Company Registration No. 10697363

ANCALA BIOENERGY LIMITED

Annual report and financial statements

For the year ended 31 March 2023

These form part of the filing for Acumar Energy Limited

ANCALA BIOENERGY LIMITED

REPORT AND FINANCIAL STATEMENTS 2023

CONTENTS

ANCALA BIOENERGY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

RJ Parker
S Musther
GKC Vincent
C Lister
RR Jones

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 2023.

Continued investment in the portfolio to optimise the efficiency and robustness of operations to secure ongoing revenue generation remains a priority for the business. This has been evidenced on multiple occasions where investment has been followed by an uplift in performance and returns. Following the acquisitions over recent years, the Group consider all sites to now 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. Wholesale power prices have remained strong in the year, allowing for further investment across the portfolio.

In the year ending 31 March 2023, we have maintained our record levels of record levels of process and plant uptime and record levels of renewable power generation, all whilst many of our engines have undertaken key milestones services.

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 Group operating profit (before the exceptional item, financial instrument fair value movement, depreciation and amortisation) for the year was £11.4m (2022: £11.4m) on turnover of £55.3m (2022: £48.2m), which the directors consider to be satisfactory. The profit before taxation in the year is £4.9m (2022: £4.5m loss).

Profit before taxation is stated after a credit of £5.5m (2022: £5.4m charge) relating the fair value of an electricity hedge held by the Group at the year end.

Profit before taxation is stated after a credit of £0.5m (2022: £1.7m) 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 (2022: £nil) and did not make any donations to political parties.

On 20 June 2023, a new group company, Biogen Bioenergy Ltd was incorporated. The entity will act as a Holdco for potential future acquisitions.

KEY PERFORMANCE INDICATORS

The Group monitors a range of KPIs to measure performance:

Feedstock Processed & Controlled
Total tonnages controlled for the period were 3.2% lower (2022: 0.4% higher) than the previous year and were in line with expectations

Electricity Generation & Export
Electricity generated during the period was 1.8% below (2022: 8.5% above) the previous year which was in line with expectations due to servicing works undertaken during the year. The group continues to focus on optimising equipment performance to maximise generation opportunity. The continued enhancements made during the year stand the Group in good stead for even greater performance in future years.

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 2024.

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 2023 and are confident that the business is on the right trajectory to deliver on the underlying business plan.

Electricity Generator Levy "EGL"
On 17 November 2022, the government announced the Electricity Generator Levy which is a temporary charge on businesses which generate electricity in the UK from 1 January 2023 to 31 March 2028. We have reviewed the latest legislation published by HMRC and have performed detailed calculations to assess the impact of the Electricity Generator Levy on the Group. Based on these assessments we do not deem the Group will be subjected to the levy for the period ended 31 March 2023, we have also assessed the impact of the levy on future periods and based on our latest forecasts we do not deem the Group will be subjected to the levy.

Section 172(1) statement
The directors are well aware of their duty under 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Group, and, in doing so, have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interest of the Group's employees;
- The need to foster the Group's Business relationships with suppliers, customers and others;
- The impact of the Group's operations on the community and the environment; and
- The desirability of the Group maintaining a reputation for high standards of business conduct

The directors understand that their relationships with its stakeholders are dynamic, and that stakeholders' interest may change over time. In response to this, the directors keep themselves informed of the Group's key stakeholder's interests through a combination of both direct and indirect engagement. The directors recognise their responsibility to the Group's stakeholders at all times when discharging their duties.

The directors have identified the key stakeholders as the following:

- Customers
- Employees
- Suppliers
- Environmental Issues and Communities

Customers
The directors recognise the importance of creating long lasting relationships with customers and believe it is fundamental to the way business is done by the Group. The Group supports multiple channels of communication, including regular meetings, telephone calls and updates on social media.

Employees
The directors recognise the importance of a highly engaged and motivated workforce. The welfare of the employees is integral to our values, this is maintained by regular Occupational Health visits, Mental Health first aiders across the Group and employee welfare telephone line and web portal. Due to the impact of inflation on households remuneration packages have been reviewed and rolled out.

Suppliers
The directors recognise that supplier relationships are a key source of value that helps to ensure the Group's success is sustainable in the future. The Group manages the relationships with suppliers through meetings and telephone calls.

Environmental Issues and Communities
The directors factor the impact on both the community and the environment during the decision-making process. The group puts high importance on compliance with environmental regulations and is accredited for ISO9001, ISO14001 and OHSAS18001.

Future developments
The Group has ambitious plans for growth, through both acquisitions and investments in the current owned sites. The directors are confident that these plans will further boost the Operating Profit of the Group.

Overall, the directors and shareholders are pleased with the progress made in 2023 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: 3/8/2023

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 2023.

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:

S Musther
GKC Vincent
C Lister
RJ Parker
MP Johnson - Resigned 31 October 2022
RR Jones - Appointed 19 December 2022

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 (2022: £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

On 20 June 2023, a new group company, Biogen Bioenergy Ltd was incorporated. The entity will act as a Holdco for potential future acquisitions.

On 1 August 2023 the Group successfully exchanged contracts for acquiring five operational Anaerobic Digestion (AD) sites located across the United Kingdom, two of the sites export electricity via Combined Heat and Power Systems and three of the sites are biomethane plants exporting gas in to the gas grid. The AD sites have a total installed capacity of 3.5MWe electricity capacity and 1,500Sm^3/hr biomethane capacity.

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.

Accordingly, the directors have reasonable grounds to prepare these financial statements on a going concern basis.

ANCALA BIOENERGY LIMITED

DIRECTORS' REPORT (Continued)

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.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 and Company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Engagement with employees

The Group has continued to hold regular interactive employee webinars. An update is provided by each director to ensure employees are aware of activities across the business as well as providing information on matters of interest to employees.

All new employees have a comprehensive induction to understand the business and our values.

Engagement with suppliers, customer and others

The directors believe that strong ongoing business relationships are key to the continued success and growth of the Group. The directors ensure that they have visibility and involvement in all key stakeholder relationships so that they are appropriately managed and developed, this is demonstrated with the long term working relationships the Group holds with its customers and suppliers.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group does not report under Streamlined Energy and Carbon Reporting ("SECR") as none of its subsidiary are large companies. The parent company is exempt from reporting as it is a low energy user consuming less than 40 MWh per annum.

Matters covered in the Group Strategic Report

As permitted by paragraph 1A of schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Group Strategic Report. The matters relate to a description of principal risks and uncertainties and future developments.

ANCALA BIOENERGY LIMITED

DIRECTORS' REPORT (Continued)

The directors confirm that:

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

To the best of our knowledge:

- the group financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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: 3/8/2023

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 2023, 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 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 Brexit, Covid-19 and cost of living crisis, 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.

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.

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

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 for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6 , the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 that are applicable to the 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 company operates;

ANCALA BIOENERGY LIMITED

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

- 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.

ANCALA BIOENERGY LIMITED

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

- 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.

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

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

ANCALA BIOENERGY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
TURNOVER	4	55,330	48,181
Cost of sales before depreciation		(36,993)	(31,069)
Depreciation of tangible assets		(6,051)	(5,455)
Loss on disposal of tangible assets		310	(189)
Total cost of sales		(42,734)	(36,713)
GROSS PROFIT		12,596	11,468
Administrative expenses before amortisation		(6,234)	(5,695)
Financial instrument fair value movement		5,466	(5,447)
Amortisation of intangibles		401	401
Loss on hedging instruments	5	(750)	-
Exceptional item		(353)	(599)
Total administrative expenses		(1,470)	(11,340)
Operating profit before exceptional item, fair value movement, depreciation and amortisation		11,353	11,417
Exceptional item	5	(353)	(599)
Financial instrument fair value movement	5	5,466	(5,447)
Less depreciation of tangible assets	10	(6,051)	(5,455)
Less loss on disposal of tangible assets	5	310	(189)
Less amortisation of intangibles	9	401	401
OPERATING PROFIT	5	11,126	128
Share of operating profit in joint ventures	11	402	370
PROFIT BEFORE INTEREST AND TAXATION		11,528	498
Interest receivable and similar income	7	92	133
Interest payable and similar expenses	7	(6,717)	(5,124)
PROFIT/ (LOSS) BEFORE TAXATION		4,903	(4,493)
Tax (charge)/credit	8	(217)	6,413
PROFIT FOR THE FINANCIAL YEAR		4,686	1,920
Other comprehensive income		-	-
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		4,686	1,920
Total comprehensive expense for the year attributable to:			
Owners of the parent		5,251	2,325
Non-controlling interests		(565)	(405)
		4,686	1,920

The notes on pages 16 to 38 form part of these financial statements.

All activities derive from continuing operations.

ANCALA BIOENERGY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2023

	Note	2023 £'000	2022 £'000
FIXED ASSETS			
Intangible assets	9	(1,900)	(2,301)
Tangible assets	10	62,884	65,848
Investments	11	1,547	1,369
		62,531	64,916
CURRENT ASSETS			
Stocks	12	2,862	2,127
Debtors (including £10,765k falling due after more than one year, 2022: £10,983k)	13	23,204	22,450
Cash at bank and in hand		9,562	7,057
		35,628	31,634
CREDITORS: amounts falling due within one year	14	(15,734)	(18,036)
NET CURRENT ASSETS		19,894	13,598
TOTAL ASSETS LESS CURRENT LIABILITIES		82,425	78,514
CREDITORS: amounts falling due after more than one year	15	(94,705)	(95,499)
PROVISIONS FOR LIABILITIES	17	(3,684)	(3,665)
NET LIABILITIES		(15,964)	(20,650)
CAPITAL AND RESERVES			
Called up share capital	20	35	35
Share premium account	21	3,520	3,520
Profit and loss account deficit	21	(17,267)	(22,518)
Deficit attributable to the owners of the parent		(13,712)	(18,963)
Non-controlling Interests		(2,252)	(1,687)
TOTAL EQUITY		(15,964)	(20,650)

The notes on pages 16 to 38 form part of these financial statements.

The financial statements on pages 12 to 38 were approved by the Board of Directors on 3/8/2023 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 2023

	Note	2023 £'000	2022 £'000
FIXED ASSETS			
Investments	11	41,281	41,281
		41,281	41,281
CURRENT ASSETS			
Debtors (including £39,728k falling due after more than one year, 2022: £43,736k)	13	42,005	45,478
Cash at bank and in hand		283	18
		42,288	45,496
CREDITORS: amounts falling due within one year	14	(2,034)	(2,532)
NET CURRENT ASSETS		40,254	42,964
TOTAL ASSETS LESS CURRENT LIABILITIES		81,535	84,245
CREDITORS: amounts falling due after more than one year	15	(94,187)	(94,520)
NET LIABILITIES		(12,652)	(10,275)
CAPITAL AND RESERVES			
Called up share capital	20	35	35
Share premium account	21	3,520	3,520
Profit and loss account	21	(16,207)	(13,830)
TOTAL SHAREHOLDERS' DEFICIT		(12,652)	(10,275)

The notes on pages 16 to 38 form part of these financial statements.

The Company's loss for the year ended 31 March 2023 was £2,377k (2022: £303k).

The financial statements on pages 12 to 38 were approved by the Board of Directors on 3/8/2023 and signed on its behalf by:

RJ Parker
Director

Ancala Bioenergy Limited Company Registration No. 10697363

STATEMENTS OF CHANGES IN EQUITY
For the year ended 31 March 2023

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 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 and 1 April 2022	35	3,520	(1,687)	(22,518)	(20,650)
Total comprehensive income for the financial year	-	-	(565)	5,251	4,686
Balance as at 31 March 2023	35	3,520	(2,252)	(17,267)	(15,964)

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 2021	35	3,520	-	(13,527)	(9,972)
Total comprehensive expense for the financial year	-	-	-	(303)	(303)
Balance as at 31 March 2022 and 1 April 2022	35	3,520	-	(13,830)	(10,275)
Total comprehensive expense for the financial year	-	-	-	(2,377)	(2,377)
Balance as at 31 March 2023	35	3,520	-	(16,207)	(12,652)

The notes on pages 16 to 38 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2023

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 £2,377k (2022: £303k).

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2023

5. *OPERATING PROFIT*

Operating profit is stated after charging/(crediting):	**2023** **£'000**	**2022** **£'000**
Exceptional item	353	599
Financial instrument fair value movement	(5,466)	5,447
Loss on hedging instruments	750	-
Depreciation on owned assets	6,051	5,455
Amortisation of intangible assets	(401)	(401)
(Profit)/loss on disposal of fixed assets	(310)	189
Rentals under operating leases:		
- Hire of plant and machinery	1,463	1,276
- Land and buildings	1,280	1,168

Fees payable to the Company's auditors and its associates for the audit of the parent Company and the Group's consolidated financial statements	7	6
Fees payable to the Company's auditors and its associates for other services:		
- Audit of the Company's subsidiaries	156	144
- Taxation advisory services	74	72
Total amounts payable to the Company's auditors and its associates	237	222

The prior year exceptional item relates to the 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 current year exceptional item relates to three items; the final costs associated with the strategic closure of the Parham, Beddingham and Tempsford plants, professional fees relating to financing and legal costs associated with resolving a land issue at our Merevale plant.

The Group has recognised a finance credit of £5,466k (2022: £5,447k charge) relating to the fair value of electricity hedge arrangements held by the Group at the year end. There is a debtor of £20k (2022: £5,447k creditor) held on the balance sheet relating to the fair value of electricity hedge arrangements.

The Group recognised a loss on hedging instruments during the year of £750k (2022: £nil) relating to electricity hedge arrangements for actual turnover earned relating to power generation during the year.

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Employees

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

	2023 No.	2022 No.
Production staff	130	136
Sales	8	8
Administration	24	23
	162	167

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

	2023 £'000	2022 £'000
Wages and salaries	7,578	7,307
Social security costs	917	718
Other pension costs	218	220
Staff costs charged to profit and loss	8,713	8,245

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 (2022: £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	**2023 £'000**	**2022 £'000**
Interest receivable from undertakings in which the entity has a participating interest	92	133

Interest payable and similar expenses	**2023 £'000**	**2022 £'000**
On loans and overdrafts	(2,245)	(1,543)
Finance charges in respect of finance leases and similar hire purchase agreements	(15)	(15)
On loans from Group undertakings	(4,800)	(5,290)
Financial Instrument fair value movement	519	1,654
Unwinding of discount on provisions	(176)	70
Total interest payable and similar charges	(6,717)	(5,124)

Net interest expense	**2023 £'000**	**2022 £'000**
Interest receivable and similar income	92	133
Interest payable and similar charges	(6,717)	(5,124)
Net interest expense	(6,625)	(4,991)

The Group has recognised a credit of £519k (2022: £1,654k) 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. TAXATION

(a) Tax charge/(credit) included in profit and loss	2023 £'000	2022 £'000
Current tax:		
- Corporation tax for the year	-	-
- Group relief written off from prior periods	-	-
- Adjustments in respect of prior periods	-	-
Total tax charge/(credit)	-	-
Deferred tax:		
- Origination and reversal of timing differences	531	(4,735)
- Adjustments in respect of prior periods	(314)	43
- Impact of change in tax rate	-	(1,721)
Total deferred tax charge/(credit)	217	(6,413)
Tax charge/(credit)	217	(6,413)

Tax (credit)/charge assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK for the year ended 31 March 2023 of 19% (2022: 19%). The differences are explained below:

(b) Reconciliation of tax charge/(credit)

	2023 £'000	2022 £'000
Profit/(loss) before taxation	4,903	(4,493)
Profit/(loss) before taxation multiplied by the standard rate of tax in the UK of 19%. The differences are explained below:	932	(854)
- Fixed asset differences	(184)	41
- Expenses not deductible	495	(184)
- Income not taxable	(99)	(70)
- Effects of group relief/other reliefs	440	786
- Adjustments in respect of prior periods	(314)	43
- Effects of other tax rates	516	(5,497)
- Deferred tax not recognised	(1,569)	(678)
Tax charge/(credit) for the year	217	(6,413)

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2023

9. INTANGIBLE ASSETS

The Group	Goodwill £'000	Negative goodwill £'000	Total £'000
At 1 April 2021	214	(2,916)	(2,702)
Amortisation	(35)	436	401
At 31 March and 1 April 2022	179	(2,480)	(2,301)
Amortisation	(35)	436	401
At 31 March 2023	144	(2,044)	(1,900)

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 2023

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 2022	2,980	85,235	81	99	162	88,557
Additions	3,152	629	-	-	-	3,781
Transfers	(3,461)	3,429	-	-	32	-
Disposals		(1,535)				(1,535)
At 31 March 2023	2,671	87,758	81	99	194	90,803
Accumulated depreciation						
At 1 April 2022	-	22,389	81	77	162	22,709
Charge for the year	-	6,026	-	22	3	6,051
Disposals	-	(841)				(841)
At 31 March 2023	-	27,574	81	99	165	27,919
Net book value						
At 31 March 2023	2,671	60,184	-	-	29	62,884
At 31 March 2022	2,980	62,846	-	22	-	65,848

The company has no tangible assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2023

11. INVESTMENTS

	The Group £'000	The Company £'000
	Joint ventures	**Subsidiary undertakings**
At 1 April 2022	1,369	41,281
Share of operating profit in joint ventures	402	-
Dividend received	(224)	-
At 31 March 2023	1,547	41,281

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

	Nature of business	**Share capital** Class	**Percentage owned by** 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	-
TJ Composting Group Limited*	Holding Company	Ordinary	100	-
TJ Composting Services Limited*	Dormant	Ordinary	100	-
The Beddingham Compost Company Limited*	Dormant	Ordinary	100	-
Tamar Organic Waste Limited*	Waste recycling & disposal	Ordinary	100	-
Biogen Ltd	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	2023 £'000	2022 £'000
Feedstock	785	927
Spare parts for plant and machinery	2,077	1,200
	2,862	2,127

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 2023

13. DEBTORS

	The Group		The Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	3,358	2,137	-	-
Amounts owed by group undertakings	-	-	72	72
Amounts owed by undertakings in which the entity has a participating interest	591	1,299	-	-
Other debtors	77	60	36	19
Group relief debtor	-	-	-	-
Prepayments and accrued income	6,224	6,320	-	-
Derivative financial instrument	2,189	1,651	2,169	1,651
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	39,728	43,736
Deferred tax asset	10,765	10,983	-	-
	23,204	22,450	42,005	45,478

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 and electricity hedge, see note 19.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	2,000	2,000	2,000	2,000
Trade creditors	4,858	3,480	11	11
Amounts owed to group undertakings	-	-	-	498
Other taxation and social security	270	247	-	-
Other loan	18	17	-	-
Other creditors	291	298	-	-
VAT creditor	42	473	23	23
Derivative financial instrument	-	5,088	-	-
Accruals and deferred income	8,255	6,433	-	-
	15,734	18,036	2,034	2,532

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2023

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

	The Group		The Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank loans and overdrafts	47,334	46,972	47,333	46,971
Intercompany loan	46,854	47,549	46,854	47,549
Other loan	129	147	-	-
Derivative financial instrument	-	359	-	-
Other creditors	388	472	-	-
	94,705	95,499	94,187	94,520

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 Company has entered into three interest rate swaps to receive interest at SONIA and pay interest at a fixed margin plus 0.5615% and to receive interest at SONIA and pay interest at a fixed margin plus 5.348%. The swaps are based on a principal amount of £48m (2022: £33.6m), the principal amount of the group's loan facilities and matures in March 2025 on the same date as the Senior loan 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	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Not later than one year				
Hire purchase and finance leases	-	-	-	-
Bank loans and overdrafts	2,000	2,000	2,000	2,000
Other loan	18	17	-	-
Later than one year and not later than five years				
Bank loans and overdrafts	47,334	46,972	47,333	46,971
Other loan	82	78	-	-
Later than five years				
Other loan	47	69	-	-
Intercompany loan	46,854	47,549	46,854	47,549
	96,335	96,685	96,187	96,520

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 two swaps at margin plus 0.5615% and 5.348%. The capital is not due for repayment until March 2025.
A loan of £147k (2022: £178k) 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 £'000	Decommissioning provision £'000	Other £'000	Total £'000
At 1 April 2022	985	1,783	897	3,665
Arising in the year	-	-	549	549
Utilised in the year	(167)	-	(539)	(706)
Unwinding of discount	39	137	-	176
At 31 March 2023	857	1,920	907	3,684

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 2023 was 3.2% (2022: 2.0%).

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2023

18. DEFERRED TAXATION

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

The Group	Recognised 31 March 2023 £'000	Recognised 31 March 2022 £'000	Unrecognised 31 March 2023 £'000	Unrecognised 31 March 2022 £'000
Accelerated capital allowances	9,088	7,104	452	6,299
Other short-term timing differences	79	104	-	386
Tax losses	1,598	3,775	9,343	5,523
Revaluations/fair value adjustments			-	-
	10,765	10,983	9,795	12,208

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.

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 on 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	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Financial assets measured at fair value through profit and loss				
Derivative Financial Instruments	2,189	1,651	2,169	1,651
	2,189	1,651	2,169	1,651
Financial liabilities measured at fair value through profit and loss				
Derivative Financial Instruments	-	(5,447)	-	(5,447)
	-	(5,447)	-	(5,447)

The Company has entered into three interest rate swaps to receive interest at SONIA and pay interest at a fixed margin plus 0.5615% and to receive interest at SONIA and pay interest at a fixed margin plus 5.348%. The swaps are based on a principal amount of £48m (2022: £33.6m), 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 £2,169k (2022: £1,651k asset).

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 an asset of £20k (2022: £5,447k liability).

20. CALLED UP SHARE CAPITAL

Group and Company	31 March 2023	31 March 2022
	£'000	£'000
Called up, allotted and fully paid		
3,468,287 (2022: 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 2023

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	**2023**	**2022**
	£'000	**£'000**
Not later than one year	1,346	1,149
Later than one year and not later than five years	5,291	4,569
Leases which expire after five years	18,572	17,390
	25,209	23,108

Other assets	**2023**	**2022**
	£'000	***£'000***
Not later than one year	55	82
Later than one year and not later than five years	61	81
	116	163

The Company has no operating lease commitments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2023

23. RELATED PARTY TRANSACTIONS

Related parties	Nature of transaction	2023 £'000	2022 £'000
Biogen Gwyriad Limited	Payment for services	(27)	(125)
	Balance owing at 31 March	-	-
	Receipt for services	849	826
	Dividend receipt	224	406
	Balance owed at 31 March	58	93
Biogen Waen Limited	Payment for services	(58)	(4)
	Receipt for services	1,310	1,313
	Balance owed at 31 March	166	216
	Receipt of loan repayments	622	278
	Interest receivable on loans	92	133
	Loan note outstanding at 31 March	368	990
Sutton Grange Services Limited	Payment for services	(1,626)	(2,089)
	Balance owing at 31 March	(30)	(29)
Fred Walter & Sons Limited	Payment for rent	(89)	(89)
	Balance owing at 31 March	-	-
AH Worth and Company Limited	Payment for rent	(54)	(54)
	Payment for services	(89)	(45)
	Balance owing at 31 March	(15)	(1)
	Receipt for wholesale electricity	3,212	823
	Balance owed at 31 March	464	61
Worth Farms Limited	Payment for services	(513)	(394)
	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 2023.

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, EC2V 8BB.

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

On 20 June 2023, a new group company, Biogen Bioenergy Ltd was incorporated. The entity will act as a Holdco for potential future acquisitions.

On 1 August 2023 the Group successfully exchanged contracts for acquiring five operational Anaerobic Digestion (AD) sites located across the United Kingdom, two of the sites export electricity via Combined Heat and Power Systems and three of the sites are biomethane plants exporting gas in to the gas grid. The AD sites have a total installed capacity of 3.5MWe electricity capacity and 1,500Sm^3/hr biomethane capacity.