

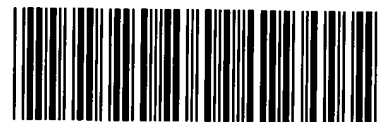
Registered number: 09534132

WARREN ENERGY LIMITED

Directors' Report and Financial Statements

For the Year Ended 31 May 2020

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WARREN ENERGY LIMITED

Company Information

| | |
|----------------------------|---|
| Directors | W Mezzullo B Field C Tanner. |
| Company secretary | Future Biogas Limited |
| Registered number | 09534132 |
| Registered office | 10-12 Frederick Sanger Road Guildford Surrey GU2 7YD |
| Independent auditor | BDO LLP 31 Chertsey Street Guildford Surrey GU1 4HD |

WARREN ENERGY LIMITED

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WARREN ENERGY 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

Turnover decreased 4.7% to average £357,226 per month (2019: £374,762 per month). This was largely driven by increased downtime and the removal of the Economizer, a piece of machinery that was eligible for the Renewable Heat Incentive tariff.

Due to reduced maintenance costs, earnings before interest, tax and depreciation (EBITDA) increased to £612,457 (2019: £435,517).

The Directors expect the Company's performance to improve in future years.

Directors

The Directors who served during the year were:

P Barnes (resigned 28 August 2019)
R Black (resigned 28 August 2019)
P Lukas (resigned 28 August 2019)
W Mezzullo (appointed 28 August 2019)
B Field (appointed 28 August 2019)
C Holmes (appointed 28 August 2019, resigned 10 August 2020)

Subsequent to the year end, on 10 August 2020, C Tanner was appointed Director of the Company.

Going concern

The Directors recognise that the Company has a net current liability position of £1,744,200 as at 31 May 2020. This is as a result of the parent company loan, totalling £2,103,778, and accrued interest on this loan, totalling £1,221,037, which, as at 31 May 2020, were repayable on 31 July 2020. Subsequent to the year end, the loan agreement was extended and the loan and all accrued interest became repayable on 31 July 2023 (see Note 25). In the period between the original repayment date and the agreement amendment, the parent company, Warren Power Limited, did not charge any penalties or any additional interest on overdue amounts.

On the basis that the parent company loan agreement has been extended, and having made other appropriate enquiries including the preparation of forecasts for a period of at least 12 months, the Directors are satisfied that the Company has adequate resources to continue trading for the foreseeable future.

In addition to this, the Directors also consider it necessary to acknowledge the uncertainty created by the current global COVID-19 pandemic. Risks that could impact Warren Energy 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.

WARREN ENERGY LIMITED

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

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.

Post balance sheet events

On 23 July 2020, the Company received funding of £27,640 from JLEN Environmental Assets Group (UK) Limited.

On 3 September 2020, the Company received funding of £85,732 from JLEN Environmental Assets Group (UK) Limited.


Both receipts are subject to interest at a rate of 7.5% per annum, and were drawn to pay for capital expenditure on value enhancing items.

On 13 May 2021, the repayment date for the loan from Warren Power Limited was amended to 31 July 2023. All other loan terms remain unchanged. The interest accruing on the loan is also payable on the repayment date of 31 July 2023.

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

WARREN ENERGY 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.

WARREN ENERGY LIMITED

Independent Auditor's Report to the Shareholders of Warren Energy Limited

Opinion

We have audited the financial statements of Warren Energy Limited (the 'Company') for the year ended 31 May 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity 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 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 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

WARREN ENERGY LIMITED

Independent Auditor's Report to the Shareholders of Warren Energy 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.

WARREN ENERGY LIMITED

Independent Auditor's Report to the Shareholders of Warren Energy 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, 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.

DocuSigned by:

Nick Poulter

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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).

WARREN ENERGY LIMITED

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

| | Note | 2020 £ | 2019 £ |
|---|------|--------------------|--------------------|
| Turnover | 4 | 4,286,719 | 4,497,147 |
| Cost of sales | | (3,438,531) | (3,951,696) |
| Gross profit | | 848,188 | 545,451 |
| Administrative expenses | | (809,085) | (634,089) |
| Other operating income | 5 | 19,242 | 26,796 |
| Other operating charges | | (19,830) | (37,066) |
| Operating profit/(loss) | 6 | 38,515 | (98,908) |
| Interest receivable and similar income | 9 | - | 1,026 |
| Interest payable and expenses | 10 | (1,265,856) | (1,204,526) |
| Loss before tax | | (1,227,341) | (1,302,408) |
| Loss and total comprehensive income for the financial year | | (1,227,341) | (1,302,408) |

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

WARREN ENERGY LIMITED
Registered number: 09534132

Balance Sheet
As at 31 May 2020

| | Note | 2020 £ | 2019 £ |
|---|------|---------------------------|---------------------------|
| Fixed assets | | | |
| Tangible assets | 12 | 9,412,157 | 9,786,217 |
| Investments | 13 | 7,500 | 7,500 |
| | | <u>9,419,657</u> | <u>9,793,717</u> |
| Current assets | | | |
| Stocks | 14 | 698,364 | 238,720 |
| Debtors: amounts falling due within one year | 15 | 1,189,296 | 1,283,898 |
| Cash at bank and in hand | 16 | 964,323 | 582,479 |
| | | <u>2,851,983</u> | <u>2,105,097</u> |
| Creditors: amounts falling due within one year | 17 | (4,596,183) | (11,687,293) |
| Net current liabilities | | <u>(1,744,200)</u> | <u>(9,582,196)</u> |
| Total assets less current liabilities | | <u>7,675,457</u> | <u>211,521</u> |
| Creditors: amounts falling due after more than one year | 18 | (10,795,357) | (2,104,080) |
| Net liabilities | | <u><u>(3,119,900)</u></u> | <u><u>(1,892,559)</u></u> |
| Capital and reserves | | | |
| Called up share capital | 21 | 35,000 | 35,000 |
| Share premium account | | 3,464,999 | 3,464,999 |
| Profit and loss account | | (6,619,899) | (5,392,558) |
| | | <u><u>(3,119,900)</u></u> | <u><u>(1,892,559)</u></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.

WARREN ENERGY 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 | 35,000 | 3,464,999 | (4,090,150) | (590,151) |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (1,302,408) | (1,302,408) |
| Total comprehensive income for the year | - | - | (1,302,408) | (1,302,408) |
| At 1 June 2019 | 35,000 | 3,464,999 | (5,392,558) | (1,892,559) |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (1,227,341) | (1,227,341) |
| Total comprehensive income for the year | - | - | (1,227,341) | (1,227,341) |
| At 31 May 2020 | 35,000 | 3,464,999 | (6,619,899) | (3,119,900) |

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

WARREN ENERGY LIMITED

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

| | 2020 £ | 2019 £ |
|---|-----------------------|-----------------------|
| Cash flows from operating activities | | |
| Loss for the financial year | (1,227,341) | (1,302,408) |
| Adjustments for: | | |
| Depreciation of tangible assets | 573,942 | 534,425 |
| Interest paid | 1,265,856 | 1,204,526 |
| Interest received | - | (1,026) |
| (Increase)/decrease in stocks | (459,644) | 194,250 |
| Decrease in debtors | 94,603 | 526,653 |
| (Decrease) in creditors | (253,771) | (257,010) |
| Net cash generated from operating activities | <u>(6,355)</u> | <u>899,410</u> |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (199,883) | (239,952) |
| Interest received | - | 1,026 |
| Net cash from investing activities | <u>(199,883)</u> | <u>(238,926)</u> |
| Cash flows from financing activities | | |
| Repayment of loans | (9,790,000) | - |
| Redemption premium on repayment of loans | (29,500) | - |
| New group loans | 10,795,357 | 590,000 |
| Interest paid | (387,775) | (816,249) |
| Net cash used in financing activities | <u>588,082</u> | <u>(226,249)</u> |
| Net increase in cash and cash equivalents | <u>381,844</u> | <u>434,235</u> |
| Cash and cash equivalents at beginning of year | <u>582,479</u> | <u>148,244</u> |
| Cash and cash equivalents at the end of year | <u><u>964,323</u></u> | <u><u>582,479</u></u> |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | <u>964,323</u> | <u>582,479</u> |
| | <u><u>964,323</u></u> | <u><u>582,479</u></u> |

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

WARREN ENERGY LIMITED

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

| | At 1 June 2019 £ | Cash flows £ | Other non- cash changes £ | At 31 May 2020 £ |
|--------------------------|------------------------|------------------|------------------------------------|------------------------|
| Cash at bank and in hand | 582,479 | 381,844 | - | 964,323 |
| Loans | (11,852,774) | (825,000) | (221,361) | (12,899,135) |
| | <u>(11,270,295)</u> | <u>(443,156)</u> | <u>(221,361)</u> | <u>(11,934,812)</u> |

Non-cash changes on loans reflect amortisation of loan issue costs, and the following movements upon refinancing in August 2019 - capitalisation of unpaid interest; settlement of redemption fees; write off of remaining loan issue costs.

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

WARREN ENERGY LIMITED

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

1. General information

Warren Energy 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 recognise that the Company has a net current liability position of £1,744,200 as at 31 May 2020. This is as a result of the parent company loan, totalling £2,103,778, and accrued interest on this loan, totalling £1,221,037, which, as at 31 May 2020, were repayable on 31 July 2020. Subsequent to the year end, the loan agreement was extended and the loan and all accrued interest became repayable on 31 July 2023 (see Note 25). In the period between the original repayment date and the agreement amendment, the parent company, Warren Power Limited, did not charge any penalties or any additional interest on overdue amounts.

On the basis that the parent company loan agreement has been extended, and having made other appropriate enquiries including the preparation of forecasts for a period of at least 12 months, the Directors are satisfied that the Company has adequate resources to continue trading for the foreseeable future.

In addition to this, the Directors also consider it necessary to acknowledge the uncertainty created by the current global COVID-19 pandemic. Risks that could impact Warren Energy 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 the 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.

WARREN ENERGY LIMITED

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

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets 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:

| | |
|-------------------------------|---|
| Plant and machinery | - Over 20 years from 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 |
| Plant and machinery - mixers | - Over 2 years |
| 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 the Statement of Comprehensive Income.

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 Income and Retained Earnings for the year.

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.

WARREN ENERGY 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-convertible preference shares and 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.

WARREN ENERGY 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 Comprehensive Income.

2.13 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.15 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

WARREN ENERGY LIMITED

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

2. Accounting policies (continued)

2.16 Taxation

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.

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.

4. Turnover

All turnover arose within the United Kingdom.

WARREN ENERGY LIMITED

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

5. Other operating income

| | 2020 £ | 2019 £ |
|-----------------|---------------|---------------|
| Digestate sales | 17,380 | 26,649 |
| Sundry income | 1,862 | 147 |
| | <u>19,242</u> | <u>26,796</u> |

6. Operating profit/(loss)

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

| | 2020 £ | 2019 £ |
|----------------------|----------------|----------------|
| Exchange differences | 58 | (8,208) |
| Depreciation | <u>573,942</u> | <u>534,425</u> |

7. Auditor's remuneration

| | 2020 £ | 2019 £ |
|--|---------------|---------------|
| Fees payable to the Company's auditor for the audit of the Company's annual financial statements | <u>11,685</u> | <u>11,429</u> |

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

| | | |
|-------------------------------------|--------------|--------------|
| Other services relating to taxation | <u>3,951</u> | <u>2,819</u> |
| | <u>3,951</u> | <u>2,819</u> |

8. Employees

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

WARREN ENERGY LIMITED

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

9. Interest receivable

| | 2020 £ | 2019 £ |
|---------------------------|-----------|--------------|
| Other interest receivable | - | 1,026 |
| | <u>-</u> | <u>1,026</u> |

10. Interest payable and similar expenses

| | 2020 £ | 2019 £ |
|-----------------------------|------------------|------------------|
| Group loan interest payable | 689,102 | - |
| Other loan interest payable | 576,754 | 1,204,492 |
| Other interest payable | - | 34 |
| | <u>1,265,856</u> | <u>1,204,526</u> |

11. Taxation

| | 2020 £ | 2019 £ |
|-------------------|-----------|-----------|
| Total current tax | <u>-</u> | <u>-</u> |

Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2019 - 19%).

Factors that may affect future tax charges

The Company has taxable losses of £9,891,557 (2019: £9,239,972) which are to be carried forward and used against trading profits in future years.

Whilst the Directors expect the Company to be profitable in future, given it has incurred losses in previous periods, they acknowledge that there is an element of uncertainty as to whether future revenues will exceed costs to generate sufficient recurring profits to warrant the recognition of an asset. Accordingly, a deferred tax asset, net of deferred tax liabilities, of £1,244,836 (2019: £906,503) has not been recognised.

WARREN ENERGY LIMITED

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

12. Tangible fixed assets

| | Freehold land £ | Plant and machinery £ | Motor vehicles £ | Office equipment £ | Computer equipment £ | Total £ |
|-----------------------|-----------------------|-----------------------------|------------------------|--------------------------|----------------------------|-------------------|
| Cost | | | | | | |
| At 1 June 2019 | 754,348 | 10,655,290 | 12,000 | 1,344 | 22,240 | 11,445,222 |
| Additions | - | 199,883 | - | - | - | 199,883 |
| At 31 May 2020 | <u>754,348</u> | <u>10,855,173</u> | <u>12,000</u> | <u>1,344</u> | <u>22,240</u> | <u>11,645,105</u> |
| Depreciation | | | | | | |
| At 1 June 2019 | - | 1,642,126 | 6,680 | 742 | 9,458 | 1,659,006 |
| Charge for the year | - | 562,527 | 5,320 | 567 | 5,528 | 573,942 |
| At 31 May 2020 | <u>-</u> | <u>2,204,653</u> | <u>12,000</u> | <u>1,309</u> | <u>14,986</u> | <u>2,232,948</u> |
| Net book value | | | | | | |
| At 31 May 2020 | <u>754,348</u> | <u>8,650,520</u> | <u>-</u> | <u>35</u> | <u>7,254</u> | <u>9,412,157</u> |
| At 31 May 2019 | <u>754,348</u> | <u>9,013,165</u> | <u>5,320</u> | <u>602</u> | <u>12,782</u> | <u>9,786,217</u> |

13. Fixed asset investments

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

WARREN ENERGY LIMITED

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

14. Stocks

| | 2020 | 2019 |
|--------------|-----------------------|-----------------------|
| | £ | £ |
| Feedstock | 662,144 | 197,313 |
| Spare parts | 14,798 | 15,241 |
| Other stocks | 21,422 | 26,166 |
| | <u>698,364</u> | <u>238,720</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 year.

15. Debtors

| | 2020 | 2019 |
|--------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Trade debtors | 55,599 | 64,372 |
| Other debtors | 76,857 | 121,784 |
| Prepayments and accrued income | 1,056,840 | 1,097,742 |
| | <u>1,189,296</u> | <u>1,283,898</u> |

16. Cash and cash equivalents

| | 2020 | 2019 |
|--------------------------|-----------------------|-----------------------|
| | £ | £ |
| Cash at bank and in hand | 964,323 | 582,479 |
| | <u>964,323</u> | <u>582,479</u> |

WARREN ENERGY LIMITED

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

17. Creditors: Amounts falling due within one year

| | 2020 | 2019 |
|------------------------------------|------------------|-------------------|
| | £ | £ |
| Parent company loan (see Note 19) | 2,103,778 | - |
| Bonds and term loans (see Note 19) | - | 9,748,694 |
| Trade creditors | 406,027 | 576,285 |
| Other creditors | - | 9,549 |
| Accruals and deferred income | 2,086,378 | 1,352,765 |
| | 4,596,183 | 11,687,293 |

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

| | 2020 | 2019 |
|--|-------------------|------------------|
| | £ | £ |
| Loans from group company (see Note 19) | 10,795,357 | - |
| Parent company loan (see Note 19) | - | 2,104,080 |
| | 10,795,357 | 2,104,080 |

WARREN ENERGY LIMITED

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

19. Loans

Analysis of the maturity of loans is given below:

| | 2020 £ | 2019 £ |
|--|--------------------------|--------------------------|
| Amounts falling due within one year | | |
| Loan from parent company | 2,103,778 | - |
| Bonds and term loans | - | 9,748,694 |
| | <u>2,103,778</u> | <u>9,748,694</u> |
| Amounts falling due 1-2 years | | |
| Loan from parent company | - | 2,104,080 |
| | <u>-</u> | <u>2,104,080</u> |
| Amounts falling due after more than 5 years | | |
| Loans from group company | 10,795,357 | - |
| | <u>10,795,357</u> | <u>-</u> |
| | <u><u>12,899,135</u></u> | <u><u>11,852,774</u></u> |

The parent company loan was repayable on 31 July 2020. Interest is accrued at a rate of 14% per annum. The loan is unsecured. Subsequent to the year end, the loan agreement was extended for three years (see Note 25).

The group company loans are split as follows:

- £9,970,357 is repayable on 31 December 2037 and interest is accrued at a rate of 8.5% per annum.
 - £825,000 is repayable on 15 December 2035 and interest is accrued at a rate of 8.5% per annum.
- The loans are not secured.

WARREN ENERGY LIMITED

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

20. Financial instruments

| | 2020 £ | 2019 £ |
|---|-------------------|-------------------|
| Financial assets | | |
| Measured at amortised cost | | |
| - Trade and other debtors | 976,262 | 977,432 |
| | <u>976,262</u> | <u>977,432</u> |
| Financial liabilities | | |
| Measured at amortised cost | | |
| - Loans payable (see Note 19) | 12,899,135 | 11,852,774 |
| - Trade and other creditors (see Note 17) | 406,027 | 585,834 |
| - Accruals (see Note 17) | 2,086,378 | 1,352,765 |
| | <u>15,391,540</u> | <u>13,791,373</u> |

21. Share capital

| | 2020 £ | 2019 £ |
|--|---------------|---------------|
| Allotted, called up and fully paid | | |
| 3,500,000 (2019 - 3,500,000) Ordinary shares of £0.01 each | <u>35,000</u> | <u>35,000</u> |

22. Reserves

The Company has the following reserves:

Share premium account

The share premium account represents the premium on issue of equity shares, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits and losses, net of any adjustments.

23. Other financial commitments

As at 31 May 2020, the Company had entered into a contract to purchase feedstock until 30 September 2023. The financial commitment relating to the contract is estimated to be £5,840,000 (2019: £8,322,000). The Company expects to use all feedstock purchased under this contract as feedstock in its anaerobic digestion plant.

WARREN ENERGY LIMITED

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

24. Related party transactions

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

| | |
|--|---|
| Egmere Energy Limited | - B Field and W Mezzullo are directors |
| Future Biogas Limited | - P Lukas is a director and shareholder; |
| | - R Black was a director during the year and prior year; |
| | - both were directors of the Company until 28 August 2019, after which Future Biogas Limited was no longer a related party |
| Future Biogas Systems Limited | - P Lukas is a director, and was a director of the Company until 28 August 2019, after which Future Biogas Systems Limited was no longer a related party |
| Lapwing Farming Limited | - P Lukas is a director and shareholder, and was a director of the Company until 28 August 2019, after which Lapwing Farming Limited was no longer a related party |
| Longhedge Renewables Limited | - P Lukas is a director, and was a director of the Company until 28 August 2019, after which Longhedge Renewables Limited was no longer a related party |
| Redstow Renewables Limited | - P Lukas was a director during the year and prior year, and was a director of the Company until 28 August 2019, after which Longhedge Renewables Limited was no longer a related party |
| Warren Power Limited | - 100% shareholder in Warren Energy Limited; |
| | - B Field, C Holmes and W Mezzullo are directors |
| Amersham Investment Management Limited | - P Barnes is a director, and was a director of the Company until 28 August 2019, after which Amersham Investment Management Limited was no longer a related party |
| JLEN Environmental Assets Group (UK) Limited | - C Holmes and C Tanner are directors |

Sales were made to the following:

| | 2020 | 2019 |
|------------------------------|--------|--------|
| | £ | £ |
| Lapwing Farming Limited | 21,253 | 3,539 |
| Longhedge Renewables Limited | 16,736 | 55,696 |
| Redstow Renewables Limited | - | 1,580 |
| Warren Power Limited | 98 | 13 |

WARREN ENERGY LIMITED

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

24. Related party transactions (continued)

Purchases were made from the following:

| | 2020 | 2019 |
|--|----------------|------------------|
| | £ | £ |
| Amersham Investment Management Limited | 17,442 | 108,915 |
| Egmere Energy Limited | 101,800 | - |
| Future Biogas Limited | 195,816 | 1,093,742 |
| Future Biogas Systems Limited | 53,740 | 218,490 |
| Lapwing Farming Limited | 139,878 | 729,413 |
| Longhedge Renewables Limited | 30,384 | 143,749 |
| Redstow Renewables Limited | 88,786 | 134,119 |

Loans were drawn from/(repaid to) the following:

| | 2020 | 2019 |
|--|-------------------|----------------|
| | £ | £ |
| Amersham Investment Management Limited | (290,000) | 290,000 |
| Future Biogas Limited | (300,000) | 300,000 |
| JLEN Environmental Assets Group (UK) Limited | 10,795,357 | - |
| Warren Power Limited | (302) | (2,435) |

Interest was charged by the following:

| | 2020 | 2019 |
|--|----------------|----------------|
| | £ | £ |
| Amersham Investment Management Limited | 8,485 | 12,776 |
| Future Biogas Limited | 8,778 | 15,978 |
| JLEN Environmental Assets Group (UK) Limited | 689,102 | - |
| Warren Power Limited | 295,347 | 294,676 |

WARREN ENERGY LIMITED

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

24. Related party transactions (continued)

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

| | 2020 £ | 2019 £ |
|--|--------------|-------------|
| Amersham Investment Management Limited | - | (295,816) |
| Egmere Energy Limited | 3,580 | - |
| Future Biogas Limited | - | (425,287) |
| Future Biogas Systems Limited | - | (6,854) |
| JLEN Environmental Assets Group (UK) Limited | (11,452,555) | - |
| Lapwing Farming Limited | - | 911 |
| Longhedge Renewables Limited | - | (20,929) |
| Warren Power Limited | (3,324,814) | (3,029,757) |

25. Post balance sheet events

On 22 July 2020, the Company received funding of £27,640 from JLEN Environmental Assets Group (UK) Limited.

On 2 September 2020, the Company received funding of £85,732 from JLEN Environmental Assets Group (UK) Limited.

Both receipts are subject to interest at a rate of 7.5% per annum, and were drawn to pay for capital expenditure on value enhancing items.

On 13 May 2021, a loan agreement amendment was signed which changed the repayment date for the loan from Warren Power Limited from 31 July 2020 to 31 July 2023. All other loan terms remain unchanged. The interest accruing on the loan is also payable on the repayment date of 31 July 2023.

26. Controlling party

The company is wholly owned by Warren Power Limited, a company registered in England and Wales (company number 09391505). Warren Power Limited's registered office is 10-12 Frederick Sanger Road, Guildford, Surrey, United Kingdom, GU2 7YD.

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