

YLEM GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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YLEM GROUP LIMITED

COMPANY INFORMATION

Directors	C Hull A Ward I Gadsby
Registered number	03516925
Registered office	Edison House Daniel Adamson Road Salford Manchester M50 1DT
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 11th Floor Landmark St Peter's Square 1 Oxford Street Manchester M1 4PB
Bankers	Barclays Bank plc 3 Hardman Street Manchester M3 3AX
Solicitors	Stevens & Bolton LLP Wey House Farnham Road Guildford GU1 4YD

YLEM GROUP LIMITED

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YLEM GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

Introduction

The principal activity of Ylem Group Limited is to act as a holding company for the wider group, the activities of which include the design, financing, installation and maintenance of medium to long term renewable and nonrenewable power generation projects, as well as the provision of consultancy, measurement, control and management services for the energy efficiency market.

The Group's portfolio structure enables its UK and international businesses, each with its own dedicated management team, to focus on clearly defined market sectors.

Key performance indicators

In the opinion of the directors the most relevant indicators to assess the performance of the Group's portfolio of companies are profitability after financing costs, defined for this purpose at the PBT level, and long-term cash generation for which EBITDA provides an acceptable proxy.

The consolidated results of the Ylem Group for the year ended 31 March 2022 (compared to the year ended 31 March 2021) are summarised on page 9.

The Group's businesses generated a pre-tax loss of £0.2m (2021: profit of £1.3m). Total dividends in the period amount to £Nil (2021: £Nil).

Future development

The Group is pursuing a number of growth strategies to develop a portfolio of power generating assets. A number of new sites are in construction are forecast to be commissioned in the second half of 2022. A pipeline of future opportunities continues to be developed utilising a range of technologies to meet the future demands of an increasingly decentralised national grid.

Principal risks and uncertainties

The directors periodically review and agree objectives for managing key risks. These key risks, and the way in which the group seeks to manage them, are summarised below:

Market risk and cash flow risk

A high proportion of the Group's turnover is derived from medium and long-term contracts with third party customers under renewable power generation operations and maintenance agreements, currently mainly in Sterling. These agreements generally adopt long term firm or index linked prices except for projects generating for energy markets where fluctuating prices are mitigated using forward sale contracts.

Liquidity risk and interest rate risk

The group seeks to manage financial risk by careful control of working capital and approval of discretionary capital expenditure only where sufficient liquidity exists to meet foreseeable operational needs.

YLEM GROUP LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Credit risk

Credit risk is limited in the Group because power generation customers are generally blue chip or government backed. Rigid credit control measures are implemented for higher risk customers or consumers although the typically small size of contract values limits the potential impact of credit risk on overall Group financial performance.

This report was approved by the board on 29 November 2022 and signed on its behalf.

Chris Hull

C Hull
Director

YLEM GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

The directors present their report and the financial statements for the year ended 31 March 2022.

Directors

The directors who served during the year were:

C Hull
A Ward
I Gadsby

Dividends

No dividends were paid during the period (31 March 2021: £Nil). The directors do not recommend the payment of a dividend.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial risk management objectives and policies

Financial risk management objectives and policies are detailed in the Strategic Report.

YLEM GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Future developments

Comments on future developments are set out in the Strategic Report and form part of this report by cross-reference.

Engagement with employees

The Group and Company has maintained its commitment to employee involvement and sound employee relations. The directors hold regular meetings with managers to keep them informed of significant operational and market developments, key business objectives, and the factors affecting the performance of the Group and the Company for communication to staff as appropriate.

Disabled employees

The Company has continued its policy of employing disabled persons wherever practicable having regard to their particular aptitudes and abilities. When the situation arises, the Company endeavours to retrain any members of staff who develop a disability during employment with the Company. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Going concern

The continuing businesses enjoy healthy positive cash flow from investment in cash generative projects in earlier years, together with medium-term contracted revenue streams arising from energy services and maintenance contracts. Moreover, the uncertainty as to the future impact on the Group of the recent Covid-19 outbreak is not considered significant but has been considered as part of the Group's adoption of the going concern basis.

The directors consider that the Company and the Group have adequate resources to continue operations for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 2.3 to the financial statements.

Qualifying third party indemnity provisions

The group has appropriate Directors' and Officers' insurance covering all Directors for both the Company and its subsidiaries.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Disclosure of information to auditors

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

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

YLEM GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 November 2022 and signed on its behalf.

Chris Hull

C Hull
Director

YLEM GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YLEM GROUP LIMITED

Opinion

We have audited the financial statements of Ylem Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the Group Profit and loss account, the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cashflows, the Group and Company Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the 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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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 and 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

YLEM GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YLEM GROUP LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report 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.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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.

Responsibilities of directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the 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

YLEM GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YLEM GROUP LIMITED

company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company, and the industry in which it operates, and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.
- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management and those charged with governance of the entity. We corroborated the results of our enquiries to supporting documentation such as board minute reviews.
- We enquired of management whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected fraud. We corroborated the results of our enquiries to supporting documentation such as board minute reviews. From the procedures performed we did not identify any matters relating to non-compliance with laws and regulation or matters in relation to fraud.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - evaluation of the processes and controls established to address the risks related to irregularities and fraud;
 - challenge of assumptions and judgments made by management in its significant accounting estimates;
 - identifying and testing related party transactions;
 - review and testing journal entries, in particular journal entries determined to be large or relating to unusual transactions.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's knowledge of the industry in which the client

YLEM GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YLEM GROUP LIMITED

operates in and understanding of, and practical experience through training and participation with audit engagements of a similar nature;

- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Company's operations, including the nature of its revenue sources, expected financial statement disclosures and business risks that may result in risk of material misstatement; and
 - the Company's control environment, including management's knowledge of the relevant laws and regulations and how the company is complying with those laws and regulations, the adequacy of procedures for authorisation of transactions, and procedures to ensure that possible breaches of laws and regulations are appropriately resolved.

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.

Michael Lowe
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

Michael Lowe

1/12/2022

YLEM GROUP LIMITED

<p align="center">CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022</p>
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	Note	2022 £000	2021 £000
Turnover	4	27,199	20,370
Cost of sales		(21,078)	(14,600)
Gross profit		6,121	5,770
Administrative expenses		(5,922)	(5,846)
Other operating income	5	235	258
Reversal of impairment charge		-	1,500
Operating profit	6	434	1,682
Interest receivable and similar income	10	321	291
Interest payable and similar expenses	11	(905)	(638)
(Loss)/profit before tax		(150)	1,335
Tax on (loss)/profit	12	(681)	97
(Loss)/profit for the financial year		(831)	1,432
(Loss)/profit for the year attributable to:			
Non-controlling interests		435	113
Owners of the parent		(1,266)	1,319
		(831)	1,432

The notes on pages 19 to 46 form part of these financial statements.

YLEM GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £000	2021 £000
(Loss)/profit for the financial year		(831)	1,432
Other comprehensive income			
Currency translation differences		313	95
Other comprehensive income for the year		313	95
Total comprehensive income for the year		(518)	1,527
(Loss)/profit for the year attributable to:			
Non-controlling interest		435	113
Owners of the parent Company		(1,266)	1,319
		(831)	1,432

The notes on pages 19 to 46 form part of these financial statements.

YLEM GROUP LIMITED
REGISTERED NUMBER: 03516925

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	13	2,116	2,448
Tangible assets	14	39,213	31,958
		<u>41,329</u>	<u>34,406</u>
Current assets			
Stocks	16	920	826
Debtors: amounts falling due within one year	17	8,665	7,791
Cash at bank and in hand	18	9,407	8,035
		<u>18,992</u>	<u>16,652</u>
Creditors: amounts falling due within one year	19	(8,309)	(8,729)
Net current assets		<u>10,683</u>	<u>7,923</u>
Total assets less current liabilities		<u>52,012</u>	<u>42,329</u>
Creditors: amounts falling due after more than one year	20	(21,223)	(11,292)
Other provisions	24	(1,149)	(897)
Net assets		<u><u>29,640</u></u>	<u><u>30,140</u></u>
Capital and reserves			
Called up share capital	25	8,457	8,454
Share premium account		31	16
Profit and loss account		20,112	21,065
Equity attributable to owners of the parent Company		<u>28,600</u>	<u>29,535</u>
Non-controlling interests		1,040	605
		<u><u>29,640</u></u>	<u><u>30,140</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 November 2022.

Chris Hull

C Hull
 Director

The notes on pages 19 to 46 form part of these financial statements.

YLEM GROUP LIMITED
REGISTERED NUMBER: 03516925

COMPANY BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £000	2021 £000
Fixed assets			
Tangible assets	14	3,750	3,932
Investments	15	10,986	11,569
		<u>14,736</u>	<u>15,501</u>
Current assets			
Debtors: amounts falling due after more than one year	17	24,541	13,457
Debtors: amounts falling due within one year	17	2,757	1,138
		<u>27,298</u>	<u>14,595</u>
Creditors: amounts falling due within one year	19	(4,198)	(4,782)
Net current assets		<u>23,100</u>	<u>9,813</u>
Total assets less current liabilities		<u>37,836</u>	<u>25,314</u>
Creditors: amounts falling due after more than one year	20	(14,890)	(5,466)
Provisions for liabilities			
Other provisions	23	(16)	(5)
Net assets		<u>22,930</u>	<u>19,843</u>
Capital and reserves			
Called up share capital	25	8,457	8,454
Share premium account		31	16
Profit and loss account carried forward		14,442	11,373
		<u>22,930</u>	<u>19,843</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The Company generated a profit after taxation of £3,069,000 for the year ended 31 March 2022 (2021: profit of £1,254,000).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 November 2022.

C Hull *Chris Hull*
 Director

The notes on pages 19 to 46 form part of these financial statements.

YLEM GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Equity attributable to owners of parent Company £000	Non- controlling interests £000	Total equity £000
At 1 April 2020	8,450	-	19,651	28,101	492	28,593
Comprehensive income for the year						
Profit for the year	-	-	1,319	1,319	113	1,432
Currency translation differences	-	-	95	95	-	95
Other comprehensive income for the year	-	-	95	95	-	95
Total comprehensive income for the year	-	-	1,414	1,414	113	1,527
Shares issued during the year	4	16	-	20	-	20
Total transactions with owners	4	16	-	20	-	20
At 1 April 2021	8,454	16	21,065	29,535	605	30,140
Comprehensive income for the year						
Loss for the year	-	-	(1,266)	(1,266)	435	(831)
Currency translation differences	-	-	313	313	-	313
Other comprehensive income for the year	-	-	313	313	-	313
Total comprehensive income for the year	-	-	(953)	(953)	435	(518)
Shares issued during the year	4	15	-	19	-	19
Total transactions with owners	4	15	-	19	-	19
At 31 March 2022	8,458	31	20,112	28,601	1,040	29,641

The notes on pages 19 to 46 form part of these financial statements.

YLEM GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 April 2020	8,450	-	10,119	18,569
Comprehensive income for the year				
Profit for the year	-	-	1,254	1,254
Total comprehensive income for the year	-	-	1,254	1,254
Contributions by and distributions to owners				
Shares issued during the year	4	16	-	20
Total transactions with owners	4	16	-	20
At 1 April 2021	8,454	16	11,373	19,843
Comprehensive income for the year				
Profit for the year	-	-	3,069	3,069
Total comprehensive income for the year	-	-	3,069	3,069
Contributions by and distributions to owners				
Shares issued during the year	4	15	-	19
Total transactions with owners	4	15	-	19
At 31 March 2022	8,458	31	14,442	22,931

The notes on pages 19 to 46 form part of these financial statements.

YLEM GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

	2022 £000	2021 £000
Cash flows from operating activities		
(Loss)/profit for the financial year	(831)	1,432
Adjustments for:		
Amortisation of intangible assets	1,082	1,049
Depreciation of tangible assets	2,962	2,978
Impairment reversal	-	(1,500)
Loss on disposal of tangible assets - note 6	213	122
Loss on disposal of intangible assets	5	-
Interest paid	905	638
Interest received	(89)	(75)
Taxation charge	681	(97)
(Increase)/decrease in stocks	(94)	39
(Increase) in debtors	(925)	(137)
Decrease/(increase) in related party debtors	(43)	17
Increase in creditors	132	388
Decrease in related party creditors	(1,291)	(13)
(Decrease) in provisions	(34)	(82)
Foreign tax paid	(263)	(285)
Corporation tax (paid)/received	22	243
Foreign exchange	794	293
Net cash generated from operating activities	3,226	5,010
Cash flows from investing activities		
Purchase of intangible fixed assets - note 13	(755)	(5)
Purchase of tangible fixed assets	(10,208)	(2,981)
Net cash from investing activities	(10,963)	(2,986)
Cash flows from financing activities		
Repayment of loans	(125)	-
Other new loans	9,500	-
Interest received	89	75
Net cash used in financing activities	9,464	75
Net increase in cash and cash equivalents	1,727	2,099
Cash and cash equivalents at beginning of year	8,035	6,170
Foreign exchange gains and losses	(355)	(234)

YLEM GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

	2022 £000	2021 £000
Cash and cash equivalents at the end of year	<u><u>9,407</u></u>	<u><u>8,035</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>9,407</u>	<u>8,035</u>
	<u><u>9,407</u></u>	<u><u>8,035</u></u>

The notes on pages 19 to 46 form part of these financial statements.

YLEM GROUP LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2022**

	At 1 April 2021 £000	Cash flows £000	At 31 March 2022 £000
Cash at bank and in hand	8,035	1,372	9,407
Debt due after 1 year	(11,292)	(9,931)	(21,223)
Debt due within 1 year	(816)	381	(435)
	<u>(4,073)</u>	<u>(8,178)</u>	<u>(12,251)</u>

The notes on pages 19 to 46 form part of these financial statements.

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1. General information

Ylem Group Limited (the Company), is a company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on the company information page.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the Strategic Report on pages 1 and 2.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)**2.3 Going concern**

The continuing businesses enjoy healthy positive cash flows from investment in cash generative projects made in earlier years, together with medium-term contracted revenue streams arising from energy services and maintenance contracts. The Group holds significant cash balances going forward, has unutilised borrowing potential and enjoys a capex regime that is discretionary. The directors believe that the Group is adequately funded to continue developing its core businesses, whilst making selective investments in future power generation and energy services projects and managing the associated risks successfully.

In preparing the Group's forecasts, the key assumptions made were in relation to Energy and renewable obligation certificates (ROC) prices, together with forecast land fill gas production. The directors are confident that even under the most severe scenarios, they can take sufficient mitigating action to ensure that the Group has adequate cash resources over the forecast period. Furthermore, the Group has entered into fixed power price agreements for the majority of its portfolio over the forecast period.

In this context, having regard to profits in the current period, recent forecasts and an assessment of reasonably expected future events, the directors consider that the Group and Company have adequate financial resources for the foreseeable future and have an assessment period of going concern to 31 March 2024. Thus, the going concern basis of accounting is considered appropriate in preparing the Financial Statements for the year ended 31 March 2022.

2.4 Revenue

Turnover is stated net of VAT and trade discounts. Turnover from the sale of goods is recognised when the goods are physically dispatched. Turnover from the value of sales of electricity generated, including ROCs, is recognised when supplied to the grid. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. When a contract has only been partially completed at the balance sheet date, turnover represents the value of services provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of creditors due within one year. Where customers have not been invoiced for services provided as at the balance sheet date, the amounts are recorded as Accrued Income and included as part of Debtors due within one year.

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)**2.5 Intangible assets****Goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life of up to 5 years. Provision is made for any impairment.

Development costs

Development expenditure is written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised within intangible fixed assets. Provision is made for any impairment.

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill, and are therefore not treated, for dividend purposes, as a realised loss.

Licences

Licences represent the rights to future revenues and economic benefit from utility service provision agreements and are included at cost and amortised in equal annual instalments over the estimated economic life of twenty years.

2.6 Tangible fixed assets

Tangible fixed assets are capitalised at cost including the expected cost of decommissioning where appropriate. Freehold land and assets in the course of construction are not depreciated. Depreciation is provided on all other tangible fixed assets in use at rates calculated to write off the cost of each asset, less estimated residual value and any provision for impairment, over its expected useful life on a straight-line basis, as follows:

Freehold property	- 25 years
Plant and machinery	- 3 - 20 years
Motor vehicles	- 3 - 4 years
Fixtures and fittings	- 3 - 7 years

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)**2.7 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Investments

Fixed and listed current asset investments are stated at cost unless, in the opinion of the directors, there has been an impairment, in which case an appropriate adjustment is made.

2.9 Stocks

Stocks are valued at the lower of cost and net realisable value, after making allowance for obsolete and slow-moving stock. Cost is determined on a first in, first out basis and, in the case of work in progress and finished goods, includes all direct expenditure and production overheads, based on normal levels of activity, incurred in bringing products to their present location and condition.

Net realisable value is based on estimated selling price net of any payments on account, less any further cost of realisation.

2.10 Long term contracts

Long term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where appropriate, attributable profits are recognised. Any anticipated losses identified on a contract by contract basis are provided for immediately in full.

2.11 Debtors

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

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.13 Creditors

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

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.15 Finance costs

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

2.16 Leases

Rentals payable under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.17 Pensions

The Group contributes to money purchase pension schemes, which are operated by independent pension providers. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.18 Interest income

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

2.19 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the probable outflow of resources, and a reliable estimate can be made of the amount of the obligation.

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.20 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more or a right to pay less tax. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis using the tax rates and laws that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset only if: a) the Company in which they arise has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.21 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

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

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the group intends

YLEM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.21 Financial instruments (continued)

either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

Financial assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Derecognition of financial liabilities

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

3. Critical accounting estimates and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The directors do not consider there to be any critical accounting judgements that must be applied.

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are addressed below.

Useful lives of tangible fixed assets

Those companies in the group with significant fixed assets, particularly power generation projects, review the estimated useful lives of tangible fixed assets at the end of each reporting period as well as assessments of gas availability and expected energy market prices in the case of the renewable energy sector. During the current period, the directors of such businesses have considered whether the useful lives are still appropriate, as well as whether any impairment is necessary where the recoverable amount is considered as a comparison of the higher of fair value, less costs to sell, and value in use, determined on the basis of such assessments.

Obsolete stock provisions

Company management performs detailed stock analyses at the year end, to decide if an obsolescence provision is needed.

Profit recognition on contracts

Management seek to match costs with related revenues in the light of an assessment of the expected costs to complete and final outcome of contract performance.

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

4. Turnover

Analysis of turnover by country of destination:

	2022 £000	2021 £000
United Kingdom	21,607	16,239
Rest of the world	5,592	4,131
	<u>27,199</u>	<u>20,370</u>

Included within the turnover are the management recharges to the group entities.

5. Other operating income

	2022 £000	2021 £000
Rent receivable	235	258
	<u>235</u>	<u>258</u>

6. Operating profit

The operating profit is stated after charging:

	2022 £000	2021 £000
Amortisation of goodwill	1,082	1,049
Depreciation of tangible fixed assets (see note 14)	2,962	2,978
Impairment reversal in FY21 relating to land and buildings (see note 14)	-	(1,500)
Loss on disposal of fixed assets	210	122
Foreign exchange gains	(797)	(359)
Operating lease expense		
- other (motor vehicles and equipment)	139	101
	<u>139</u>	<u>101</u>

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

7. Auditors' remuneration

	2022	2021
	£000	£000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	35	21
- for the audit of the company's subsidiaries	62	50
	97	71
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	33	24
Other services relating to taxation	24	31
All other assurance services	10	11
	67	66

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Wages and salaries	3,718	<i>3,747</i>	545	<i>519</i>
Social security costs	416	<i>386</i>	73	<i>60</i>
Cost of defined contribution scheme	194	<i>193</i>	30	<i>29</i>
	4,328	<i>4,326</i>	648	<i>608</i>

The average monthly number of employees, including the directors, during the year was as follows:

	Group	<i>Group</i>	Company	<i>Company</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	No.	<i>No.</i>	No.	<i>No.</i>
Office and management	39	<i>38</i>	5	<i>6</i>
Operations, maintenance and service	53	<i>50</i>	-	<i>-</i>
	92	<i>88</i>	5	<i>6</i>

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

9. Directors' remuneration

	2022	2021
	£000	£000
Directors' emoluments	409	405
Group contributions to defined contribution pension schemes	14	24
	<u>423</u>	<u>429</u>

During the year retirement benefits were accruing to 2 directors (2021 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £229,043 (2021 - £225,445).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,920 (2021 - £15,177).

10. Interest receivable

	2022	2021
	£000	£000
Exchange gains	232	216
Other interest receivable	89	75
	<u>321</u>	<u>291</u>

11. Interest payable and similar expenses

	2022	2021
	£000	£000
Other interest payable	905	638
	<u>905</u>	<u>638</u>

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

12. Taxation

	2022	2021
	£000	£000
Corporation tax		
Current tax on profits for the year	274	-
	<u>274</u>	<u>-</u>
Foreign tax		
Foreign tax on income for the year	-	285
	<u>-</u>	<u>285</u>
Total current tax	<u>274</u>	<u>285</u>
Deferred tax		
Origination and reversal of timing differences	385	(660)
Adjustment in respect of previous periods	22	278
	<u>407</u>	<u>(382)</u>
Total deferred tax	<u>407</u>	<u>(382)</u>
Taxation on (loss)/profit on ordinary activities	<u>681</u>	<u>(97)</u>

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - *lower than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
(Loss)/profit on ordinary activities before tax	(150)	1,335
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(29)	254
Effects of:		
Expenses not deductible for tax purposes	246	60
Fixed asset timing differences	100	(140)
Movement in deferred tax not recognised	789	(724)
Overseas tax effect	49	101
Adjustments in respect of previous years (deferred tax)	22	279
Withholding tax on deferred dividend in specie	30	32
Income not taxable	(53)	41
Adjustments from previous periods	17	-
Tax rate changes	(490)	-
Total tax charge for the year	681	(97)

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This was substantively enacted on 24 May 2021 and its effects are included in these financial statements.

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

13. Intangible assets

Group

	Patents £000	Goodwill £000	Total £000
Cost			
At 1 April 2021	15	10,408	10,423
Additions	-	755	755
Disposals	(15)	-	(15)
At 31 March 2022	-	11,163	11,163
Amortisation			
At 1 April 2021	10	7,965	7,975
Charge for the year on owned assets	-	1,082	1,082
On disposals	(10)	-	(10)
At 31 March 2022	-	9,047	9,047
Net book value			
At 31 March 2022	-	2,116	2,116
At 31 March 2021	5	2,443	2,448

The goodwill addition of £0.8m (2021: Nil) arose on the acquisition of Corpower Limited and Wheatly Power Limited detailed within note 2

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

13. Intangible assets (continued)

Company

**Goodwill
£000**

Cost

At 1 April 2021

9,102

At 31 March 2022

9,102

Amortisation

At 1 April 2021

9,102

At 31 March 2022

9,102

Net book value

At 31 March 2022

-

At 31 March 2021

-

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

14. Tangible fixed assets

Group

	Freehold land and buildings £000	Plant and machinery £000	Fixtures, fittings and computer equipment £000	Motor vehicles £000	Assets under construction £000	Total £000
Cost or valuation						
At 1 April 2021	6,273	46,887	833	73	2,301	56,367
Additions	-	709	22	50	9,427	10,208
Disposals	-	(743)	(1)	(14)	-	(758)
Transfers between classes	-	641	-	-	(641)	-
Exchange adjustments	-	(79)	9	5	114	49
At 31 March 2022	6,273	47,415	863	114	11,201	65,866
Depreciation						
At 1 April 2021	2,364	21,303	707	35	-	24,409
Charge for the year on owned assets	187	2,706	54	15	-	2,962
Disposals	-	(532)	(1)	(12)	-	(545)
Exchange adjustments	-	(184)	7	4	-	(173)
At 31 March 2022	2,551	23,293	767	42	-	26,653
Net book value						
At 31 March 2022	3,722	24,122	96	72	11,201	39,213
At 31 March 2021	3,909	25,584	126	38	2,301	31,958

In the prior year, management reassessed the recoverable value of the land which was purchased for £2.5m but had been previously impaired by £1.5m in FY20. As a result of discussions with third parties in respect of the potential sale of the land, management believed that the recoverable value was in excess of the cost and therefore reversed the impairment charge in full and was recognised this reversal within the prior year operating profit.

YLEM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

14. Tangible fixed assets (continued)

Company

	Freehold property £000	Fixtures and fittings £000	Computer equipment £000	Assets under construction £000	Total £000
Cost or valuation					
At 1 April 2021	6,274	49	9	-	6,332
Additions	-	-	-	6	6
At 31 March 2022	6,274	49	9	6	6,338
Depreciation					
At 1 April 2021	2,366	25	9	-	2,400
Charge for the year on owned assets	186	2	-	-	188
At 31 March 2022	2,552	27	9	-	2,588
Net book value					
At 31 March 2022	3,722	22	-	6	3,750
At 31 March 2021	3,908	24	-	-	3,932

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

15. Fixed asset investments**Company**

**Investments
in
subsidiary
companies
£000**

Cost or valuation

At 1 April 2021	32,460
Additions	501
Disposals	(230)
Revaluations	(143)
At 31 March 2022	<u>32,588</u>

Impairment

At 1 April 2021	20,891
Charge for the period	1,079
Impairment on disposals	(227)
Revaluations	(141)
At 31 March 2022	<u>21,602</u>

Net book value

At 31 March 2022	<u><u>10,986</u></u>
At 31 March 2021	<u><u>11,569</u></u>

Biogas Technology Limited acquired 100% of the ordinary share capital of the following entities:

- Corpower Limited on 7th September 2021 for consideration of £443,488
- Wheatley Power Limited on 6th December 2021 for consideration of £261,267

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

15. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Ylem Energy Limited	United Kingdom	Renewable energy	Ordinary	100%
Energy Systems S.A. (PTY) Limited	South Africa (1)	Renewable energy	Ordinary	51%
Ylem Energy S.A. de C.V.	Mexico (2)	Renewable energy	Ordinary	100%
Natural Power Services S.A. de C.V.	Mexico (2)	Renewable energy	Ordinary	100%
High Power S.r.l	Romania (3)	Renewable energy	Ordinary	100%
CMR Consultants Limited	United Kingdom	Other trading	Ordinary	100%
Essential Control Limited	United Kingdom	Other trading	Ordinary	100%
Apeiron Properties Limited	United Kingdom	Non-trading companies	Ordinary	100%
Land Fill Gas Limited	United Kingdom	Non-trading companies	Ordinary	100%
Adamson Del 4 Limited	United Kingdom	Non-trading companies	Ordinary	100%
Adamson Del 6 Limited	United Kingdom	Non-trading companies	Ordinary	100%
Knowsley Energy Recovery Limited	United Kingdom	Non-trading companies	Ordinary	100%
Ylem Renewables Limited (Ylem EPC Limited)	United Kingdom	Non-trading companies	Ordinary	100%
Biogas Technology Limited	United Kingdom	Energy generation	Ordinary	100%
Biogas Technology SA de CV	Mexico (2)	Renewable energy	Ordinary	100%
Biogas Technology (Sawtry)	United Kingdom	Renewable energy	Ordinary	100%
Sociedad Autoabaste de Energia Verde de Aguascalientes, S de R.L. de C.V.	Mexico (2)	Renewable energy	Ordinary	99.9%
Balance Power Two Limited	United Kingdom	Non-trading companies	Ordinary	100%
Ylem Power Limited	United Kingdom	Energy generation	Ordinary	100%
Wheatley Power Limited	United Kingdom	Energy generation	Ordinary	100%
Corpower Limited	United Kingdom	Energy generation	Ordinary	100%

All UK subsidiary companies share the same registered office address as Ylem Group Limited, as shown on the company information page.

(1) 51% subsidiary of Ylem Group Limited.

Registered office: 205 Northway, Durban North, 4051, Republic of South Africa.

(2) Registered office: Torre Plaza Bosques, Avienda Universidad 1001, Fraccionamiento Bosques del Predo Norte, C.P. 20127, Aguascalientes, Mexico

(3) Registered office: Str. Pandurilor no.21, Block P8, 5th floor, Ap.27 District 5, Bucharest, Romania (liquidated on 2nd August 2021)

YLEM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

16. Stocks

	Group 2022 £000	Group 2021 £000
Raw materials and consumables	689	660
Work in progress	231	166
	<u>920</u>	<u>826</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

The stock provision held at the year end is £127k (2021: £124k)

17. Debtors

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Due after more than one year				
Amounts owed by group undertakings	-	-	24,541	13,457
	<u>-</u>	<u>-</u>	<u>24,541</u>	<u>13,457</u>

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Due within one year				
Trade debtors	1,314	1,370	73	13
Amounts owed by group undertakings	-	-	2,255	762
Amounts owed by related parties	102	59	46	-
Other debtors	1,028	343	154	149
Prepayments and accrued income	5,298	5,003	229	210
Tax recoverable	-	22	-	-
Deferred taxation	923	994	-	4
	<u>8,665</u>	<u>7,791</u>	<u>2,757</u>	<u>1,138</u>

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

18. Cash and cash equivalents

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Cash at bank and in hand	9,407	8,035	-	-
Less: bank overdrafts	-	-	(3,560)	(3,902)
	<u>9,407</u>	<u>8,035</u>	<u>(3,560)</u>	<u>(3,902)</u>

The Group operates a central banking facility and subsequently presents cash at bank and in hand net.

19. Creditors: Amounts falling due within one year

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Bank overdrafts	-	-	3,560	3,902
Trade creditors	3,214	2,465	127	153
Amounts owed to other participating interests	505	1,118	70	557
Overseas tax	61	-	-	-
Other taxation and social security	145	132	97	18
Other creditors	67	216	-	-
Accruals and deferred income	4,317	4,798	344	152
	<u>8,309</u>	<u>8,729</u>	<u>4,198</u>	<u>4,782</u>

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

	Group 2022 £000	Group 2021 £000	Company 2022 £000	Company 2021 £000
Amounts owed to other participating interests	21,223	11,292	14,890	5,466
	<u>21,223</u>	<u>11,292</u>	<u>14,890</u>	<u>5,466</u>

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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21. Loans

	Group 2022 £000	<i>Group 2021 £000</i>	Company 2022 £000	<i>Company 2021 £000</i>
Amounts falling due within one year				
Amounts owed to related party	435	561	-	-
Amounts falling due 2-5 years				
Amounts owed to related party	21,223	11,292	14,890	5,466
	<u>21,658</u>	<u>11,853</u>	<u>14,890</u>	<u>5,466</u>

Amounts owed by group undertakings to the Company includes loans of £26.7m (2021: £13.8m), £24.8m (2021: £12.1m) of these loans are Sterling denominated and earn interest at rates of between 0% and 5% over 3-month libor (2021: between 2.5% and 5%) and 2022: £1.9m (2021: £1.7m) is denominated in South African Rand and bears interest at the South African prime lending rate (2021: same).

22. Financial instruments

	Group 2022 £000	<i>Group 2021 £000</i>	Company 2022 £000	<i>Company 2021 £000</i>
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>11,853</u>	<u>9,807</u>	<u>27,023</u>	<u>14,381</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(25,243)</u>	<u>(15,125)</u>	<u>(18,846)</u>	<u>(10,112)</u>

Financial assets that are debt instruments measured at amortised cost comprise cash, trade debtors, other debtors and amounts owed by group undertakings and related parties.

Financial liabilities measured at amortised cost comprise bank overdraft, trade creditors, payments on account, other creditors and amounts due to group undertakings, related parties and non-controlling entities.

YLEM GROUP LIMITED

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23. Net deferred tax asset

	2022	2021
	£000	£000
Group		
At beginning of year	572	124
Deferred tax charge to income statement for the period	(407)	382
Foreign exchange differences	50	66
At end of year	215	572

The net deferred taxation asset consists of:

	Group	Group
	2022	2021
	£000	£000
Fixed asset timing difference	(1,905)	(1,350)
Other short-term timing differences	-	94
Unutilised tax losses	2,120	1,828
	215	572

Deferred taxation assets are being recognised where the group expects to have sufficient future taxable profits to allow the asset to be utilised. However, deferred taxation assets in relation to pre-acquisition losses in subsidiaries which are loss-making have not been recognised, as there is uncertainty over whether the losses can be utilised in the foreseeable future.

Certain deferred tax assets and liabilities have been offset, as follows:

The amount of deferred tax assets which have not been recognised total £3.5m (2021: £1.9m).

YLEM GROUP LIMITED

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23. Net deferred tax asset (continued)

The deferred tax asset is made up as follows:

	Group 2022 £000	Group 2021 £000
Fixed asset timing differences	(1,197)	123
Short term timing differences	-	17
Tax losses carried forward	2,120	-
Other	-	854
	<u>923</u>	<u>994</u>
	2022 £000	2021 £000
Company		
At beginning of year	(5)	4
Charged to profit or loss	(11)	(9)
At end of year	<u>(16)</u>	<u>(5)</u>

24. Provisions

Group

	Deferred tax £000	Other provisions £000	Total £000
At 1 April 2021	422	475	897
Charged to profit or loss	286	(141)	145
Other movements	-	107	107
At 31 March 2022	<u>708</u>	<u>441</u>	<u>1,149</u>

Other provisions principally comprise decommissioning costs, estimated by reference to the relevant contractual requirement, and capital contributions to site costs in accordance with the accounting policies on pages 19 to 26.

These provisions will be utilised over the life of the related contracts, up to 15 years.

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

25. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
8,449,559 (2021 - 8,449,559) Ordinary shares of £1.00 each	8,449,559	8,449,559
774,543 (2021 - 398,146) Ordinary shares of £0.01 each	7,745	3,981
	<u>8,457,304</u>	<u>8,453,540</u>

The Group issued 774,543 Ordinary A shares of £0.01 each to certain directors in the current year that are exercisable based on the achievement of an equity valuation hurdle. In the prior year 398,146 Ordinary A shares of £0.01 were issued to certain directors, which were cancelled in the current year. Where share awards are granted to directors, the fair value of the awards at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. No fair value adjustment has been recognised in the current year financial statements on the grounds of materiality.

26. Business combinations

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value £000
Current Assets		
Stocks	26	26
Total Assets	<u>26</u>	<u>26</u>
Creditors		
Due within one year	(76)	(76)
Total Identifiable net liabilities	<u>(50)</u>	<u>(50)</u>
Goodwill		755
Total purchase consideration		<u>705</u>
Consideration		
		£000
Cash		<u>705</u>

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

26. Business combinations (continued)

Cash outflow on acquisition

£000

Purchase consideration settled in cash, as above

705

The results of Corpower Limited and Wheatley Power Limited (as detailed in note 15) since acquisition are as follows:

**Current
period since
acquisition
£000**

(Loss) for the period since acquisition

(24)

27. Contingent liabilities

The Group and Company have the following contingent liabilities:

Under the Ylem Group Limited group banking arrangements, each participating UK group company jointly and severally cross-guarantees the liabilities of all other participating UK group companies. At the balance sheet date, the maximum potential liability cross-guaranteed was £Nil (2021: £Nil).

Ylem Group Limited has guaranteed the performance of certain contracts by group companies in the normal course of business.

28. Capital commitments

The Company had £4.6m (2021: £0.6m) capital commitments at 31 March 2022.

29. Pension commitments

The group operates defined contribution pension schemes for eligible employees. The charge for the period is detailed in note 8.

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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30. Commitments under operating leases

At 31 March 2022 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £000	<i>Group 2021 £000</i>
Within 1 year	162	<i>84</i>
Between two and five years	258	<i>143</i>
	420	<i>227</i>

31. Related party transactions

Switch2 Energy Limited is a related party by virtue of being under the common control of a family trust of Mr T Scott. During the year ended 31 March 2022 the Company and its subsidiaries sold goods and services to Switch2 Energy Limited amounting to £450,520 (2021: £571,069) and New-Era Properties Limited amounting to £278,132. Outstanding group balances at 31 March 2022 were:

Switch2 Energy Limited - receivable of £102,420 (2021: receivable of £58,919)

Major Oak Limited is a related party by virtue of being under the common control of a family trust of Mr T Scott. During the year ended 31 March 2022 the Company and its subsidiaries bought goods and services from Major Oak Limited amounting to £8,902,860 (2021: £280,976). Outstanding group balances at 31 March 2022 were:

Major Oak Limited - receivable/(payable) of (£15,069,791) (2021: receivable/payable (£6,057,014))

32. Controlling party

Ylem Group Limited is the highest of entities in the group that produces consolidated financial statements.

Ylem Group Limited is owned by a family trust of Mr Tim Scott, which is considered to be the ultimate controlling party.