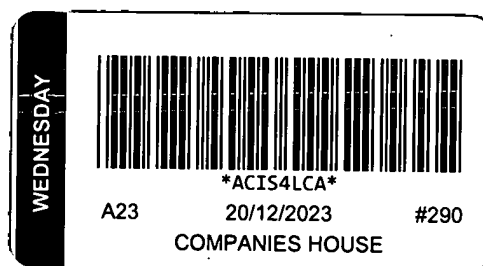


Registered number: 03516925

YLEM GROUP LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**



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
Landmark
St Peter's Square
1 Oxford Street
Manchester
M1 4PB

Bankers

Barclays Bank plc
Leicester
Leicestershire
LE87 2BB

Solicitors

Stevens & Bolton LLP
Wey House
Farnham Road
Guildford
Surrey
GU1 4YD

YLEM GROUP LIMITED

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YLEM GROUP LIMITED

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

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 and storage 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 profit before tax (PBT) level, and long-term cash generation for which earnings before interest, tax, depreciation and amortisation (EBITDA) provides an acceptable proxy.

The consolidated results of the Ylem Group for the year ended 31 March 2023 (compared to the year ended 31 March 2022) are summarised on page 10.

The Group's businesses generated a pre-tax profit of £7.9m (2022: loss of £0.2m). Total dividends paid by the Company in the period amount to £Nil (2022: £Nil).

The Group's businesses generated EBITDA as calculated below:

Pre-tax profit £7.9m (2022: loss £0.2m)
Add back interest £1.8m (2022: £0.6m)
Add back depreciation and amortisation £4.8m (2022: £4.1m)
EBITDA £14.5m (2022: £4.5m)

Business review

The Group strategy is to continue operating as an Independent Power Producer (IPP), owning and managing a portfolio of renewable baseload and flexible generation assets. The Group is developing new sites using a range of energy efficient technologies and is well positioned for the energy transition to net-zero. The Group benefits from its in-house operations and maintenance services, which it also offers externally, and has built a strong reputation in the market. Group operating profit of £9.7m for the year ended 31 March 2023 (2022: £0.4m) has exceeded expectations, demonstrating the Group's agility to react to favourable market conditions using its range of generation assets and in-house technical expertise. Operating profit also included a profit on the sale of land totalling £1.4m.

Future development

The Group is pursuing a number of growth strategies to develop a portfolio of power generating and storage assets. A number of new sites are in construction and are forecast to be commissioned during 2023/24. 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.

YLEM GROUP LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

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 long-term investments in renewable and non-renewable power generation operations, currently mainly in Sterling. For projects generating for energy markets, fluctuating prices are mitigated using forward sale contracts, where the directors consider appropriate.

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.

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 18 December 2023 and signed on its behalf.

Chris Hull

C Hull
Director

YLEM GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

The directors present their report and the financial statements for the year ended 31 March 2023.

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 2022: £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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law 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 and the profit or loss of the company and 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 2023**

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 businesses enjoy healthy positive cash flow from investment in cash generative projects, together with medium-term contracted revenue streams arising from energy services and maintenance contracts.

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.

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.

Post balance sheet events

Subsequent to the year end, an additional loan of £11m has been given to Biogas Technology Ltd. The principal reason for this injection of capital was to raise funds for future investments.

The Group also acquired Checkers Energy Limited for total consideration of £3.75m.

YLEM GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Auditors

The auditor, Grant Thornton UK LLP, will not be proposed for reappointment in accordance with section 485 of the Companies Act 2006. A tender process has been undertaken and a preferred auditor has been selected.

This report was approved by the board on 18 December 2023 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 2023, which comprise the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated statement of cashflows, the consolidated 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 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the '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 rising supply, salary and energy costs, 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.

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 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.

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

YLEM GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YLEM GROUP LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 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.

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

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.

YLEM GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YLEM GROUP LIMITED

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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 Group and parent company, and the industry in which they operate, 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 Group and parent company is complying with those legal and regulatory frameworks by making enquiries of management and those charged with governance of the entity.
- 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.

YLEM GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YLEM GROUP LIMITED

- 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 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.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Grant Thornton UK LLP

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

18 December 2023

YLEM GROUP LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £000	2022 £000
Turnover	4	49,120	27,199
Cost of sales		(32,376)	(21,078)
Gross profit		16,744	6,121
Administrative expenses		(7,911)	(5,922)
Other operating income	5	818	235
Operating profit	6	9,651	434
Interest receivable and similar income	11	297	321
Interest payable and similar expenses	12	(2,019)	(905)
Profit/(loss) before tax		7,929	(150)
Tax on profit/(loss)	13	(699)	(681)
Profit/(loss) for the financial year		7,230	(831)
Profit/(loss) for the year attributable to:			
Non-controlling interests		(73)	435
Owners of the parent		7,303	(1,266)
		7,230	(831)

The notes on pages 20 to 47 form part of these financial statements.

YLEM GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £000	2022 £000
Profit/(loss) for the financial year		7,230	(831)
Other comprehensive income			
Currency translation differences		(1,035)	313
Other comprehensive income for the year		(1,035)	313
Total comprehensive income for the year		6,195	(518)
Profit/(loss) for the year attributable to:			
Non-controlling interest		(73)	435
Owners of the parent Company		7,303	(1,266)
		7,230	(831)

The notes on pages 20 to 47 form part of these financial statements.

YLEM GROUP LIMITED
REGISTERED NUMBER: 03516925

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	14	856	2,116
Tangible assets	15	42,836	39,213
		<u>43,692</u>	<u>41,329</u>
Current assets			
Stocks	17	1,685	920
Debtors: amounts falling due within one year	18	13,396	8,665
Cash at bank and in hand	19	17,638	9,407
		<u>32,719</u>	<u>18,992</u>
Creditors: amounts falling due within one year	20	(11,162)	(8,309)
Net current assets		<u>21,557</u>	<u>10,683</u>
Total assets less current liabilities		<u>65,249</u>	<u>52,012</u>
Creditors: amounts falling due after more than one year	21	(27,432)	(21,223)
Other provisions	24	(1,773)	(1,149)
Net assets		<u><u>36,044</u></u>	<u><u>29,640</u></u>
Capital and reserves			
Called up share capital	25	8,457	8,457
Share premium account		31	31
Profit and loss account		26,946	20,112
Equity attributable to owners of the parent Company		<u>35,434</u>	<u>28,600</u>
Non-controlling interests		610	1,040
		<u><u>36,044</u></u>	<u><u>29,640</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 December 2023.

Chris Hull

C Hull
Director

The notes on pages 20 to 47 form part of these financial statements.

YLEM GROUP LIMITED
REGISTERED NUMBER: 03516925

COMPANY BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £000	2022 £000
Fixed assets			
Tangible assets	15	1,069	3,750
Investments	16	10,085	10,986
		<u>11,154</u>	<u>14,736</u>
Current assets			
Debtors: amounts falling due after more than one year	18	32,609	24,541
Debtors: amounts falling due within one year	18	2,885	2,757
Cash at bank and in hand	19	5,947	-
		<u>41,441</u>	<u>27,298</u>
Creditors: amounts falling due within one year	20	(1,338)	(4,198)
Net current assets		<u>40,103</u>	<u>23,100</u>
Total assets less current liabilities		<u>51,257</u>	<u>37,836</u>
Creditors: amounts falling due after more than one year	21	(22,853)	(14,890)
Provisions for liabilities			
Other provisions	23	-	(16)
Net assets		<u>28,404</u>	<u>22,930</u>
Capital and reserves			
Called up share capital	25	8,457	8,457
Share premium account		31	31
Profit and loss account carried forward		19,916	14,442
		<u>28,404</u>	<u>22,930</u>

YLEM GROUP LIMITED
REGISTERED NUMBER: 03516925

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2023

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 £5,265,000 for the year ended 31 March 2023 (2022: profit of £3,069,000).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 December 2023.

Chris Hull
C Hull
Director

The notes on pages 20 to 47 form part of these financial statements.

YLEM GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	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 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	3	15	-	18	-	18
Total transactions with owners	3	15	-	18	-	18
At 1 April 2022	8,457	31	20,112	28,600	1,040	29,640
Comprehensive income for the year						
Profit for the year	-	-	7,303	7,303	(73)	7,230
Currency translation differences	-	-	(678)	(678)	(357)	(1,035)
Other comprehensive income for the year	-	-	(678)	(678)	(357)	(1,035)
Total comprehensive income for the year	-	-	6,625	6,625	(430)	6,195
Share based payment charge	-	-	209	209	-	209
Total transactions with owners	-	-	209	209	-	209
At 31 March 2023	8,457	31	26,946	35,434	610	36,044

The notes on pages 20 to 47 form part of these financial statements.

YLEM GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 April 2021	8,454	16	11,373	19,843
Comprehensive income for the year				
Profit for the year	-	-	3,069	3,069
	-	-	-	-
Other comprehensive income 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	3	15	-	18
Total transactions with owners	3	15	-	18
At 1 April 2022	8,457	31	14,442	22,930
Comprehensive income for the year				
Profit for the year	-	-	5,265	5,265
	-	-	-	-
Other comprehensive income for the year	-	-	-	-
	-	-	5,265	5,265
Total comprehensive income for the year	-	-	5,265	5,265
Contributions by and distributions to owners				
Share based payment charge	-	-	209	209
Total transactions with owners	-	-	209	209
At 31 March 2023	8,457	31	19,916	28,404

The notes on pages 20 to 47 form part of these financial statements.

YLEM GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

	2023	2022
	£000	£000
Cash flows from operating activities		
Profit/(loss) for the financial year	7,230	(831)
Adjustments for:		
Amortisation of intangible assets	1,350	1,082
Depreciation of tangible assets	3,497	2,962
(Profit)/loss on disposal of tangible asset	(572)	210
Loss on disposal of intangible assets	-	5
Interest paid	2,009	905
Interest received	(178)	(89)
Taxation charge	699	681
(Increase) in stocks	(765)	(94)
(Increase) in debtors	(4,873)	(922)
Decrease/(increase) in related party debtors	37	(43)
Increase in creditors	2,881	132
Increase/(decrease) in provisions	306	(34)
Corporation tax (paid)/received	-	22
Share based payments	209	-
Foreign tax paid	(234)	(263)
Foreign exchange	(1,851)	794
Net cash generated from operating activities	9,745	4,517
Cash flows from investing activities		
Purchase of intangible fixed assets	(90)	(755)
Purchase of tangible fixed assets	(12,190)	(10,208)
Proceeds on disposal of tangible assets	5,351	-
Net cash from investing activities	(6,929)	(10,963)

YLEM GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£000	£000
Cash flows from financing activities		
Related party loans	6,569	9,070
Interest paid	(1,640)	(986)
Interest received	178	89
	<hr/>	<hr/>
Net cash used in financing activities	5,107	8,173
	<hr/>	<hr/>
Net increase in cash and cash equivalents	7,923	1,727
Cash and cash equivalents at beginning of year	9,407	8,035
Foreign exchange gains and losses	308	(355)
	<hr/>	<hr/>
Cash and cash equivalents at the end of year	17,638	9,407
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	17,638	9,407
	<hr/>	<hr/>
	17,638	9,407
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 20 to 47 form part of these financial statements.

YLEM GROUP LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 MARCH 2023

	At 1 April 2022 £000	Cash flows £000	Other non- cash changes £000	At 31 March 2023 £000
Cash at bank and in hand	9,407	7,923	308	17,638
Debt due after 1 year	(21,223)	(6,569)	360	(27,432)
Debt due within 1 year	(435)	435	(435)	(435)
	<u>(12,251)</u>	<u>1,789</u>	<u>233</u>	<u>(10,229)</u>

The notes on pages 20 to 47 form part of these financial statements.

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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 2023**

2. Accounting policies (continued)

2.3 Going concern

The businesses enjoy healthy positive cash flows from investment in cash generative projects made in previous years, together with medium-term contracted revenue streams arising from energy services and maintenance contracts. The Group holds significant cash balances and 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, together with 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. Covenants on debt have also been considered. Furthermore, the Group has entered into fixed power price agreements for its landfill gas portfolio up to March 2024.

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 made an assessment of going concern based on the 12 months from the date of these financial statements. Thus the going concern basis of accounting is considered appropriate in preparing the Financial Statements for the year ended 31 March 2023.

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.

2.5 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.

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)**2.6 Business development**

Business Development costs are held on the balance sheet and are reviewed throughout the financial year. For any projects that do not progress the costs are released to the profit and loss at that stage, if the project is successful the costs are then capitalised.

2.7 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.

Licenses

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.

2.8 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 - 25 years
Motor vehicles	- 3 - 4 years
Fixtures and fittings	- 3 - 7 years
Assets under construction	- Not depreciated

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 tangible fixed assets. Provision is made for any impairment.

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.9 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.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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 2023**

2. Accounting policies (continued)

2.15 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.

2.16 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.

2.17 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 2023**

2. Accounting policies (continued)

2.18 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.

2.19 Interest income

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

2.20 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.

2.21 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.

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

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.

2.22 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 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 2023**

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 2023**

4. Turnover

Analysis of turnover by country of destination:

	2023	2022
	£000	£000
United Kingdom	43,351	21,607
Rest of the world	5,769	5,592
	<u>49,120</u>	<u>27,199</u>

5. Other operating income

	2023	2022
	£000	£000
Rent receivable	249	249
Profit/(Loss) on disposal of tangible assets	572	(11)
Loss on investments	(3)	(3)
	<u>818</u>	<u>235</u>

6. Operating profit

The operating profit is stated after charging / (crediting):

	2023	2022
	£000	£000
Amortisation of goodwill (see note 14)	1,350	1,082
Depreciation of tangible fixed assets (see note 15)	3,497	2,962
(Profit)/Loss on disposal of fixed assets	(572)	210
Foreign exchange gains	(109)	(797)
Operating lease expense		
- other (motor vehicles and equipment)	159	139
	<u>159</u>	<u>139</u>

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

7. Auditors' remuneration

	2023	2022
	£000	£000
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	44	35
- for the audit of the company's subsidiaries	100	62
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	47	33
Other services relating to taxation	43	24
All other assurance services	-	10
	<u> </u>	<u> </u>

8. Employees

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

	Group	<i>Group</i>	Company	<i>Company</i>
	2023	2022	2023	2022
	£000	£000	£000	£000
Wages and salaries	5,049	3,718	506	545
Social security costs	520	416	76	73
Cost of defined contribution scheme	255	194	27	30
	<u>5,824</u>	<u>4,328</u>	<u>609</u>	<u>648</u>

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

	Group	<i>Group</i>	Company	<i>Company</i>
	2023	2022	2023	2022
	No.	No.	No.	No.
Office and management	48	39	4	5
Operations, maintenance and service	53	53	-	-
	<u>101</u>	<u>92</u>	<u>4</u>	<u>5</u>

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

9. Directors' remuneration

	2023	2022
	£000	£000
Directors' emoluments	402	409
Group contributions to defined contribution pension schemes	10	14
	<u>412</u>	<u>423</u>

During the year retirement benefits were accruing to 2 directors (2022 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £214,728 (2022 - £229,043).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,413 (2022 - £9,920).

A third director received remuneration within the group during the year, however this was paid through a subsidiary company (Ylem Energy Limited) and not the parent company.

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

10. Share based payments

Ylem Group Limited operated an equity-settled share-based payment scheme for certain employees during the course of the year. There are no performance conditions attached to the awards to employees.

At 31 March 2023 the expected vesting date was 30 September 2025 for the purposes of determining the charge for the year. A zero leaver probability was assumed for the remaining employees for the purposes of estimating the share-based payment charge.

A reconciliation of the A ordinary share movement over the year to 31 March 2023 is shown below.

	2023 Number	2022 Number
A ordinary shares		
Opening at 1 April	774,543	-
Granted	-	774,543
Forfeited	-	-
Outstanding at 31 March	774,543	774,543

The company is unable to directly measure the fair value of employee services received. Instead, the fair value of the A ordinary shares granted during the year has been determined using an option pricing methodology. The model is internationally recognised as being appropriate to value employee share schemes. This methodology considers the hurdle price before the participation of the A ordinary shares, the period to vesting, the total value of the company at the grant date, the expected volatility, the expected dividend yield and the risk-free interest rate for the expected term.

The fair value of the A ordinary shares was estimated to be £0.77 per share at the grant date. After deducting for the subscription cost of £0.05 per share the share-based payment charge per share (prior to consideration of service conditions) was estimated to be £0.72 per share.

The total share based payment charge in the year with respect of the A ordinary shares was £208,561 (2022: £nil).

11. Interest receivable and other income

	2023 £000	2022 £000
Exchange gains	119	232
Interest receivable	178	89
	297	321

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

12. Interest payable and similar expenses

	2023	2022
	£000	£000
Other interest payable	2,019	905
	<u>2,019</u>	<u>905</u>

13. Taxation

	2023	2022
	£000	£000
Corporation tax		
Current tax on profits for the year	-	274
	<u>-</u>	<u>274</u>
Foreign tax		
Foreign tax on income for the year	323	-
	<u>323</u>	<u>-</u>
Total current tax	<u>323</u>	<u>274</u>
Deferred tax		
Origination and reversal of timing differences	574	385
Adjustment in respect of previous periods	(198)	22
Total deferred tax	<u>376</u>	<u>407</u>
Taxation on profit / (loss) on ordinary activities	<u>699</u>	<u>681</u>

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

13. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2022 - *higher than*) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £000	2022 £000
Profit/(loss) on ordinary activities before tax	7,929	(150)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	1,507	(29)
Effects of:		
Expenses not deductible for tax purposes	127	246
Fixed asset timing differences	(1,085)	100
Movement in deferred tax not recognised	28	789
Overseas tax effect	36	49
Adjustments in respect of previous years (deferred tax)	(198)	22
Withholding tax on deferred dividend in specie	35	30
Income not taxable	5	(53)
Adjustments from previous periods	-	17
Tax rate changes	85	(490)
Chargable gains/(losses)	102	-
Foreign tax on income for the year	57	-
Total tax charge for the year	699	681

Factors that may affect future tax charges

The main rate of corporation tax is 25% for the financial year beginning 1 April 2023 (previously 19% in the financial year beginning 1 April 2022).

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

14. Intangible assets**Group**

	Goodwill £000
Cost	
At 1 April 2022	11,163
Additions	90
At 31 March 2023	<u>11,253</u>
Amortisation	
At 1 April 2022	9,047
Charge for the year	1,350
At 31 March 2023	<u>10,397</u>
Net book value	
At 31 March 2023	<u>856</u>
At 31 March 2022	<u>2,116</u>

The goodwill addition of £90k arose on the acquisition of Goring Power Ltd detailed within note 26.

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

14. Intangible assets (continued)**Company**

	Goodwill £000
Cost	
At 1 April 2022	9,102
At 31 March 2023	<u>9,102</u>
Amortisation	
At 1 April 2022	9,102
At 31 March 2023	<u>9,102</u>
Net book value	
At 31 March 2023	<u>-</u>
At 31 March 2022	<u>-</u>

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

15. 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 2022	6,273	47,415	863	114	11,201	65,866
Additions	78	3,913	68	11	8,120	12,190
Disposals	(2,579)	(2,458)	(18)	(4)	(1,152)	(6,211)
Transfers between classes	-	11,957	43	-	(12,000)	-
Exchange adjustments	-	(581)	(3)	1	250	(333)
At 31 March 2023	3,772	60,246	953	122	6,419	71,512
Depreciation						
At 1 April 2022	2,551	23,293	767	42	-	26,653
Charge for the year on owned assets	186	3,233	61	17	-	3,497
Disposals	-	(1,410)	(18)	(4)	-	(1,432)
Exchange adjustments	-	(39)	(2)	(1)	-	(42)
At 31 March 2023	2,737	25,077	808	54	-	28,676
Net book value						
At 31 March 2023	1,035	35,169	145	68	6,419	42,836
At 31 March 2022	3,722	24,122	96	72	11,201	39,213

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

15. 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 2022	6,274	49	9	6	6,338
Additions	78	-	-	11	89
Disposals	(2,579)	-	-	-	(2,579)
Transfers between classes	-	17	-	(17)	-
At 31 March 2023	<u>3,773</u>	<u>66</u>	<u>9</u>	<u>-</u>	<u>3,848</u>
Depreciation					
At 1 April 2022	2,552	27	9	-	2,588
Charge for the year on owned assets	186	5	-	-	191
At 31 March 2023	<u>2,738</u>	<u>32</u>	<u>9</u>	<u>-</u>	<u>2,779</u>
Net book value					
At 31 March 2023	<u>1,035</u>	<u>34</u>	<u>-</u>	<u>-</u>	<u>1,069</u>
At 31 March 2022	<u>3,722</u>	<u>22</u>	<u>-</u>	<u>6</u>	<u>3,750</u>

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

16. Fixed asset investments**Company**

	Investments in subsidiary companies £000
Cost or valuation	
At 1 April 2022	32,588
Additions	90
Revaluations	(527)
Transfers intra group	225
At 31 March 2023	<u>32,376</u>
Impairment	
At 1 April 2022	21,602
Charge for the period	689
At 31 March 2023	<u>22,291</u>
Net book value	
At 31 March 2023	<u><u>10,085</u></u>
At 31 March 2022	<u><u>10,986</u></u>

The addition of £90k arose on the acquisition of Goring Power Ltd detailed within note 26.

The intra group transfer of £225k is an investment in Biogas Technology SA de CV.

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

16. 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%
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%
Knowsley Energy Recovery Limited	United Kingdom	Non-trading companies	Ordinary	100%
Ylem Renewables Limited	United Kingdom	Renewable energy	Ordinary	100%
Biogas Technology Limited	United Kingdom	Energy generation	Ordinary	100%
Biogas Technology SA de CV	Mexico (2)	Landfill gas flaring	Ordinary	99.9%
Biogas Technology (Sawtry) Limited	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%
Goring Power 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. The following entities were incorporated prior to the year-end, but were dormant in the period:

Wharfside Power Limited
Blaguegate Power Limited
Sutton Power Limited
Corringham Power Limited
Llay Power Limited
Great Dunmow Power Limited

(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

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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17. Stocks

	Group 2023 £000	<i>Group 2022 £000</i>
Raw materials and consumables	1,339	689
Work in progress	346	231
	<u>1,685</u>	<u>920</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 £124k (2022: £127k)

18. Debtors: Amounts falling due within one year

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Trade debtors	1,767	1,314	13	73
Amounts owed by group undertakings	-	-	2,368	2,255
Amounts owed by related parties	65	102	-	46
Other debtors	1,406	1,028	140	154
Prepayments and accrued income	9,341	5,298	188	229
Deferred taxation (note 23)	817	923	176	-
	<u>13,396</u>	<u>8,665</u>	<u>2,885</u>	<u>2,757</u>

Debtors: Amounts falling due after more than one year

	Company 2023 £000	<i>Company 2022 £000</i>
Amounts owed by group undertakings	32,609	24,541
	<u>32,609</u>	<u>24,541</u>

Amounts owed by group undertakings to the Company includes loans of £34.6m (2022: £26.7m). £32.9m (2022: £24.8m) of these loans are Sterling denominated and earn interest at rates of between 0% and 5% over base rate (2022: between 0% and 5% over 3-month libor) and 2023: £1.7m (2022: £1.9m) is denominated in South African Rand and bears interest at the South African prime lending rate (2022: same).

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

19. Cash and cash equivalents

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Cash at bank and in hand	17,638	9,407	5,947	-
Less: bank overdrafts	-	-	-	(3,560)
	<u>17,638</u>	<u>9,407</u>	<u>5,947</u>	<u>(3,560)</u>

20. Creditors: Amounts falling due within one year

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Bank overdrafts	-	-	-	3,560
Related party loans	435	435	-	-
Trade creditors	3,063	3,214	212	127
Amounts owed to other participating interests	-	70	-	70
Corporation tax	102	61	-	-
Other taxation and social security	422	145	769	97
Other creditors	342	67	242	-
Accruals and deferred income	6,798	4,317	115	344
	<u>11,162</u>	<u>8,309</u>	<u>1,338</u>	<u>4,198</u>

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

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Amounts owed to other participating interests	27,432	21,223	22,853	14,890
	<u>27,432</u>	<u>21,223</u>	<u>22,853</u>	<u>14,890</u>

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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22. Loans

	Group 2023 £000	<i>Group 2022 £000</i>	Company 2023 £000	<i>Company 2022 £000</i>
Amounts falling due within one year				
Amounts owed to related party	435	435	-	-
Amounts falling due 2-5 years				
Amounts owed to related party	27,432	21,223	22,853	14,890
	<u>27,867</u>	<u>21,658</u>	<u>22,853</u>	<u>14,890</u>

Amounts payable by the Company includes a loan of £23.0m (2022: £15.1m). The loan is Sterling denominated and accrues interest at a rate of 5% over base rate (2022: 5% over 3-month libor).

23. Net deferred tax (liability) / asset

	2023 £000	<i>2022 £000</i>
Group		
At beginning of year	215	572
Deferred tax charge to income statement for the period	(376)	(407)
Foreign exchange differences	(48)	50
Net deferred tax (liability) / asset at end of year	<u>(209)</u>	<u>215</u>

The net deferred taxation (liability) / asset consists of:

	Group 2023 £000	<i>Group 2022 £000</i>
Deferred tax asset (note 18)	817	923
Deferred tax liability (note 24)	(1,026)	(708)
	<u>(209)</u>	<u>215</u>

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

23. Net deferred tax (liability) / asset (continued)

	Group 2023 £000	<i>Group 2022 £000</i>
Fixed asset timing differences	(1,769)	(1,905)
Unutilised tax losses	1,560	2,120
	<u>(209)</u>	<u>215</u>

Deferred taxation assets are 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.

The amount of deferred tax assets which have not been recognised total £2.9m (2022: £3.5m).

The deferred tax asset (note 18) is made up as follows:

	Group 2023 £000	<i>Group 2022 £000</i>
Fixed asset timing differences	(743)	(1,197)
Tax losses carried forward	1,560	2,120
	<u>817</u>	<u>923</u>
	2023 £000	<i>2022 £000</i>
Company		
At beginning of year	(16)	(5)
Charged to profit or loss	192	(11)
At end of year	<u>176</u>	<u>(16)</u>

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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24. Provisions**Group**

	Deferred tax £000	Other provisions £000	Total £000
At 1 April 2022	708	441	1,149
Charged to profit or loss	318	306	624
At 31 March 2023	1,026	747	1,773

The Other provisions for the Group contain the following:

Closure provision

The Group has a contractual obligation to complete certain works to restore a site once the project has finished and the site has been vacated.

Other provisions

These consist of supplier contributions, contractual provisions and warranty provisions.

25. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
8,449,559 (2022 - 8,449,559) Ordinary shares of £1.00 each	8,449,559	8,449,559
774,543 (2022 - 774,543) Ordinary shares of £0.01 each	7,745	7,745
	8,457,304	8,457,304

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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26. Business combinations**Goring Power Limited - Recognised amounts of identifiable assets acquired and liabilities assumed**

	Book value £000	Fair value £000
Fixed Assets		
Tangible	113	113
	<u>113</u>	<u>113</u>
Current Assets		
Stocks	66	66
	<u>66</u>	<u>66</u>
Total Assets	<u>179</u>	<u>179</u>
 Creditors due within one year	 (179)	 (179)
	<u>-</u>	<u>-</u>
Total Identifiable net assets	<u>-</u>	<u>-</u>
 Goodwill		 90
		<u>90</u>
Total purchase consideration		<u>90</u>
 Consideration		
		£000
Cash		90
		<u>90</u>

The results of Goring Power Ltd (as detailed in note 16) since acquisition are as follows:

	Current period since acquisition £000
Result for the period since acquisition	<u>-</u>

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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 (2022: £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 £3.6m (2022: £4.6m) capital commitments at 31 March 2023.

29. Pension commitments

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

30. Commitments under operating leases

At 31 March 2023 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £000	<i>Group 2022 £000</i>
Within 1 year	138	<i>162</i>
Between two and five years	119	<i>258</i>
	257	<i>420</i>

31. Related party transactions

Switch2 Energy Limited and New-Era Properties Limited are related parties by virtue of being under the common control of a family trust of Mr T Scott. During the year ended 31 March 2023 the Company and its subsidiaries sold goods and services to Switch2 Energy Limited amounting to £513,499 (2022: £450,520) and New-Era Properties Limited amounting to £285,334 (2022: £278,132). Outstanding group balances at 31 March 2023 were:

Switch2 Energy Limited - receivable of £64,812 (2022: receivable of £102,420)

Major Oak Limited is a related party by virtue of being under control of Mr T Scott. During the year ended 31 March 2023 the Company and its subsidiaries received loans from Major Oak Limited amounting to £8,000,000 (2022: £9,500,000). Major Oak limited charged interest amounting to £1,560,923 (2022: £498,203) Outstanding group balances at 31 March 2023 were:

Major Oak Limited - (payable) of (£23,000,000) (2022: payable (£15,069,791))

YLEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

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.