

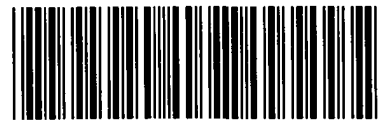
Company Registration No. 07739876

Holbeach Biogas Limited

Annual report and financial statements

For the year ended 31 March 2022

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Holbeach Biogas Limited

Annual report and financial statements 2022

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Holbeach Biogas Limited

Annual report and financial statements 2022

Officers and professional advisers

DIRECTORS

MP Johnson
RJ Parker
S Musther
GKC Vincent
DR Worth
C Lister

REGISTERED OFFICE

Milton Parc
Milton Ernest
Bedfordshire
MK44 1YU

BANKERS

National Westminster Bank Plc
City of London Office
1 Princes Street
London
EC2R 8BP

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

Holbeach Biogas Limited

Directors' report

The directors present their audited report on the affairs of the Company, together with the audited financial statements and independent auditor's report, for the year ended 31 March 2022.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The directors have taken an exemption under s414B of the Companies Act 2006 from preparing a strategic report for the year ended 31 March 2022.

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

Principal activities

The Company's principal activity is the operation of an anaerobic digestion plant and related activities.

Directors

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

MP Johnson
S Musther
GKC Vincent
DR Worth
C Lister
RJ Parker

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which remained in place during the year.

Dividends

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

Covid-19

The Coronavirus pandemic materialised with the lockdown of the UK from mid-March 2020. The Directors are pleased to confirm that the pandemic has had little impact on the performance of the Company in the year to March 2022.

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.

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

At 31 March 2022, the company had net liabilities of £7,052k (2021: £6,147k). 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.

Holbeach Biogas Limited

Directors' report (continued)

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 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" Section 1A, 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 company and of the profit or loss of the 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 Section 1A, 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 company will continue in business.

The directors 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.

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.

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 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 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.

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

Approved by the Board and signed on its behalf by:



RJ Parker
Director
Date: 9/8/2022

Holbeach Biogas Limited Company Registration No. 07739876

Holbeach Biogas Limited

Independent auditor's report to the members of Holbeach Biogas Limited

Our opinion

We have audited the financial statements of Holbeach Biogas Limited (the 'company') for the year ended 31 March 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the 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 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 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.

Holbeach Biogas Limited

Independent auditor's report to the members of Holbeach Biogas Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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.

Holbeach Biogas Limited

Independent auditor's report to the members of Holbeach Biogas Limited (continued)

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

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 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;
- 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 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;

Holbeach Biogas Limited

Independent auditor's report to the members of Holbeach Biogas Limited (continued)

- We assessed the susceptibility of the 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 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 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 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

Holbeach Biogas Limited**STATEMENT OF COMPREHENSIVE INCOME**
For the year ended 31 March 2022

| | Note | 2022 | 2021 |
|---|------|---------|---------|
| | | £'000 | £'000 |
| TURNOVER | 4 | 2,409 | 1,826 |
| Cost of sales | | (2,047) | (1,921) |
| GROSS PROFIT | | 362 | (95) |
| Administrative expenses | | (334) | (188) |
| PROFIT/(LOSS) BEFORE INTEREST AND TAXATION | | 28 | (283) |
| Interest payable and similar charges | | (933) | (863) |
| LOSS BEFORE TAXATION | | (905) | (1,146) |
| Tax charge on loss | 8 | - | - |
| LOSS FOR THE FINANCIAL YEAR | | (905) | (1,146) |
| Other comprehensive income | | - | - |
| TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR | | (905) | (1,146) |

The notes on pages 11 to 18 form part of these financial statements.

All activities derive from continuing operations.

Holbeach Biogas Limited**STATEMENT OF FINANCIAL POSITION
As at 31 March 2022**

| | Note | 2022 £'000 | 2021 £'000 |
|--|------|----------------|----------------|
| FIXED ASSETS | | | |
| Property, plant and equipment | 9 | 4,746 | 4,861 |
| | | <u>4,746</u> | <u>4,861</u> |
| CURRENT ASSETS | | | |
| Inventories | 10 | 366 | 296 |
| Debtors | 11 | 305 | 314 |
| Cash and cash equivalents | | 19 | 19 |
| | | <u>690</u> | <u>629</u> |
| CREDITORS: amounts falling due within one year | 12 | (840) | (907) |
| NET CURRENT LIABILITIES | | <u>(150)</u> | <u>(278)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 4,596 | 4,583 |
| CREDITORS: amounts falling due after more than one year | 13 | (11,499) | (10,565) |
| PROVISIONS FOR LIABILITIES | 14 | (149) | (165) |
| NET LIABILITIES | | <u>(7,052)</u> | <u>(6,147)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | | 1 | 1 |
| Share premium account | | 476 | 476 |
| Profit and loss account | | (7,529) | (6,624) |
| TOTAL SHAREHOLDERS' DEFICIT | | <u>(7,052)</u> | <u>(6,147)</u> |

The notes on pages 11 to 18 form part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with provisions of FRS102 Section 1A – small entities.

The financial statements on pages 8 to 18 were approved by the Board of Directors on and signed on its behalf by:



RJ Parker

Director

Date 9/8/2022

Holbeach Biogas Limited Company Registration No. 07739876

Holbeach Biogas Limited**STATEMENT OF CHANGES IN EQUITY**
For the year ended 31 March 2022

| | Called up share capital £'000 | Share premium account £'000 | Profit and loss account £'000 | Total shareholders' deficit £'000 |
|--|--|--|--|--|
| Balance as at 1 April 2020 | 1 | 476 | (5,478) | (5,001) |
| Loss for the financial year and total comprehensive expense | - | - | (1,146) | (1,146) |
| Balance as at 31 March 2021 and 1 April 2021 | 1 | 476 | (6,624) | (6,147) |
| Loss for the financial year and total comprehensive expense | - | - | (905) | (905) |
| Balance as at 31 March 2022 | 1 | 476 | (7,529) | (7,052) |

The notes on pages 11 to 18 form part of these financial statements.

Holbeach Biogas Limited

Notes to the financial statements For the year ended 31 March 2022

1. STATUTORY INFORMATION

Holbeach Biogas Limited operates an Anaerobic Digestion Plant in Lincolnshire.

The Company is a private company limited by shares and is incorporated in England. The address of its registered office is Milton Parc, Milton Ernest, Bedford, Bedfordshire MK44 1YU.

2. COMPLIANCE WITH ACCOUNTING STANDARDS

The financial statements of Holbeach Biogas 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") under Section 1A for small entities and the Companies Act 2006.

3. ACCOUNTING POLICIES

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

Basis of preparation

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

The presentation currency is £'000 sterling.

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.

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

At 31 March 2022, the company had net liabilities of £7,052k (2021: £6,147k). 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.

Property, plant & equipment and depreciation

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 or long leasehold land and buildings. 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 |
| Computer and software | 3 – 5 years |

Inventories

Stock is held at a carrying value of the lower of cost and estimated selling price less costs to sell. Stock is recognised as an expense in the period in which the related revenue is recognised.

Holbeach Biogas Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

3. ACCOUNTING POLICIES (continued)

Decommissioning

Decommissioning costs may be incurred by the company at the end of the operating life of the plant. These are determined under the terms of leases entered for each site and the company 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. As a result there could be significant adjustments to the provisions established which would affect future financial results.

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

Finance leases

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

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.

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.

Holbeach Biogas Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

3. ACCOUNTING POLICIES (continued)

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.

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 amortised. 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.

Equity

Equity comprises the following

- "Called up share capital" represents the nominal value of ordinary equity shares.
- "Share premium account" represents the excess over nominal value of the fair value of consideration received for equity shares consisting of investor ordinary shares, net of expenses of the share issues.
- "Profit and loss account" include all cumulative results as disclosed in the comprehensive income statement.

Deferred taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences.

Cash and cash equivalents

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

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.

Holbeach Biogas Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

3. ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs during construction are capitalised, costs are attributed to the fixed asset the borrowing was used to finance and amortised over the life of that asset. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Critical accounting policies, judgements/estimates

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The most critical accounting policies and estimates in determining the financial condition and results of the company are those requiring a greater degree of subjective or complete judgement. These relate to;

- The assessment of property, plant and equipment for potential impairment. The recoverable amount of the plant and machinery has been determined based on value in use. Management has to make significant estimates 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 electricity generation). Should the actual income received be significantly lower than that assumed in the impairment review an impairment would 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 and judgements 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.
- The Decommissioning provision. This is based on the estimated costs of returning to site to the state as recorded in the lease agreement.

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. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

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.

6. AUDIT REMUNERATION

Audit remuneration of £11k (2021: £11k) is paid by Biogen (UK) Limited on behalf of the Company for the audit of the Company's annual financial statements.

Fees payable to the Company's auditor and its associates for taxation advisory services of £3k (2021: £3k) is paid by Biogen (UK) Limited on behalf of the Company.

7. EMPLOYEES

The company had 4 employees during the year (2021: 4 employees)

Holbeach Biogas Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

8. TAX ON LOSS

| (a) Tax expense included in profit and loss | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Current tax: | | |
| - Corporation tax on profits for the year | - | - |
| - Group relief | - | - |
| - Adjustments in respect of prior periods | - | - |
| Total current tax | <u>-</u> | <u>-</u> |
| Deferred tax: | | |
| - Origination and reversal of timing differences | - | - |
| - Adjustment in respect of prior periods | - | - |
| - Impact of change in tax rate | - | - |
| Total deferred tax | <u>-</u> | <u>-</u> |
| Tax on profit on ordinary activities | <u>-</u> | <u>-</u> |

Tax assessed for the year is higher (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 current tax charge | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Loss on ordinary activities before tax | (905) | (1,146) |
| Loss multiplied by the standard rate of tax in the UK of 19% (2021: 19%). The differences are explained below: | (172) | (218) |
| - Fixed asset differences | 1 | 25 |
| - Expenses not deductible for tax purposes | - | 1 |
| Group relief surrendered | 167 | 134 |
| - Deferred tax not recognised | 4 | 58 |
| Current tax charge for the year | <u>-</u> | <u>-</u> |

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.

Holbeach Biogas Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

9. PROPERTY, PLANT AND EQUIPMENT

| | Assets in the course of construction £'000 | Plant and machinery £'000 | Computers and software £'000 | Total £'000 |
|---------------------------------|---|---------------------------------|---------------------------------------|----------------|
| Cost | | | | |
| At 1 April 2021 | 354 | 8,011 | 87 | 8,452 |
| Additions | 294 | 4 | - | 298 |
| At 31 March 2022 | 648 | 8,015 | 87 | 8,750 |
| Accumulated depreciation | | | | |
| At 1 April 2021 | - | 3,510 | 81 | 3,591 |
| Charge for the year | - | 410 | 3 | 413 |
| At 31 March 2022 | - | 3,920 | 84 | 4,004 |
| Net book value | | | | |
| At 31 March 2022 | 648 | 4,095 | 3 | 4,746 |
| At 31 March 2021 | 354 | 4,501 | 6 | 4,861 |

10. INVENTORIES

| | 2022 £'000 | 2021 £'000 |
|-------------|---------------|---------------|
| Feedstock | 225 | 183 |
| Spare parts | 141 | 113 |
| | 366 | 296 |

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

11. DEBTORS

| | 2022 £'000 | 2021 £'000 |
|--------------------------------------|---------------|---------------|
| Amounts falling due within one year: | | |
| Trade debtors | 2 | 2 |
| Prepayments and accrued income | 303 | 312 |
| | 305 | 314 |

Holbeach Biogas Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2022 £'000 | 2021 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | 629 | 668 |
| Other creditors | 37 | 54 |
| Accruals and deferred income | 174 | 185 |
| | <u>840</u> | <u>907</u> |

Amounts due to group undertakings are unsecured, interest free, have no fixed date for repayment, are repayable on demand and are due within one year.

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

| | 2022 £'000 | 2021 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | 11,499 | 10,565 |
| | <u>11,499</u> | <u>10,565</u> |

The loan has no fixed repayment date and incurs interest at 8.5%. The ultimate parent company, Ancala Bioenergy Holdco Limited, has issued a guarantee stating the loan will not be recalled within 12 months of the balance sheet date.

14. PROVISIONS FOR LIABILITIES

| | Decommissioning provision | Other | Total |
|-----------------------|------------------------------|----------|------------|
| At 1 April 2021 | 150 | 15 | 165 |
| Arising in the year | - | - | - |
| Utilised in the year | - | (15) | (15) |
| Unwinding of discount | (1) | - | (1) |
| At 31 March 2022 | <u>149</u> | <u>-</u> | <u>149</u> |

The company makes full provision for the future cost of decommissioning the anaerobic digestion plant on a discounted basis on construction commencement. The decommissioning provision represents the present value of decommissioning costs relating to the anaerobic digestion plant, which is expected to be incurred when the plant ceases operation. This provision has been created based on the company's internal estimates. Assumptions based on the current economic environment have been made, which management believes is a reasonable basis upon which to estimate the future liability. This estimate is reviewed regularly to take into account any material changes to the assumptions and has been reduced in the year to remove cost elements deemed not to be required. The discount rate used in the calculation of the provision as at 31 March 2022 was 2.0% (2021: 1.8%).

The other provision related to the removal of silt build up in the digestate storage lagoon.

Holbeach Biogas Limited

Notes to the financial statements (continued) For the year ended 31 March 2022

15. LEASE OBLIGATIONS

The Company had the following future minimum lease payments under non-cancellable operating leases

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Land and buildings | | |
| Not later than one year | 54 | 54 |
| Later than one year and not later than five years | 215 | 215 |
| Later than five years | 590 | 644 |
| | <u>859</u> | <u>913</u> |

16. RELATED PARTY TRANSACTIONS

Transactions with related parties are set out below.

During the year, Holbeach Biogas Limited purchased goods and services amounting to £394k (2021: £315k) from Worth Farms Limited, a company in which D R Worth, a director of Holbeach Biogas Limited, is also a director and shareholder.

During the year, Holbeach Biogas Limited paid rent amounting to £54k (2021: £54k) and purchased goods and services amounting to £45k (2021: £57k) from AH Worth and Company Limited, a company in which D R Worth, a director of Holbeach Biogas Limited, is also a director. The amount due by Holbeach Biogas Limited at 31 March 2022 was £1k (2021: £9k).

AH Worth and Company Limited purchased electricity revenue from the company amounting to £823k (2021: £991k) during the year, and at 31 March 2022 the amount owed by AH Worth and Company Limited was £61k (2021: £58k).

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

17. ULTIMATE CONTROLLING PARTY

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.

The company's immediate parent undertaking is Tamar Energy Operating Company (one) Limited, a company incorporated in England.

The smallest group for which group financial statements are drawn up and of which the company is a member is Ancala Bioenergy Limited. Its registered office and the address from which group financial statements can be obtained is C/O Ancala Partners LLP, King's House, 36-37 King Street, London EC2V 8BB.