DocuSign Envelope ID: 63B71A97-B84E-4C26-80E2-EA8DBBE24401

Company Registration No. 10697363

ANCALA BIOENERGY LIMITED

Annual report and financial statements

For the year ended 31 March 2022

These form part of the filing for Ancala Energy Limited

TUESDAY

ABJAJE5K

A24 20/12/2022 #78

COMPANIES HOUSE

ANCALA BIOENERGY LIMITED

REPORT AND FINANCIAL STATEMENTS 2022

CONTENTS

	Page(s)
Officers and professional advisers	**1**
Strategic report	**2 - 3**
Directors' report	**4 - 5**
Independent auditor's report	**6 - 9**
Consolidated statement of comprehensive income	**10**
Consolidated statement of financial position	**11**
Company statement of financial position	**12**
Statements of changes in equity	**13**
Notes to the financial statements	**14 - 35**

ANCALA BIOENERGY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

RJ Parker
S Musther
GKC Vincent
C Lister
MP Johnson

REGISTERED OFFICE

C/O Ancala Partners LLP
King's House
36-37 King Street
London
EC2V 8BB

BANKERS

National Westminster Bank Plc
81 High Street
Bedford
MK40 1YN

SOLICITORS

Hewitsons LLP
Shakespeare House
42 Newmarket Road
Cambridge
CB5 8EP

INDEPENDENT AUDITOR

Grant Thornton UK LLP
Chartered Accountants and Statutory Auditors
101 Cambridge Science Park
Milton Road
Cambridge
CB4 0FY

ANCALA BIOENERGY LIMITED

STRATEGIC REPORT

BUSINESS REVIEW

Ancala Bioenergy Limited has a mandate to invest in the renewable energy sector in the United Kingdom. It is owned by Ancala Bioenergy Investco Limited

Following the acquisition of Biogen Holdings Limited in April 2017, Alauna Renewable Energy Limited and Biogen EM OpCo Ltd in January 2019, Tamar Energy Limited in February 2019 and the Weston-super-Mare anaerobic digestion plant in November 2019, the business continues to consolidate and optimise performance in the year to March 2022.

The business has continued to invest in the portfolio to optimise the efficiency and robustness of operations to secure ongoing revenue generation. Following the acquisitions over recent years, the Group consider all sites to now to be fully integrated and benefitting from the foreseen synergies of operating a group of such scale.

The long term focus since the acquisition has been investment in plant process technology, operational excellence and talented people across all functional areas of the business. These factors have further strengthened our already strong reputation for reliability, compliance and ease of doing business – which in turn have enabled us to acquire sufficient long-term food waste to fuel our AD facilities and take advantage of our plant uptime and reliability, offsetting the market issues with food waste availability due to Covid restrictions in hospitality and other sectors. The Group has also benefitted from strengthening wholesale power prices.

In the year ending 31 March 2022, this work has yielded results and delivered improved efficiency, record levels of process and plant uptime and record levels of renewable power generation. During the year, we executed our strategic plan to consolidate our composting business into Open Windrow Composting (OWC), closing our In Vessel Composting (IVC) sites at Parham and Tempsford, bringing the total number operational sites to 17.

Operationally, the Group has continued to ensure it delivers best in class service, with all operational AD plants maintaining PAS110 in addition to the organics business maintaining PAS100. The Group has maintained its ISO9001, ISO14001 and OHSAS18001 accreditations, demonstrating the Group's dedication to operating at the highest standards. The business continued to further implement its sustainability agenda, including but not limited to, the reduction of water consumption across our plants and optimising process conditions to reduce waste.

The Group operating profit (before the exceptional item, financial instrument fair value movement, depreciation and amortisation) for the year was £11.4m (2021: £5.8m) on turnover of £48.2m (2021: £38.9m), which the directors consider to be satisfactory, in light of the external factors from the Covid-19 pandemic. The loss before taxation in the year is £4.5m (2021: £6.9m).

Loss before taxation is stated after an expense of £5.4m (2021: £nil) relating the fair value of an electricity hedge held by the Group at the year end. This liability will unwind in the next financial year once actual turnover is earned relating to the power generation which is hedged.

Loss before taxation is stated after a credit of £1.7m (2021: £40k charge) relating to the fair value of an interest rate swap held by the Group at the year end.

The Company has not made any significant donations to charities in the year (2021: £nil) and did not make any donations to political parties.

KEY PERFORMANCE INDICATORS

The Group monitors a range of KPIs to measure performance:

Feedstock Processed & Controlled
Total tonnages controlled for the period were 0.4% higher (2021: 3.5% lower) than the previous year and were in line with expectations.
Electricity Generation & Export
Electricity generated during the period was 8.5% (2021: 3.2%) above the previous year. The group continues to focus on optimising equipment performance to maximise generation opportunity. The enhancements made during the year stand the Group in good stead for even greater performance in future years.

ANCALA BIOENERGY LIMITED

STRATEGIC REPORT (CONTINUED)

Key Cost Metrics
The Group monitors the cost of disposing of process rejects (mainly packaging) and spreading of digestate to land. Both of these KPIs were in line with expectations for the period

PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces the following risks during the normal course of operations:

Price & availability of feedstock risk
The operating facilities of the Group require a consistent supply of suitable feedstock to maintain the biology of the plant and resulting generation. Market pressures, weather, plant issues/capacity can all impact feedstock supply. This risk is mitigated by maintaining strong relationships with a wide range of feedstock suppliers in addition to daily management of plant requirements / available feedstocks. Market pressures faced in recent years remain, however these are stabilising and the Group continues to expect that the gate fees will recover with the future implementation of The Waste and Resources Strategy outlined by the Government.

Plant operating risk
Failure of key components of an operating plant may lead to reduced generation. This risk is mitigated by scheduled planned maintenance and monitoring alongside a team of experienced engineers and long term maintenance partnerships with best in class providers for our CHP generators and other specialist plant.

Regulatory compliance risk
The Group operates within a heavily regulated environment with failure to comply with regulations having the potential to impact operations. The Group operates ISO9001, ISO14001 and OHSAS18001 with an integrated management system. Compliance along with health and safety are a high priority of the directors and are reviewed regularly. All audits during the year were successfully passed.

Credit risk
The Group mitigates credit risk by obtaining external credit reports for every new customer in conjunction with regularly monitoring customer credit levels. The Group has a large customer base and doesn't suffer from significant concentration of credit.

Energy pricing risk
Plants that operate under the governments Feed in Tariff have the option of a fixed electricity export rate, and the business reviews this on a periodic basis. The Group operates in the UK energy market and as such is exposed to movements in wholesale power pricing. The Group enters into agreements to mitigate this risk, the Group has hedged the power price on some of its future power generation until the summer of 2023. Due to macro-economic factors, such as the conflict within Ukraine, resulting in significant volatility in wholesale power price, this has given rise to a financial instrument liability of £5.4m relating to the electricity price hedge at the year end. This liability will unwind in the next financial year once actual turnover is earned relating to the power generation which is hedged.

Liquidity risk
The Group monitors and manages the cash flow requirements of the business with annual/rolling forecasts that are reviewed regularly by the directors. The capital requirements of the Group are met through cash reserves and shareholder loans.

Overall, the directors and shareholders are pleased with the progress made in 2022 and are confident that the business is on the right trajectory to deliver on the underlying business plan.

Approved by the Board of Directors and signed on behalf of the Board

RJ Parker
Director
Date: 9/8/2022

ANCALA BIOENERGY LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Group, together with the audited consolidated financial statements and auditor's report, for the year ending 31 March 2022.

DIRECTORS

The directors of the Company who were in office during the year and up to the date of signing of the financial statements were:

A Ajmera	Resigned 4 November 2021
SM Clunie	Resigned 11 January 2022
S Musther	
DW Owens	Resigned 5 November 2021
GKC Vincent	
C Lister	
RJ Parker	
MP Johnson	
TL Politis	Resigned 4 November 2021

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year (2021: £nil).

FINANCIAL RISK MANAGEMENT POLICY

The Company has adopted the following policies to manage financial risk;

Interest rate risk is minimal with the Group either agreeing fixed rates or there is an interest rate swap on the external debt to fix rather than linked to SONIA.

The Group has limited exposure to foreign currency; where this arises, the Group enters into hedging agreements for a small number of material foreign currency transactions.

The Group is exposed to movements in wholesale power pricing; the Group enters into hedging agreements to mitigate this risk.

Liquidity is closely managed and reviewed by the board of directors regularly.

POST BALANCE SHEET EVENTS

Included in plant and machinery is a property which the In Vessel Composting (IVC) Parham site traded with a carrying value of £0.7m. The property was subsequently sold post year end on 17 June 2022 for £1m.

GOING CONCERN

The Company meets its day-to-day working capital requirements through short term intergroup funding arrangements. The Company's forecast and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of available facilities.

The bank loan included within creditors has a 5-year repayment period (capital repayment due March 2025). No covenants relating to the bank loan have been, or are forecast to be, breached.

After making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The directors have received a letter from the ultimate parent company, Ancala Bioenergy Holdco Limited, indicating that it will provide sufficient financial resources for the Company for a period of 12 months from the approval of these financial statements. Accordingly, the directors have reasonable grounds to prepare these financial statements on a going concern basis.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are a director at the date of approval of this annual report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that he ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditor is aware of that information.

Grant Thornton UK LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board

RJ Parker
Director
Date: 9/8/2022

ANCALA BIOENERGY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANCALA BIOENERGY LIMITED

Opinion

We have audited the financial statements of Ancala Bioenergy Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the statements 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 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 Brexit and 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.

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.

ANCALA BIOENERGY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANCALA BIOENERGY LIMITED

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 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/auditorsresponsibilities. This description forms part of our auditor's report.

ANCALA BIOENERGY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANCALA BIOENERGY LIMITED

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 that are applicable to the group and of the parent company and determined that the most significant are those that relate to the reporting frameworks (FRS 102 and Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the group and parent company operates;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices;
- We enquired of management concerning the group and parent company's policies and procedures relating to;
    - the identification, evaluation and compliance with laws and regulations;
    - the detection and response to the risks of fraud; and
    - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. We corroborated the results of our enquires to relevant supporting documentation;
- 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;
- We assessed the susceptibility of the group and parent company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included;
    - evaluation of the programmes and controls established to address the risks related to irregularities and fraud;
    - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
    - identifying and testing related party transactions.
- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud;

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's;
    - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
    - knowledge of the industry in which the client operates;
    - understanding of the legal and regulatory requirements specific to the entity/regulated entity including;
        - the provisions of the applicable legislation;
        - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules;
        - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of;
    - the group and parent company's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
    - the applicable statutory provisions;
    - the group and parent company's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the group and parent company's compliance with regulatory requirements.

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

Andrew Hodgekins, FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
101 Cambridge Science Park
Milton Road
Cambridge
CB4 0FY
9/8/2022

ANCALA BIOENERGY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
TURNOVER	4	48,181	38,855
Cost of sales before depreciation		(31,069)	(28,775)
Depreciation of tangible assets		(5,455)	(5,709)
Loss on disposal of tangible assets		(189)	-
Total cost of sales		(36,713)	(34,484)
GROSS PROFIT		11,468	4,371
Administrative expenses before amortisation		(5,695)	(4,232)
Financial instrument fair value movement		(5,447)	-
Amortisation of intangibles		401	401
Exceptional item		(599)	(264)
Total administrative expenses		(11,340)	(4,095)
Operating profit before exceptional item, fair value movement, depreciation and amortisation		11,417	5,848
Exceptional item	5	(599)	(264)
Financial instrument fair value movement	5	(5,447)	-
Less depreciation of tangible assets	10	(5,455)	(5,709)
Less loss on disposal of tangible assets	5	(189)	
Less amortisation of intangibles	9	401	401
OPERATING PROFIT	5	128	276
Share of operating profit in joint ventures	11	370	17
PROFIT BEFORE INTEREST AND TAXATION		498	293
Interest receivable and similar income	7	133	-
Interest payable and similar expenses	7	(5,124)	(7,231)
LOSS BEFORE TAXATION		(4,493)	(6,938)
Tax on loss	8	6,413	(672)
PROFIT/ (LOSS) FOR THE FINANCIAL YEAR		1,920	(7,610)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME/ (EXPENSE) FOR THE YEAR		1,920	(7,610)
Total comprehensive income/ (expense) for the year attributable to:			
Owners of the parent		2,325	(7,045)
Non-controlling interests		(405)	(565)
		1,920	(7,610)

The notes on pages 14 to 35 form part of these financial statements.

All activities derive from continuing operations.

ANCALA BIOENERGY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

	Note	2022 £'000	2021 £'000
FIXED ASSETS			
Intangible assets	9	(2,301)	(2,702)
Tangible assets	10	65,848	67,980
Investments	11	1,369	1,405
		64,916	66,683
CURRENT ASSETS			
Stocks	12	2,127	1,691
Debtors (including £10,983k falling due after more than one year, 2021: £4,570k)	13	22,450	13,048
Cash at bank and in hand		7,057	6,319
		31,634	21,058
CREDITORS: amounts falling due within one year	14	(18,036)	(9,052)
NET CURRENT ASSETS		13,598	12,006
TOTAL ASSETS LESS CURRENT LIABILITIES		78,514	78,689
CREDITORS: amounts falling due after more than one year	15	(95,499)	(96,971)
PROVISIONS FOR LIABILITIES	17	(3,665)	(4,288)
NET LIABILITIES		(20,650)	(22,570)
CAPITAL AND RESERVES			
Called up share capital	20	35	35
Share premium account	21	3,520	3,520
Profit and loss account deficit	21	(22,518)	(24,843)
Deficit attributable to the owners of the parent		(18,963)	(21,288)
Non-controlling Interests		(1,687)	(1,282)
TOTAL EQUITY		(20,650)	(22,570)

The notes on pages 14 to 35 form part of these financial statements.

The financial statements on pages 10 to 35 were approved by the Board of Directors on 9/8/2022 and signed on its behalf by:

RJ Parker
Director

Ancala Bioenergy Limited Company Registration No. 10697363

ANCALA BIOENERGY LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

	Note	2022 £'000	2021 £'000
FIXED ASSETS			
Investments	11	41,281	41,281
		41,281	41,281
CURRENT ASSETS			
Debtors (including £43,736k falling due after more than one year, 2021: £45,455k)	13	45,478	45,527
Cash at bank and in hand		18	4
		45,496	45,531
CREDITORS: ***amounts falling due within one year***	14	(2,532)	(527)
NET CURRENT ASSETS		42,964	45,004
TOTAL ASSETS LESS CURRENT LIABILITIES		84,245	86,285
CREDITORS: amounts falling due after more than one year	15	(94,520)	(96,257)
NET LIABILITIES		(10,275)	(9,972)
CAPITAL AND RESERVES			
Called up share capital	20	35	35
Share premium account	21	3,520	3,520
Profit and loss account	21	(13,830)	(13,527)
TOTAL SHAREHOLDERS' DEFICIT		(10,275)	(9,972)

The notes on pages 14 to 35 form part of these financial statements.

The Company's loss for the year ended 31 March 2022 was £303k (2021: £2,437k loss).

The financial statements on pages 10 to 35 were approved by the Board of Directors on 9/8/2022 and signed on its behalf by:

RJ Parker
Director

Ancala Bioenergy Limited Company Registration No. 10697363

ANCALA BIOENERGY LIMITED

STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 March 2022

The Group	Called up share capital £'000	Share premium account £'000	Non-controlling interests £'000	Profit and loss deficit £'000	Total Equity £'000
Balance as at 1 April 2020	35	3,520	(717)	(17,798)	(14,960)
Total comprehensive expense for the financial year	-	-	(565)	(7,045)	(7,610)
Balance as at 31 March 2021 and 1 April 2021	35	3,520	(1,282)	(24,843)	(22,570)
Total comprehensive income for the financial year	-	-	(405)	2,325	1,920
Balance as at 31 March 2022	35	3,520	(1,687)	(22,518)	(20,650)

The Company	Called up share capital £'000	Share premium account £'000	Non-controlling interests £'000	Profit and loss deficit £'000	Total Equity £'000
Balance as at 1 April 2020	35	3,520	-	(11,090)	(7,535)
Total comprehensive expense for the financial year	-	-	-	(2,437)	(2,437)
Balance as at 31 March 2021 and 1 April 2021	35	3,520	-	(13,527)	(9,972)
Total comprehensive expense for the financial year	-	-	-	(303)	(303)
Balance as at 31 March 2022	35	3,520	-	(13,830)	(10,275)

The notes on pages 14 to 35 form part of these financial statements.

1. GENERAL INFORMATION

Ancala Bioenergy Limited and its subsidiaries operate a number of Anaerobic Digestion Plants and Green Waste Composting Sites across the UK.

The Company is a private company limited by shares and is incorporated in England. The address of its registered office is c/o Ancala Partners LLP King's House, 36-37 King Street, London EC2V 8BB, England.

2. STATEMENT OF COMPLIANCE

The group and individual financial statements of Ancala Bioenergy Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. These are disclosed later in this note.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual statement of comprehensive income. The Company's loss for the year was £303k (2021: £2,437k).

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of an no objection to the use of the exemptions by the Company's shareholders. The Company has taken advantage of the following exemptions:

- under FRS 102 paragraph 1.12(b), exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Ancala Bioenergy Holdco Limited, includes the Company's cash flow in its own consolidated financial statements
- under FRS 102 paragraph 33.7, from disclosing the Company key management personnel compensation in total.

Going concern

The Group meets its day-to-day working capital requirements using retained funds. Long term funding has been provided to the Group in the form of loan notes that mature in the year 2047. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within current cash flows and retained funds.

The bank loan included within creditors has a 5-year repayment period (capital repayment due March 2025). No covenants relating to the bank loan have been, or are forecast to be, breached.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

3. ACCOUNTING POLICIES (Continued)

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of joint ventures made up to 31 March. Profits or losses on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

Turnover

Turnover is the total amount receivable by the Group in the ordinary course of business from outside customers for goods supplied as a principal and for services provided including revenue from gate fees, electricity and subsidies, excluding value added tax and trade discounts. 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. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value calculated by a comparison of actual cost to budget. 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.

Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and value added tax.

Services rendered

Revenue earned from gate fees is recognised when waste is received over the gate.

Electricity

Revenue from the sale of electricity and associated renewable certificates, embedded benefits and feed-in tariffs, is recognised based on the quantity of electricity exported or generated, as applicable, at the contracted price, on the date of generation.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

1. **Short-term benefits**

   Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

2. **Defined contribution pension plans**

   The Group operates defined contribution plans for its employees. A defined contribution plan is a 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 when they are due. Amounts not paid are shown as accruals in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

3. **Annual bonus plan**

   The Group operates a number of annual bonus plans for employees. An expense is recognised in the statement of comprehensive income when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

3. ACCOUNTING POLICIES (Continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income.

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax liabilities are recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Deferred income

Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as creditors. Deferred income is recognised when services are delivered, generally on a straight line basis over the period to which it applies.

Accrued income

Income that has been earned but not yet invoiced is accrued for at the rate at which the invoice will be raised.

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 economic life of ten years. Provision is made for any impairment.

Negative goodwill arises when the fair value of identifiable assets and liabilities exceeds the fair value of consideration. It is held on the statement of financial position and is released to the income statement on a straight line basis over the period in which the non-monetary assets giving rise to the negative goodwill are recovered.

Research and development

Expenditure incurred in the course of research and development is written off as incurred.

Tangible fixed assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase prices, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

No depreciation is provided on assets in the course of construction. On other fixed assets depreciation is calculated to write down the cost of tangible fixed assets on the straight line basis over their expected useful lives. The expected useful economic lives are as follows:

Plant and machinery	2 – 30 years
Motor vehicles	3 years
Fixtures and fittings	3 years
Computers and software	3 years

3. ACCOUNTING POLICIES (Continued)

Joint ventures

Joint ventures have been consolidated in these financial statements using the net equity method, detailing share of operating profit and share of net assets.

Decommissioning

Decommissioning costs may be incurred by the group at the end of the operating life of some of the plants. These are determined under the terms of leases entered into for each site and the group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs can be uncertain and cost estimates vary in response to a number of factors, including resale value of equipment being decommissioned, changes to relevant legal requirements, the emergence of new restoration techniques and experience at other sites. The expected timing, extent and amount of expenditure can also change, for example in response to changes in laws and regulations or their interpretation.

The provision at reporting date represents managements best estimate of the present value of the future decommissioning costs required.

Impairment of non-financial assets

Impairment of non-financial assets is reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated using the value in use method.

If the recoverable amount of the asset is estimated to be less than the carrying amount, the carrying amount of the asset or cash-generating unit is reduced to the recoverable amount. The impairment is recognised in the income statement as an expense. Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash flows independently, the recoverable amount is determined for the larger cash-generating unit to which the asset belongs.

A previously recognised impairment will be reversed insofar as estimates change as a result of an event occurring after the impairment was recognised. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the income statement.

After recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted in the future periods to allocate the asset's revised carrying amount, less its residual value, on a systematic basis over its useful life.

Financial instruments

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Subsequent to initial measurement, trade and other receivables and cash and cash equivalents are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in income when the receivables are derecognised or impaired, as well as through the amortisation process.

The company's financial assets are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether or not there is any indication of impairment.

Trade and other receivables are stated net of an allowance for uncollectible amounts.

3. ACCOUNTING POLICIES (Continued)

Financial liabilities

Loans and trade and other payables are classified as financial liabilities and are subsequently measured at amortised cost. Gains and losses are recognised in income when the financial liabilities are derecognised or impaired as well as through the amortisation process. 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 company after deducting all of its liabilities. Any instrument that includes a repayment obligation is classified as a liability.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and therefore prepaid and amortised over the period of the facility to which it relates.

Derivatives, including interest rate swaps and electricity hedge arrangements are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value using observable market inputs. Changes in the fair value of derivatives are recognised in profit and loss in the financial statement line deemed most appropriate based on their individual nature, for electricity hedges this is deemed to be administrative expenses and for interest swaps is finance costs. The fair value as at the year-end is recognised within debtors and creditors. The group does not currently apply hedge accounting for interest rate swaps or electricity swaps.

Finance leases

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as a finance lease.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, as included in the cost of the asset.

Assets are depreciated over the shorted of the lease term and the useful economic life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of the investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash generating unit is less than the value of the investment, the investment is considered impaired and an impairment loss is recorded in the income statement.

Stocks

Stocks of spare parts for plant and machinery are held for use within the operating plants and are capitalised or expensed in the period in which they are used.

Feedstock is held for use in the Agri AD plants when the plant requires them. The costs are expensed in the period in which they are used.

3. ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks with original maturities of three months or less and bank overdrafts.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

Critical accounting policies, judgements/estimates

The preparation of financial statements in conformity with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The accounting policies and estimates in determining the financial condition and results of the Company are those requiring a greater degree of subjectivity or complete judgement. These relate to;

- The assessment of property, plant and equipment, where the recoverable amount has been determined based on value in use. Management has to make significant judgements when putting together the budgets and projections which are used in the value in use calculations. These estimates are mainly in relation to projected revenues (primarily being income from food waste and electricity generation). Should the actual income received be significantly lower than that assumed in the impairment review an impairment could result.
- Deferred tax assets are only recognised on losses to the extent that future probable taxable profits will be available against which the deferred tax asset can be utilised. This is based upon future taxable profit forecasts of the Group. Management has to make significant estimates when forecasting future taxable profits. These estimates are mainly in relation to projected revenues (primarily being income from food waste and electricity generation). Should the actual taxable profits generated differ, the ability to utilise deferred tax assets may change.
- Changes in the fair value of the electricity hedge derivative are recognised in the profit and loss account within administrative expenses as this is management's best judgement as to the most appropriate classification. Management has to make a judgement when deciding where to recognise this in the profit and loss account based on the nature of the expense. As the obligation exists even if no future revenue is generated management deemed the item should be classified in administrative expenses. This judgement only has an impact on the classification of the profit and loss account and as such does not impact profit after tax or net assets.

4. TURNOVER

The turnover is attributable to alternative energy production and waste management and all arises in the United Kingdom. Turnover is the total amount receivable in the ordinary course of business from outside customers for goods supplied as a principal and for services provided including revenue from electricity and subsidies and gate fees, excluding value added tax and trade discounts.

5. OPERATING PROFIT

Operating profit is stated after charging/(crediting):	2022 £'000	2021 £'000
Exceptional item	599	264
Financial instrument fair value movement	5,447	-
Depreciation on owned assets	5,455	5,709
Amortisation of intangible assets	(401)	(401)
Loss on disposal of fixed assets	189	-
Rentals under operating leases:		
- Hire of plant and machinery	1,276	1,202
- Land and buildings	1,168	1,247

Fees payable to the Company's auditor and its associates for the audit of the parent Company and the Group's consolidated financial statements	6	3
Fees payable to the Company's auditor and its associates for other services:		
- Audit of the Company's subsidiaries	144	122
- Taxation advisory services	72	60
Total amounts payable to the Company's auditor and its associates	222	185

The exceptional item relates to the closure costs associated with the strategic closure of the Parham, Beddingham and Tempsford plants and the cost of removing historic plastics from the Lackford plant. The loss on disposal of fixed assets is also associated with the Organics site closures.

The Group has recognised a finance cost of £5,447k relating to the fair value of electricity hedge arrangements held by the Group at the year end. This liability will unwind in the next financial year once actual turnover is earned relating to the power generation which is hedged. This is included within the financial instrument valuation movement above.

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Employees

The average monthly number of persons (including executive directors) employed by the Group during the year was:

	2022 No.	2021 No.
Production staff	136	134
Sales	8	8
Administration	23	20
	167	162

Staff costs incurred during the year in respect of these employees were:

	2022 £'000	2021 £'000
Wages and salaries	7,307	6,207
Social security costs	718	676
Other pension costs	220	218
Staff costs charged to profit and loss	8,245	7,101

The Company had no employees. All employees within the group are employed by another group entity.

Directors

None of the directors received any emoluments in respect of their services to the company during the year (2021: £nil). No advances have been made to directors and there are no outstanding balances with directors.

7. NET INTEREST EXPENSE

Interest receivable and similar income	**2022 £'000**	**2021 £'000**
Interest receivable from undertakings in which the entity has a participating interest	133	-

Interest payable and similar expenses	**2022 £'000**	**2021 £'000**
On loans and overdrafts	(1,543)	(1,473)
Finance charges in respect of finance leases and similar hire purchase agreements	(15)	(12)
On loans from Group undertakings	(5,290)	(5,726)
Financial instrument valuation movement	1,654	40
Unwinding of discount on provisions	70	(60)
Total interest payable and similar charges	(5,124)	(7,231)

Net interest expense	**2022 £'000**	**2021 £'000**
Interest receivable and similar income	133	-
Interest payable and similar charges	(5,124)	(7,231)
Net interest expense	(4,991)	(7,231)

The Group has recognised a credit of £1,654k (2021: £40k charge) relating to the fair value of an interest rate swap held by the Group at the year end, this is included within the financial instrument valuation movement above.

8. TAX ON LOSS

(a) Tax (credit)/charge included in profit and loss	2022	2021
	£'000	£'000
Current tax:		
- Corporation tax for the year	-	-
- Group relief written off from prior periods	-	-
- Adjustments in respect of prior periods	-	-
Total tax credit	-	-
Deferred tax:		
- Origination and reversal of timing differences	(4,735)	(152)
- Adjustments in respect of prior periods	43	824
- Impact of change in tax rate	(1,721)	-
Total deferred tax (credit)/charge	(6,413)	672
Tax (credit)/charge	(6,413)	672

Tax (credit)/charge assessed for the year is lower (2021: higher) than the standard rate of corporation tax in the UK for the year ended 31 March 2022 of 19% (2021: 19%). The differences are explained below:

(b) Reconciliation of tax credit

	2022	2021
	£'000	£'000
Loss before taxation	(4,493)	(6,938)
Loss before taxation multiplied by the standard rate of tax in the UK of 19%. The differences are explained below:	(854)	(1,318)
- Fixed asset differences	41	225
- Expenses not deductible	(184)	460
- Income not taxable	(70)	(84)
- Effects of group relief/other reliefs	786	628
- Adjustments in respect of prior periods	43	824
- Effects of other tax rates	(5,497)	-
- Deferred tax not recognised	(678)	(63)
Tax (credit)/charge for the year	(6,413)	672

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining reducing at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

9. INTANGIBLE ASSETS

The Group	Goodwill	Negative goodwill	Total
	£'000	£'000	£'000
At 1 April 2020	249	(3,352)	(3,103)
Amortisation	(35)	436	401
At 31 March and 1 April 2021	214	(2,916)	(2,702)
Amortisation	(35)	436	401
At 31 March 2022	179	(2,480)	(2,301)

Goodwill and negative goodwill arise on the acquisition of subsidiary undertakings.

ANCALA BIOENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2022

10. TANGIBLE ASSETS

	Assets in the course of construction £'000	Plant and machinery £'000	*Fixtures* and fittings £'000	Motor Vehicles £'000	*Computers* and software £'000	Total £'000
Cost						
At 1 April 2021	842	86,190	81	99	162	87,374
Additions	2,260	1,385	-	-	-	3,645
Transfers	(122)	122	-	-	-	-
Disposals	-	(2,462)	-	-	-	(2,462)
At 31 March 2022	2,980	85,235	81	99	162	88,557
Accumulated depreciation						
At 1 April 2021	-	19,105	81	46	162	19,394
Charge for the year	-	5,424	-	31	-	5,455
Disposals	-	(2,140)	-	-	-	(2,140)
At 31 March 2022	-	22,389	81	77	162	22,709
Net book value						
At 31 March 2022	2,980	62,846	-	22	-	65,848
At 31 March 2021	842	67,085	-	53	-	67,980

The company has no tangible assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2022

11. INVESTMENTS

	The Group £'000	The Company £'000
	Joint ventures	Subsidiary undertakings
At 1 April 2021	1,405	41,281
Share of operating profit in joint ventures	370	-
Dividend received	(406)	-
At 31 March 2022	1,369	41,281

The Company and the Group have investments in the following subsidiary undertakings and joint ventures.

		Share capital	Percentage owned by	
	Nature of business	Class	Other subsidiary undertakings	Company
Subsidiary undertakings			%	%
Biogen Holdings Limited	Holding Company	Ordinary	-	100
Biogen (UK) Limited	Anaerobic Digestion	Ordinary	100	-
Greenfinch Limited*	Anaerobic Digestion Plant Construction	Ordinary	100	-
Biogen Bryn Pica Limited	Anaerobic Digestion	Ordinary	100	-
Biogen EM TopCo Limited*	Holding Company	Ordinary	-	100
Biogen EM MidCo Limited*	Holding Company	Ordinary	100	-
Biogen EM HoldCo Limited*	Holding Company	Ordinary	100	-
Biogen EM Limited*	Holding Company	Ordinary	100	-
Biogen Southern Limited*	Anaerobic Digestion	Ordinary	-	100
Alauna Renewable Energy Limited	Anaerobic Digestion	Ordinary	100	-
Biogen EM OpCO Limited	Anaerobic Digestion	Ordinary	100	-
Tamar Energy Limited*	Holding Company	Ordinary	-	100
Tamar Energy Development Company Limited*	Non-trading	Ordinary	100	-
Tamar Energy (Holdings) Limited*	Management Services	Ordinary	100	-
Tamar Renewable Power (Hoddesdon) Limited*	Anaerobic Digestion	Ordinary	100	-
Tamar Energy (Hermes Holdings) Limited*	Holding Company	Ordinary	100	-
Tamar Energy Operating Company (one) Limited*	Holding Company	Ordinary	100	-
Holbeach Biogas Limited	Anaerobic Digestion	Ordinary	95	-
Sutton Grange AD Limited	Anaerobic Digestion	A Ordinary	80	-
Tamar Renewable Power (Essex) Limited*	Anaerobic Digestion	Ordinary	100	-
Tamar Renewable Power (Basingstoke) Limited*	Anaerobic Digestion	Ordinary	100	-
Tamar Organics Limited*	Waste recycling & disposal	Ordinary	100	-

11. INVESTMENTS (continued)

		Share capital	Percentage owned by	
	Nature of business	Class	Other subsidiary undertakings	Company
Subsidiary undertakings			%	%
Tamar Recycling (Suffolk) Limited*	Waste recycling & disposal	Ordinary	100	-
Tamar Composting (East Anglia Limited*	Waste recycling & disposal	Ordinary	100	-
T J Composting Group Limited*	Holding Company	Ordinary	100	-
T J Composting Services Limited*	Dormant	Ordinary	100	-
The Beddingham Compost Company Limited*	Dormant	Ordinary	100	-
Tamar Organic Waste Limited*	Waste recycling & disposal	Ordinary	100	-
Biogen Limited	Dormant	Ordinary	100	-

* Audit exemption claimed under s479A CA 2006

Joint ventures			%	%
Biogen Gwyriad Limited	Anaerobic Digestion	Ordinary	52	-
Biogen Waen Limited	Anaerobic Digestion	Ordinary	55	-

The Company and its subsidiary undertakings and joint ventures are registered in England and Wales. The Company's registered address is; c/o Ancala Partners LLP, King's House, 36-37 King Street, London EC2V 8BB, England. The registered address of the subsidiary undertakings is; Milton Parc, Milton Ernest, Bedfordshire, MK44 1YU.

The subsidiary undertakings have been consolidated in the Group financial statements and the joint ventures have been equity accounted.

12. STOCKS

The Group	**2022**	**2021**
	£'000	**£'000**
Feedstock	927	599
Spare parts for plant and machinery	1,200	1,092
	2,127	1,691

The value of stocks is not materially different from the replacement cost.

The Company had no stocks.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2022

13. DEBTORS

	The Group		The Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	2,137	3,067	-	-
Amounts owed by group undertakings	-	-	72	72
Amounts owed by undertakings in which the entity has a participating interest	1,299	72	-	-
Other debtors	60	221	19	-
Prepayments and accrued income	6,320	5,118	-	-
Derivative financial instrument	1,651	-	1,651	-
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	43,736	45,455
Deferred tax asset	10,983	4,570	-	-
	22,450	13,048	45,478	45,527

Amounts owed by group undertakings are unsecured, have no fixed repayment date and bear interest at 10.5% per annum.

The derivative financial instrument is an interest rate swap, see note 19.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	2,000	-	2,000	-
Trade creditors	3,480	4,651	11	15
Amounts owed to group undertakings	-	-	498	486
Other taxation and social security	247	216	-	-
Other loan	17	19	-	-
Other creditors	298	299	-	3
VAT creditor	473	-	23	23
Derivative financial instrument	5,088	-	-	-
Accruals and deferred income	6,433	3,867	-	-
	18,036	9,052	2,532	527

The amounts owed in respect of hire purchase and finance lease assets are secured on the assets concerned.

Amounts owed to group undertakings are unsecured, have no fixed repayment date and are interest free.

The other loan is unsecured, repayable in instalments and carries interest at the rate of 6.7% per annum.

The derivative financial instrument is an electricity hedge, see note 19.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group		The Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	46,972	46,696	46,971	46,696
Intercompany loan	47,549	49,561	47,549	49,561
Other loan	147	159	-	-
Derivative financial instrument	359	-	-	-
Other creditors	472	555	-	-
	95,499	96,971	94,520	96,257

The bank loan is accruing interest at the rate of SONIA plus margin of (2% up to second anniversary, 2.25% from second to fourth anniversary and 2.50% thereafter), the interest is payable half yearly. The interest is hedged using a swap at margin plus 0.56%. The capital is not due for repayment until March 2025.
The intercompany loan is unsecured, not repayable on demand, has no fixed repayment date and attracts interest at 10.5% per annum.
The other loan is unsecured, repayable in instalments and carries interest at the rate of 6.7% per annum.
The derivative financial instrument is an electricity hedge, see note 19.

16. BORROWINGS

Analysis of loan repayments:	The Group		The Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Not later than one year				
Hire purchase and finance leases	-	-	-	-
Bank loans and overdrafts	2,000	-	2,000	-
Other loan	17	19	-	-
Later than one year and not later than five years				
Bank loans and overdrafts	46,972	46,696	46,971	46,696
Other loan	78	90	-	-
Later than five years				
Other loan	69	69	-	-
Intercompany loan	47,549	49,561	47,549	49,561
	96,685	96,435	96,520	96,257

The bank loan is accruing interest at the rate of SONIA plus margin of (2% up to second anniversary, 2.25% from second to fourth anniversary and 2.50% thereafter), the interest is payable half yearly. The interest is hedged using a swap at margin plus 0.5615%. The capital is not due for repayment until March 2025.
A loan of £178k (2021: £194k) is unsecured, repayable in instalments and carries interest at the rate of 6.7% per annum.
The intercompany loan is unsecured, not repayable on demand, has no fixed repayment date and attracts interest at 10.5% per annum

17. PROVISIONS FOR LIABILITIES

The Group

	Onerous contract	Decommissioning provision	Other	Total
	£'000	£'000	£'000	£'000
At 1 April 2021	1,378	1,794	1,116	4,288
Arising in the year	-	-	487	487
Utilised in the year	(334)	-	(706)	(1,040)
Unwinding of discount	(59)	(11)	-	(70)
At 31 March 2022	985	1,783	897	3,665

The group makes full provision for the future cost of decommissioning anaerobic digestion plants on a discounted basis on commencement of construction. The decommissioning provision represents the present value of decommissioning costs, which are expected to be incurred up to 2043, which is when the anaerobic digestion plants are expected to cease operations. These provisions have been created based on the group's internal cost estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. Actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required.

Provision has been made for the discounted cost of future annual payment, required under a trading agreement that the directors consider to be onerous

The discount rate used in the calculation of the provisions as at 31 March 2022 was 2.0% (2021: 1.8%).

Other provisions relates to a number of compliance and operational matters which are deemed to present liabilities which have arisen from incidents that occurred over a number of years, but which have not been recognised previously. Expenditure on these items is expected to occur in the forthcoming year.

Other provisions also include management's best estimate of the future costs that will be incurred to spread the digestate which was in the tanks at the period end and also for a number of other matters which are deemed to have arisen from incidents that occurred over a number of years in the acquired businesses.

18. DEFERRED TAXATION

The amounts of deferred taxation recognised and unrecognised in the Group financial statements are as follows:

The Group	Recognised 31 March 2022 £'000	Recognised 31 March 2021 £'000	Unrecognised 31 March 2022 £'000	Unrecognised 31 March 2021 £'000
Accelerated capital allowances	7,104	4,287	6,299	4,958
Other short-term timing differences	104	51	386	293
Tax losses	3,775	362	5,523	6,344
R&D expenditure credit	-	-	-	-
Revaluations/fair value adjustments		(130)	-	-
	10,983	4,570	12,208	11,595
Deferred tax asset	10,983	4,570	12,208	11,595

The unrecognised deferred tax assets may be utilised against future taxable profits. They have not been recognised as the timing of future profitability in the relevant group entity is not certain.

The deferred tax asset has increased substantially in the year by £6,413k this is due to a combination of the stronger EBITDA performance which has resulted in improved forecasted future taxable profits as well an increase in the tax rate which the deferred tax asset is calculated from 1 April 2023 by 6% to 25%.

Deferred tax is calculated using the substantively enacted tax rate for when the deferred tax asset is expected to be utilised. The increase in the main rate of corporation tax to 25% was substantively enacted in 24 May 2021. This new rate has been applied to deferred tax balances which are expected to reverse after 1 April 2023, the date on which that new rate becomes effective.

19. FINANCIAL INSTRUMENTS

	The Group		The Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Financial assets measured at fair value through profit and loss				
Derivative financial instruments	1,651	-	1,651	-
	1,651	-	1,651	-
Financial liabilities measured at fair value through profit and loss				
Derivative financial instruments	(5,447)	(3)	(5,447)	(3)
	(5,447)	(3)	(5,447)	(3)

The Company has entered into an interest rate swap to receive interest at SONIA and pay interest at a fixed margin plus 0.5615%. The swap is based on a principal amount of £48m (2021: £48m), the principal amount of the group's loan facilities and matures in March 2025 on the same date as the Senior loan. The fair value of the financial instrument is an asset of £1,651k (2021: £3k liability)

The Group has entered into electricity hedge arrangements to forward sell electricity at a fixed rate. These arrangements run for six month periods with the final one in place ending in September 2023. Due to the volatility of the energy market around the year end the estimate of the fair value of this hedge recognised at the year end was a liability of £5,447k (2021: £nil).

20. CALLED UP SHARE CAPITAL

Group and Company

	2022	2021
	£'000	£'000
Called up, allotted and fully paid		
3,468,287 (2021: 3,468,287) Ordinary Shares of 1p each	35	35
	35	35

Each holder of Ordinary shares is entitled to one vote for each Ordinary share held and is entitled to receive, pro-rata to their holdings, any dividends, distribution or other return of capital.

21. RESERVES

Share premium account

The share premium account includes premiums received on issue of share capital.

Profit and loss account

This includes all current period profits and losses.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2022

22. COMMITMENTS

Operating lease commitments

At 31 March the Group was committed to making the following payments in respect of operating leases:

Land and buildings	**2022**	**2021**
	£'000	**£'000**
Amounts payable:		
Not later than one year	1,149	1,205
Later than one year and not later than five years	4,569	4,515
Leases which expire after five years	17,390	18,027
	23,108	23,747

Other assets	***2022***	***2021***
	£'000	**£'000**
Amounts payable:		
Not later than one year	82	64
Later than one year and not later than five years	81	67
	163	131

The Company has no operating lease commitments.

23. RELATED PARTY TRANSACTIONS

Related parties	Nature of transaction	2022 £'000	2021 £'000
Biogen Gwyriad Limited	Payment for services	(125)	(91)
	Balance owing at 31 March	-	-
	Receipt for services	826	771
	Dividend receipt	406	203
	Balance owed at 31 March	93	123
Biogen Waen Limited	Payment for services	(4)	(165)
	Receipt for services	1,313	1,168
	Balance owed at 31 March	216	149
	Receipt of loan repayments	278	-
	Interest receivable on loans	133	-
	Loan note outstanding at 31 March	990	-
Sutton Grange Services Limited	Payment for services	(2,089)	(2,089)
	Balance owing at 31 March	(29)	(161)
Fred Walter & Sons Limited	Payment for rent	(89)	(86)
	Balance owing at 31 March	-	-
AH Worth and Company Limited	Payment for rent	(54)	(54)
	Payment for services	(45)	(57)
	Balance owing at 31 March	(1)	(9)
	Receipt for wholesale electricity	823	991
	Balance owed at 31 March	61	58
Worth Farms Limited	Payment for services	(394)	(315)
	Balance owing at 31 March	-	-

Biogen Gwyriad Limited and Biogen Waen Limited are each joint ventures over which the Group exercises joint control.

During the year Sutton Grange AD Limited purchased goods and services from Sutton Grange Services Limited, a company in which both M I Paulson and C F Walter, directors of Sutton Grange AD Limited, are also directors and shareholders.

During the year Sutton Grange AD Limited was charged rent by and purchased goods from Fred Walter & Sons Limited, a company in which C F Walter, a director and shareholder of Sutton Grange AD Limited, is also a director.

During the year, Holbeach Biogas Limited purchased goods and services from Worth Farms Limited, a company in which D R Worth, a director of Holbeach Biogas Limited, is also a director and shareholder. Worth Farms Limited purchased electricity during the year from Holbeach Biogas Limited. and at 31 March 2022.

During the year, Holbeach Biogas Limited paid rent to AH Worth & Company Limited, a company in which D R Worth, a director of Holbeach Biogas Limited, is also a director.

The company has relied upon the disclosure exemption conferred by FRS 102 not to disclose transactions with wholly-owned group undertakings.

24. ULTIMATE CONTROLLING PARTY

The immediate parent company is Ancala Bioenergy Investco Limited. The financial statements of Ancala Bioenergy Investco Limited are publicly available from c/o Ancala Partners LLP, King's House, 36-37 King Street, London, England.

The ultimate parent company is Ancala Bioenergy Holdco Limited, in whose consolidated financial statements the results of the Company are included. The financial statements of Ancala Bioenergy Holdco Limited are publicly available from c/o Ancala Partners LLP, King's House, 36-37 King Street, London EC2V 8BB.

There is no ultimate controlling party.

25. POST BALANCE SHEET EVENT

Included in plant and machinery is a property which the In Vessel Composting (IVC) Parham site traded with a carrying value of £0.7m. The property was subsequently sold post year end on 17 June 2022 for £1m.