

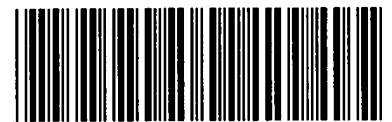
Registered number: 08125572

MERLIN RENEWABLES LIMITED

Directors' Report and Financial Statements

For the Year Ended 31 May 2020

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MERLIN RENEWABLES LIMITED

Company Information

Directors	B Field C Holmes W Mezzullo
Company secretary	Future Biogas Limited
Registered number	08125572
Registered office	10 - 12 Frederick Sanger Road Guildford Surrey GU2 7YD
Independent auditor	BDO LLP 31 Chertsey Street Guildford Surrey GU1 4HD

MERLIN RENEWABLES LIMITED

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MERLIN RENEWABLES LIMITED

Directors' Report For the Year Ended 31 May 2020

The Directors present their report and the financial statements for the year ended 31 May 2020.

Principal activity

The principal activity of the business is the generation and sale of electricity, gas and heat.

Business review

The Company's performance remained consistent during the year ending 31 May 2020 enabling it to record earnings before interest, tax and depreciation (EBITDA) of £1,878,979 (2019: £1,884,711).

Turnover remained consistent at £426,043 per month (2019: £426,495 per month).

The Directors expect the Company to maintain its performance in future years.

Going concern

The Directors, having made appropriate enquiries, are satisfied that the Company has adequate resources to continue trading for the foreseeable future.

The Directors consider it necessary to acknowledge the uncertainty created by the current global COVID-19 pandemic. Risks that could impact Merlin Renewables Limited as a company operating in the electricity, gas and heat industry include a potential prolonged fall in export prices, potential staff illnesses preventing the running of the plant, and possible disruption to the supply chain leading to a shortage in feedstocks and other necessary inputs which may limit the production capacity of the plant. The Company has not been materially impacted by any of these potential risks thus far throughout the pandemic, and the Directors do not expect this to change, and therefore believe it is appropriate to continue preparing the accounts on a going concern basis.

Directors

The Directors who served during the year were:

B Field
C Holmes
W Mezzullo

Disclosure of information to auditor

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

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

MERLIN RENEWABLES LIMITED

Directors' Report (continued) For the Year Ended 31 May 2020

Post balance sheet events

On 22 July 2020, the Company received funding of £88,955 from JLEN Environmental Assets Group (UK) Limited to pay for capital expenditure on value enhancing items.

On 2 September 2020, the Company received funding of £67,081 from JLEN Environmental Assets Group (UK) Limited to pay for capital expenditure on value enhancing items.

On 12 March 2021, the Company received funding of £175,000 from JLEN Environmental Assets Group (UK) Limited to pay for increased feedstock holdings.

All receipts are subject to interest at a rate of 7.5% per annum.

On 29 September 2020, the Company declared and paid a dividend of £300,000.

On 7 January 2021, the Company declared and paid a dividend of £400,000.

On 29 March 2021, the Company declared and paid a dividend of £1,025,000.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 24 May 2021 and signed on its behalf.



W Mezzullo
Director

MERLIN RENEWABLES LIMITED

Directors' Responsibilities Statement For the Year Ended 31 May 2020

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MERLIN RENEWABLES LIMITED

Independent Auditor's Report to the Members of Merlin Renewables Limited

Opinion

We have audited the financial statements of Merlin Renewables Limited (the 'Company') for the year ended 31 May 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Analysis of Net Debt, the Statement of Cash Flows, and the 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 May 2020 and of its 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

MERLIN RENEWABLES LIMITED

Independent Auditor's Report to the Members of Merlin Renewables Limited (continued)

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.

Opinion 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.

Matters on which we are required to report by exception

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.

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.
- 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

As explained more fully in the Directors' Responsibilities Statement on page 3, 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 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.

MERLIN RENEWABLES LIMITED

Independent Auditor's Report to the Members of Merlin Renewables Limited (continued)


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.

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Nick Poulter (Senior Statutory Auditor)

for and on behalf of
BDO LLP, statutory auditor

31 Chertsey Street
Guildford
Surrey
GU1 4HD

Date: 25 May 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

MERLIN RENEWABLES LIMITED

**Statement of Total Comprehensive Income
For the Year Ended 31 May 2020**

	Note	2020 £	2019 £
Turnover	4	5,112,525	5,117,942
Cost of sales		(2,785,716)	(2,645,142)
Gross profit		2,326,809	2,472,800
Administrative expenses		(933,375)	(1,057,595)
Other operating income	5	12,406	43,494
Other operating charges		(18,123)	(49,293)
Operating profit	6	1,387,717	1,409,406
Interest receivable and similar income	9	3	-
Interest payable and expenses	10	(129,867)	(118,618)
Profit before tax		1,257,853	1,290,788
Tax on profit	11	(265,101)	(224,958)
Profit and total comprehensive income for the financial year		992,752	1,065,830

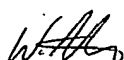
The notes on pages 12 to 26 form part of these financial statements.

MERLIN RENEWABLES LIMITED
Registered number: 08125572

Balance Sheet
As at 31 May 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	6,925,173	7,112,133
Investments	14	7,500	7,500
		<u>6,932,673</u>	<u>7,119,633</u>
Current assets			
Stocks	15	656,853	407,260
Debtors: amounts falling due within one year	16	2,654,419	2,591,992
Cash at bank and in hand	17	565,013	1,169,826
		<u>3,876,285</u>	<u>4,169,078</u>
Creditors: amounts falling due within one year	18	(672,482)	(761,595)
Net current assets		<u>3,203,803</u>	<u>3,407,483</u>
Total assets less current liabilities		<u>10,136,476</u>	<u>10,527,116</u>
Creditors: amounts falling due after more than one year	19	(1,505,275)	(1,399,150)
Provisions for liabilities			
Deferred tax	22	(359,106)	(198,623)
		<u>(359,106)</u>	<u>(198,623)</u>
Net assets		<u>8,272,095</u>	<u>8,929,343</u>
Capital and reserves			
Called up share capital	23	1	1
Profit and loss account	24	8,272,094	8,929,342
		<u>8,272,095</u>	<u>8,929,343</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 May 2021.



W Mezzullo
Director

The notes on pages 12 to 26 form part of these financial statements.

MERLIN RENEWABLES LIMITED

**Statement of Changes in Equity
For the Year Ended 31 May 2020**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 June 2018	149,255	9,380,878	(226,620)	9,303,513
Comprehensive income for the year				
Profit for the year	-	-	1,065,830	1,065,830
Total comprehensive income for the year	-	-	1,065,830	1,065,830
Dividends paid	-	-	(1,440,000)	(1,440,000)
Transfer to/from profit and loss account	-	(9,380,878)	9,380,878	-
Shares cancelled during the year	(149,254)	-	149,254	-
Total transactions with owners	(149,254)	(9,380,878)	8,090,132	(1,440,000)
At 1 June 2019	1	-	8,929,342	8,929,343
Comprehensive income for the year				
Profit for the year	-	-	992,752	992,752
Total comprehensive income for the year	-	-	992,752	992,752
Dividends paid	-	-	(1,650,000)	(1,650,000)
Total transactions with owners	-	-	(1,650,000)	(1,650,000)
At 31 May 2020	1	-	8,272,094	8,272,095

The notes on pages 12 to 26 form part of these financial statements.

MERLIN RENEWABLES LIMITED

**Statement of Cash Flows
For the Year Ended 31 May 2020**

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	992,752	1,065,830
Adjustments for:		
Depreciation of tangible assets	491,263	475,326
Interest expense	129,867	118,618
Interest received	(3)	-
Taxation charge	265,101	224,958
(Increase)/decrease in stocks	(249,593)	230,555
(Increase)/decrease in debtors	(62,427)	370,169
(Decrease)/increase in creditors	(192,372)	97,869
Corporation tax (paid)/received	(2,668)	-
Net cash generated from operating activities	1,371,920	2,583,325
Cash flows from investing activities		
Purchase of tangible fixed assets	(304,302)	(125,448)
Interest received	3	-
Net cash from investing activities	(304,299)	(125,448)
Cash flows from financing activities		
Other new loans	106,125	-
Dividends paid	(1,650,000)	(1,440,000)
Interest paid	(128,559)	(101,147)
Net cash used in financing activities	(1,672,434)	(1,541,147)
Net (decrease)/increase in cash and cash equivalents	(604,813)	916,730
Cash and cash equivalents at beginning of year	1,169,826	253,096
Cash and cash equivalents at the end of year	565,013	1,169,826
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	565,013	1,169,826
	565,013	1,169,826

The notes on pages 12 to 26 form part of these financial statements.

MERLIN RENEWABLES LIMITED

**Analysis of Net Debt
For the Year Ended 31 May 2020**

	At 1 June 2019 £	Cash flows £	At 31 May 2020 £
Cash at bank and in hand	1,169,826	(604,813)	565,013
Loans	(1,399,150)	(106,125)	(1,505,275)
	(229,324)	(710,938)	(940,262)

The notes on pages 12 to 26 form part of these financial statements.

MERLIN RENEWABLES LIMITED

Notes to the Financial Statements For the Year Ended 31 May 2020

1. General information

Merlin Renewables Limited is a limited liability company incorporated in England and Wales under the Companies Act. The registered office is 10-12 Frederick Sanger Road, Guildford, Surrey, GU2 7YD. The principal activity of the Company is set out in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

2.2 Going concern

The Directors, having made appropriate enquiries, are satisfied that the Company has adequate resources to continue trading for the foreseeable future.

The Directors consider it necessary to acknowledge the uncertainty created by the current global COVID-19 pandemic. Risks that could impact Merlin Renewables Limited as a company operating in the electricity, gas and heat industry include a potential prolonged fall in export prices, potential staff illnesses preventing the running of the plant, and possible disruption to the supply chain leading to a shortage in feedstocks and other necessary inputs which may limit the production capacity of the plant. The Company has not been materially impacted by any of these potential risks thus far throughout the pandemic, and the Directors do not expect this to change, and therefore believe it is appropriate to continue preparing the accounts on a going concern basis.

2.3 Turnover

Turnover comprises revenue recognised by the Company in respect of generation of electricity, gas and heat. Turnover is recognised on a monthly basis as output is transferred.

2.4 Other operating income

Other operating income comprises income from activities falling outside of that defined in 'Turnover' (see Note 2.3) e.g. ad hoc sales of excess feedstock.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

MERLIN RENEWABLES LIMITED

Notes to the Financial Statements For the Year Ended 31 May 2020

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold improvements	- Over 30 years
Plant and machinery	- Over 20 years from plant commissioning date for all assets other than major components with a shorter useful economic life, as detailed below
Plant and machinery - engines	- Over 120,000 running hours
Motor vehicles	- Over 4 years
Office equipment	- Over 4 years
Computer equipment	- Over 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Valuation of investments

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period.

2.7 Stocks

Stocks represent costs of energy crops for use as a feedstock in biogas generation, and spare parts and consumables held for use on site. All stocks are valued at the lower of cost and net realisable value.

2.8 Debtors

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

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

MERLIN RENEWABLES LIMITED

Notes to the Financial Statements For the Year Ended 31 May 2020

2. Accounting policies (continued)

2.10 Financial instruments

With the exception of immaterial investments in unlisted company shares, the Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-puttable ordinary and preference shares are measured at fair value with changes recognised in the Statement of Income and Retained Earnings if the shares are publicly traded or their fair value can otherwise be measured reliably.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

2.11 Creditors

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

MERLIN RENEWABLES LIMITED

Notes to the Financial Statements For the Year Ended 31 May 2020

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings.

2.13 Finance costs

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

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.16 Interest income

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

2.17 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

MERLIN RENEWABLES LIMITED

Notes to the Financial Statements For the Year Ended 31 May 2020

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgement:

- Determine the provision for feedstock lost whilst being stored in clamps. This provision is recognised based on historic losses of relevant crops and assumes that losses will occur in the following stages - 60% losses initially, as it is expected that the majority of losses will occur during clamping, then a further 5% loss each month for the following 8 months.

Other key sources of estimation uncertainty

- Tangible fixed assets are depreciated over their useful lives. The actual lives of the assets may vary depending on a number of factors.

MERLIN RENEWABLES LIMITED

**Notes to the Financial Statements
For the Year Ended 31 May 2020**

4. Turnover

All turnover arose within the United Kingdom.

5. Other operating income

	2020 £	2019 £
Digestate sales	12,406	19,554
Feedstock sales	-	23,940
	<u>12,406</u>	<u>43,494</u>

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of plant and equipment	491,263	475,326
Exchange differences	(199)	(2,562)
Other operating lease rentals	68,221	72,907
	<u>68,221</u>	<u>72,907</u>

7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	11,685	10,455

Fees payable to the Company's auditor in respect of:

Other services relating to taxation	3,914	3,895
	<u>3,914</u>	<u>3,895</u>

8. Employees

The Company has no employees other than its Directors (2019 - nil). The Directors receive no remuneration (2019 - £nil).

MERLIN RENEWABLES LIMITED

**Notes to the Financial Statements
For the Year Ended 31 May 2020**

9. Interest receivable

	2020 £	2019 £
Other interest receivable	3	-
	<u>3</u>	<u>-</u>

10. Interest payable and similar expenses

	2020 £	2019 £
Other loan interest payable	-	24,434
Group loan interest payable	129,867	94,184
	<u>129,867</u>	<u>118,618</u>

11. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	104,618	2,668
	<u>104,618</u>	<u>2,668</u>
Total current tax	<u>104,618</u>	<u>2,668</u>
Deferred tax		
Origination and reversal of timing differences	160,483	222,290
Total deferred tax	<u>160,483</u>	<u>222,290</u>
Taxation on profit on ordinary activities	<u>265,101</u>	<u>224,958</u>

MERLIN RENEWABLES LIMITED

Notes to the Financial Statements
For the Year Ended 31 May 2020

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	1,257,853	1,290,788
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	238,992	245,250
Effects of:		
Fixed asset differences	1,031	1,101
Expenses not deductible for tax purposes	-	4,758
Income not taxable for tax purposes	(504)	-
Adjustments to tax charge in respect of previous periods	1,981	-
Adjust closing deferred tax to average rate of 19%	-	(23,625)
Adjust opening deferred tax to average rate of 19%	23,601	(2,526)
Total tax charge for the year	265,101	224,958

Factors that may affect future tax charges

The Company has taxable losses of £1,702,681 (2019: £2,253,300) which are to be carried forward and used against trading profits in future years.

12. Dividends

	2020 £	2019 £
Dividends paid	1,650,000	1,440,000
	1,650,000	1,440,000

Dividends of £1,725,000 have been paid since 31 May 2020.

MERLIN RENEWABLES LIMITED

**Notes to the Financial Statements
For the Year Ended 31 May 2020**

13. Tangible fixed assets

	Leasehold improv'm'ts £	Plant and machinery £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Cost						
At 1 June 2019	68,811	9,245,266	6,615	2,089	24,694	9,347,475
Additions	-	302,402	-	-	1,900	304,302
At 31 May 2020	<u>68,811</u>	<u>9,547,668</u>	<u>6,615</u>	<u>2,089</u>	<u>26,594</u>	<u>9,651,777</u>
Depreciation						
At 1 June 2019	13,374	2,203,924	6,615	2,089	9,338	2,235,340
Charge for the year on owned assets	2,299	482,775	-	-	6,190	491,264
At 31 May 2020	<u>15,673</u>	<u>2,686,699</u>	<u>6,615</u>	<u>2,089</u>	<u>15,528</u>	<u>2,726,604</u>
Net book value						
At 31 May 2020	<u>53,138</u>	<u>6,860,969</u>	<u>-</u>	<u>-</u>	<u>11,066</u>	<u>6,925,173</u>
At 31 May 2019	<u>55,437</u>	<u>7,041,341</u>	<u>-</u>	<u>-</u>	<u>15,356</u>	<u>7,112,134</u>

14. Fixed asset investments

	Other fixed asset investments £
Valuation	
At 1 June 2019	7,500
At 31 May 2020	<u>7,500</u>

MERLIN RENEWABLES LIMITED

**Notes to the Financial Statements
For the Year Ended 31 May 2020**

15. Stocks

	2020 £	2019 £
Feedstock	640,924	398,513
Spare parts	-	1,206
Other stock	15,929	7,541
	<u>656,853</u>	<u>407,260</u>

Feedstock and other stocks are valued at average cost. Spare parts are valued at cost on a first in, first out basis. The replacement cost of stocks at 31 May 2020 and 31 May 2019 was not materially different from the amount at which they are included in the accounts.

No stock was impaired or written off in the current or previous period.

16. Debtors

	2020 £	2019 £
Trade debtors	51,778	21,789
Other debtors	177,833	149,232
Prepayments and accrued income	2,424,808	2,420,971
	<u>2,654,419</u>	<u>2,591,992</u>

17. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	565,013	1,169,826
	<u>565,013</u>	<u>1,169,826</u>

MERLIN RENEWABLES LIMITED

**Notes to the Financial Statements
For the Year Ended 31 May 2020**

18. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	476,292	602,568
Corporation tax	104,618	2,668
Other creditors	-	695
Accruals and deferred income	91,572	155,664
	<u>672,482</u>	<u>761,595</u>

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

	2020 £	2019 £
Loans from group company (see Note 20)	1,505,275	1,399,150
	<u>1,505,275</u>	<u>1,399,150</u>

20. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due after more than 5 years		
Loans from group company	1,505,275	1,399,150
	<u>1,505,275</u>	<u>1,399,150</u>
	<u>1,505,275</u>	<u>1,399,150</u>

Additional funding of £106,125 was taken in the year to fund capital expenditure. This loan is repayable on 30 September 2032 and interest is payable at a rate of 7.5% per annum. The remaining loan balance is repayable on 31 December 2036 and interest is payable at a rate of 9% per annum. The loans are not secured.

MERLIN RENEWABLES LIMITED

**Notes to the Financial Statements
For the Year Ended 31 May 2020**

21. Financial instruments

	2020 £	2019 £
Financial assets		
Measured at amortised cost		
- Trade and other debtors	1,428,669	113,221
	<u>1,428,669</u>	<u>113,221</u>
Financial liabilities		
Measured at amortised cost		
- Loans payable (see Note 20)	1,505,275	1,399,150
- Trade and other creditors (see Note 18)	476,292	603,263
- Accruals (see Note 18)	91,572	155,664
	<u>2,073,139</u>	<u>2,158,077</u>

22. Deferred taxation

	2020 £
At beginning of year	(198,623)
Charged to profit or loss	(160,483)
At end of year	<u><u>(359,106)</u></u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Tax losses carried forward	323,510	383,162
Fixed asset timing differences	(682,616)	(581,785)
	<u><u>(359,106)</u></u>	<u><u>(198,623)</u></u>

MERLIN RENEWABLES LIMITED

**Notes to the Financial Statements
For the Year Ended 31 May 2020**

23. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
100 (2019 - 100) Ordinary shares of £0.01 each	<u>1</u>	<u>1</u>

24. Reserves

Profit and loss account

The profit and loss account represents cumulative profits and losses, net of dividends paid and other adjustments.

25. Commitments under operating leases

At 31 May 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	62,956	60,621
Later than 1 year and not later than 5 years	251,825	242,485
Later than 5 years	1,133,213	1,151,804
	<u>1,447,994</u>	<u>1,454,910</u>

26. Related party transactions

During the year and the prior year, transactions with the following related parties occurred:

Future Biogas Limited	- P Lukas is a director and shareholder, and was a director of Merlin Renewables Limited until 15 August 2018, after which Future Biogas Limited was no longer a related party
Lapwing Farming Limited	- P Lukas is a director and shareholder, and was a director of Merlin Renewables Limited until 15 August 2018, after which Lapwing Farming Limited was no longer a related party
JLEN Environmental Assets Group (UK) Limited	- 100% shareholder in the Company; - C Holmes is a director

During the year, the Company received loans from JLEN Environmental Assets Group (UK) Limited totalling £106,125 (2019: £1,399,150). The Company was charged interest totalling £129,867 (2019: £99,704).

MERLIN RENEWABLES LIMITED

**Notes to the Financial Statements
For the Year Ended 31 May 2020**

26. Related party transactions (continued)

Sales were made to the following:

	2020 £	2019 £
Lapwing Farming Limited	-	2,447

Purchases were made from the following:

	2020 £	2019 £
Future Biogas Limited	-	48,741
Lapwing Farming Limited	-	312,083

At the year end, the following amounts were due (to)/from related parties:

	2020 £	2019 £
JLEN Environmental Assets Group (UK) Limited	(1,527,628)	(1,420,195)

27. Post balance sheet events

On 22 July 2020, the Company received funding of £88,955 from JLEN Environmental Assets Group (UK) Limited to pay for capital expenditure on value enhancing items.

On 2 September 2020, the Company received funding of £67,081 from JLEN Environmental Assets Group (UK) Limited to pay for capital expenditure on value enhancing items.

On 12 March 2021, the Company received funding of £175,000 from JLEN Environmental Assets Group (UK) Limited to pay for increased feedstock holdings.

All receipts are subject to interest at a rate of 7.5% per annum.

On 29 September 2020, the Company declared and paid a dividend of £300,000.

On 7 January 2021, the Company declared and paid a dividend of £400,000.

On 29 March 2021, the Company declared and paid a dividend of £1,025,000.

MERLIN RENEWABLES LIMITED

**Notes to the Financial Statements
For the Year Ended 31 May 2020**

28. Controlling party

The Company is wholly owned by JLEN Environmental Assets Group (UK) Limited, a company registered in England and Wales (company number 08856505). JLEN Environmental Assets Group (UK) Limited's registered office is Foresight Group LLP The Shard, 32 London Bridge Street, London, United Kingdom, SE1 9SG.

The ultimate controlling party is JLEN Environmental Assets Group Limited, a limited corporate entity incorporated in Guernsey, Channel Islands.