax asset of £19,439 (2020: £16,020). Deferred tax has not been recognised on this due to uncertainty over its recoverability.

### 6. Profit attributable to the members of the Parent Company

The profit dealt with in the financial statements of the Parent Company is £353,090 (2020: loss of £1,971).

# Iona Capital Ltd

## Notes to the Financial Statements

### 7. Tangible fixed assets

Group and Parent Company:	Office equipment	Fixture & Fittings	Total
Cost	£	£	£
At 1 April 2020	91,907	412,906	504,813
Additions	8,461	1,082	9,543
At 31 March 2021	100,368	413,988	514,356
Depreciation	£	£	£
At 1 April 2020	68,553	134,246	202,799
Charge for the year	15,013	71,310	86,323
At 31 March 2021	83,566	205,556	289,122
Carrying amount at 31 March 2021	16,802	208,432	225,234
Carrying amount at 31 March 2020	23,354	278,660	302,014

### 8. Investments

Group	2021	2020
	£	£
Associate	-	-
	-	-
	2021	2020
	£	£
At 1 April	-	-
Share of (loss)/profit retained by the associate	-	-
At 31 March	-	-

On 30 June 2015, the Company purchased 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 12 February 2017, Tean Management Services Ltd (previously known as Iona EI (GP) Limited) issued three shares to Iona Environmental Infrastructure LP. As a result of the issue of shares the Company's holding in Tean Management Services Ltd ("TMS") was reduced from 100% to 25%. TMS is an entity incorporated in England & Wales whose principal activity is the management of Anaerobic Digestion plants.

On 30 September 2018 Advantage Biogas Limited bought TMS and the results presented above reflect the results of the combined entity.

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 2021, the Group's share of losses not recognised amounted to £129,701.

# Iona Capital Ltd

## Notes to the Financial Statements

### 8. Investments (continued)

#### Parent Company

	Subsidiary undertakings	Associates	Other investments	Total
	£	£	£	£
At 1 April 2020	300	10,000	-	10,300
Addition	-	-	-	-
At 31 March 2021	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>			
Advantage Biogas Limited	England	25%	Provision of operation and maintenance contracts to Anaerobic Digestion plants

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

Advantage Biogas Limited has a registered address of 6-8 Greenwood Road, Keytec 7 Business Park, Pershore, Worcestershire, England, WR10 2JL.

### 9. Debtors

	Group		Parent Company	
	2021	2020	2021	2020
	£	£	£	£
Amounts owed by related parties	718,763	663,690	720,163	665,090
Trade debtors	905,596	1,097,341	905,596	1,097,341
Deferred charges	239,108	358,662	239,108	358,662
Corporation tax	-	39	-	-
Other debtors	500,897	284,431	500,897	284,431
Prepayments	53,516	171,483	53,516	171,483
	2,417,880	2,575,646	2,419,280	2,577,007

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.

## Notes to the Financial Statements

Included in amounts owed by related parties is a loan of £717,390 (2020: £662,390) 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	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	240,130	214,515	240,130	214,515
Other creditors	624,900	161,345	624,900	-
Corporation tax	101,209	-	101,229	-
Other taxes	107,527	58,798	107,527	58,798
Accruals	1,241,726	1,396,237	1,241,726	1,396,237
	<b>2,315,492</b>	<b>1,830,895</b>	<b>2,315,512</b>	<b>1,669,550</b>

### 11. Provisions for liabilities

Group and Company:	Deferred Tax	Dilapidations	Total
	£	£	£
At 1 April 2019	326,595	54,000	380,595
Charge in the year	(269,575)	-	(269,575)
At 31 March 2020 and 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

### 12. Called up share capital

Group and Company	2021	2020
	£	£
Allotted, called up and full paid:		
597,500 Ordinary shares of £1 each	597,500	597,500

### 13. Dividends

	2021	2020
	£	£
Declared and paid during the year:		
Interim for 2021: £0 (2020: £0.502)	-	300,000

## Notes to the Financial Statements

### 14. Notes to the statement of cash flows

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

	2021	2020
	£	£
Group profit/(loss) for the year	439,689	(94,413)
Adjustments to reconcile profit for the year to the net cash flow from operating activities		
Depreciation	86,323	87,154
Other income	-	(43,628)
Other interest	-	(38,127)
Decrease/(increase) in debtors	157,727	(446,767)
Increase in creditors	383,388	1,020,335
<b>Taxation</b>		
Corporation tax received	-	157,240
	<b>627,438</b>	<b>736,207</b>
Net cash inflow from operating activities	<b>1,067,127</b>	<b>641,794</b>

#### (b) Cash and cash equivalents

	Group		Parent Company	
	2021	2020	2021	2020
	£	£	£	£
Cash at bank and in hand	2,688,079	1,630,495	2,687,561	1,468,525
	<b>2,688,079</b>	<b>1,630,495</b>	<b>2,687,561</b>	<b>1,468,525</b>

### 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 £279,915 (2020: £1,240,266) and incurred expenses of £66,226 (2020: £159,140) on its behalf. At 31 March 2021 the balance payable by Iona Environmental Infrastructure LP to the Group was £13 (2020: £0).

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 £631,679 (2020: £643,137) and incurred expenses of £47,256 (2020: £131,413) on its behalf. At 31 March 2021, the balance payable by Iona Environmental Infrastructure 2 LP to the Group was £59 (2020: £0).

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.

## Notes to the Financial Statements

### 16. Related party transactions (continued)

During the year the Group received income relating to services provided to Iona North West Environmental Infrastructure LP of £425,665 (2020: £391,232) and incurred expenses of £32,242 (2020: £67,110) on its behalf. At 31 March 2021, the balance payable by Iona North West Environmental Infrastructure LP to the Group was £0 (2020: £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 £1,304,158 (2020: £386,073) and incurred expenses of £101,173 (2020: £345,397) on its behalf. At 31 March 2021, the balance payable by Iona Environmental Infrastructure 3 LP to the Group was £0 (2020: £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 £55,000 (2020: £1,500), and charged interest of on the loan of £0 (2020: £35,930). As at 31 March 2021, £717,390 (2020: £662,390) was due from ICL (Funding) Limited.

During the year the Group incurred expenses of £nil (2020: £nil) on behalf of Iona EI (SLP) LP; two of the Directors are limited partners of the partnership. As at 31 March 2021, £600 (2020: £600) is due from Iona EI (SLP) LP.

During the year the Group incurred expenses of £nil (2020: £nil) on behalf of Iona EI (SLP) II LP; two of the Directors are limited partners of the partnership. As at 31 March 2021, £200 (2020: £200) is due from Iona EI (SLP) II LP.

During the year the Group incurred expenses of £nil (2020: £nil) on behalf of Iona NW (SLP) LP; two of the Directors are limited partners of the partnership. As at 31 March 2021, £200 (2020: £200) is due from Iona NW (SLP) LP.

During the year the Group incurred expenses of £nil (2020: £nil) on behalf of Iona EI (SLP) III LP; two of the Directors are limited partners of the partnership. As at 31 March 2021, £300 (2020: £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.

### 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.

	2021	2020
	£	£
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Not later than one year	240,720	210,840
Later than one year and not later than five years	440,360	623,014
<b>Total</b>	<b>681,080</b>	<b>833,854</b>

### 18. Subsequent events

There are no subsequent events to report.