

Registered number: 10222968

PENANS RENEWABLE ENERGY LIMITED

UNAUDITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



PENANS RENEWABLE ENERGY LIMITED

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PENANS RENEWABLE ENERGY LIMITED

COMPANY INFORMATION

Director	S Speight
Company secretary	S Cruickshank
Registered number	10222968
Registered office	15 Golden Square London W1F 9JG
Bankers	Metro Bank PLC One Southampton Row London WC1B 5HA

PENANS RENEWABLE ENERGY LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2019

The director presents his report and the financial statements of Penans Renewable Energy Limited ("the Company") for the year ended 31 March 2019.

Principal activity and place of business

The principal activities of the Company are the development and construction of an anaerobic digestion plant for the generation of gas and electricity from renewable energy sources on site in Cornwall. As at 31 March 2019, the Company was still constructing a renewable energy asset.

Results and dividends

The loss for the year, after taxation, amounted to £14,406 (2018 - loss £81,443).

The director considers the Company's performance during the year to be in line with expectations and will continue to monitor the trading activities undertaken by the Company. The director is confident that the Company will generate profits in future years.

The director does not recommend the payment of a final dividend for the year ended 31 March 2019 (2018 - £NIL).

Directors

The directors who served during the year and subsequently were:

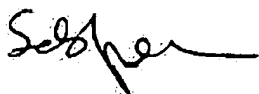
R Jones (appointed 9 June 2016, resigned 12 March 2019)
J Murphy (appointed 9 June 2016, resigned 29 June 2018)
S Speight (appointed 16 June 2016)
P Thompson (appointed 9 January 2017, resigned 12 March 2019)
B Devani (appointed 29 June 2018, resigned 13 December 2019)

Small companies note

The Director's report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006. The Company has taken advantage of the exemption for the requirement to disclose an enhanced business review and to prepare a strategic report in accordance with section 414B of the Companies Act 2006.

The Company is a qualifying entity taking advantage of the disclosure exemptions under FRS 102 Section 1A.

This report was approved by the Board of Directors and signed on its behalf by:



S Speight
Director

Date: 17 July 2020

15 Golden Square
London
W1F 9JG

PENANS RENEWABLE ENERGY LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

PENANS RENEWABLE ENERGY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 £	2018 £
Administrative expenses		(14,406)	(81,443)
Operating loss	3	(14,406)	(81,443)
Tax on loss	5	-	-
Loss for the financial year		(14,406)	(81,443)

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 7 to 14 form part of these financial statements.

All of the Company's income is derived from continuing operations during the year.

PENANS RENEWABLE ENERGY LIMITED
REGISTERED NUMBER: 10222968

BALANCE SHEET
AS AT 31 MARCH 2019

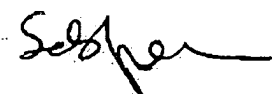
	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	6		2,801,255		2,251,573
			<u>2,801,255</u>		<u>2,251,573</u>
Current assets					
Debtors: amounts falling due within one year	7	4,193		12,398	
		<u>4,193</u>		<u>12,398</u>	
Creditors: amounts falling due within one year	8	(2,915,879)		(2,359,996)	
Net current liabilities			<u>(2,911,686)</u>		<u>(2,347,598)</u>
Total assets less current liabilities			<u>(110,431)</u>		<u>(96,025)</u>
Net liabilities			<u>(110,431)</u>		<u>(96,025)</u>
Capital and reserves					
Called up share capital	10		1		1
Profit and loss account	11		(110,432)		(96,026)
			<u>(110,431)</u>		<u>(96,025)</u>

The director considers that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 - small entities.

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



S Speight
Director

Date: 17 July 2020

The notes on pages 7 to 14 form part of these financial statements.

PENANS RENEWABLE ENERGY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	1	(96,026)	(96,025)
Comprehensive income for the year			
Loss for the year	-	(14,406)	(14,406)
Total comprehensive income for the year	-	(14,406)	(14,406)
At 31 March 2019	1	(110,432)	(110,431)

The notes on pages 7 to 14 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	1	(14,583)	(14,582)
Loss for the year	-	(81,443)	(81,443)
Total comprehensive income for the year	-	(81,443)	(81,443)
At 31 March 2018	1	(96,026)	(96,025)

The notes on pages 7 to 14 form part of these financial statements.

PENANS RENEWABLE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies

1.1 Basis of preparation of financial statements

The Company is incorporated in the United Kingdom under the Companies Act 2006. The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 Section 1A ("FRS 102") issued by the Financial Reporting Council.

The Company is limited by shares and incorporated in England. The address of the registered office is given in the company information page of these financial statements.

The Company's principal activity is the generation of gas and electricity from renewable energy sources which is achieved through the construction and operation of an anaerobic digestion plant.

The functional and presentational currency of the Company is considered to be pound sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are rounded to the nearest £.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The Company meets the definition of a small company under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. As such, the financial statements do not include a Cash Flow Statement.

The following principal accounting policies have been applied consistently throughout the current year and prior period:

1.2 Going concern

The company incurred a loss for the year of £14,406 (2018: £81,443) and has net liabilities of £110,431 (2018: £96,025).

The Company has a substantial loan from its parent in order to invest in renewable energy assets. The Company has received written confirmation from the director of IQB Development MidCo Limited, its parent entity, that it will not demand repayment of amounts owed, except where the entity has sufficient excess working capital to make such a repayment.

The director of the Company has also prepared and considered cash flow forecasts and projections for the Company, and these show that the Company has adequate resources to meet its liabilities as they fall due.

PENANS RENEWABLE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (continued)

1.3 Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Tangible fixed assets comprise anaerobic digestion assets under construction. Depreciation commences on the date that the asset is brought into use.

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.

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:

Anaerobic digestion asset - 20 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.

1.4 Impairment of tangible fixed assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

1.5 Debtors

Short-term debtors are measured at transaction price, less any impairment.

PENANS RENEWABLE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. Accounting policies (continued)

1.6 Financial instruments

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 cost. 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.

1.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, are measured initially at fair value, net of transaction costs, and are measured subsequently at cost.

1.8 Borrowing costs

Borrowing costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

1.9 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

1.10 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 is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

PENANS RENEWABLE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the director is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. Operating loss

The operating loss is stated after charging:

	2019 £	2018 £
Auditors remuneration	-	2,750

During the year, no director received any emoluments (2018 - £NIL).

4. Employees

The Company has no employees nor associated employee costs (2018 - £NIL).

PENANS RENEWABLE ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

5. Taxation

	2019 £	2018 £
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	(14,406)	(81,443)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(2,737)	(15,474)
Effects of:		
Capitalised interest deductible in the year	(46,636)	(36,472)
Losses not recognised	49,373	51,946
Total tax charge for the year	-	-

Factors that may affect future tax charges

A potential deferred tax asset of £114,384 (2018: £58,167) in respect of pre-trading expenses carried forward has not been recognised as the Company has not yet commenced trading.

PENANS RENEWABLE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

6. Tangible fixed assets

	Asset under construction £
Cost	
At 1 April 2018	2,251,573
Additions	549,682
	<hr/>
At 31 March 2019	2,801,255
	<hr/>
Net book value	
At 31 March 2019	2,801,255
	<hr/>
At 31 March 2018	2,251,573
	<hr/>

Borrowing costs amounting to £491,587 have been included in the cost of tangible fixed assets and is comprised of loan interest only (2018 - £246,135).

7. Debtors

	2019 £	2018 £
Called up share capital not paid	1	1
Prepayments and accrued income	-	9,945
VAT recoverable	4,192	2,452
	<hr/>	<hr/>
	4,193	12,398
	<hr/>	<hr/>

8. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	19,258	12,000
Amounts owed to group undertakings	2,896,621	2,318,123
Accruals and deferred income	-	29,873
	<hr/>	<hr/>
	2,915,879	2,359,996
	<hr/>	<hr/>

The Company's immediate parent, IQB Development MidCo Limited, provided a loan to the Company on 28 April 2016. Interest is charged at 8.7% + UK base rate per annum. The loan is unsecured and repayable on demand.

PENANS RENEWABLE ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

9. Financial instruments

	2019	2018
	£	£
Financial assets		
Measured at undiscounted amount receivable	4,193	2,453
	<u>4,193</u>	<u>2,453</u>
Financial liabilities		
Other financial liabilities measured at fair value through profit or loss	(2,915,879)	(2,359,996)
	<u>(2,915,879)</u>	<u>(2,359,996)</u>

10. Share capital

	2019	2018
	£	£
Allotted, called up and unpaid		
1 (2018 - 1) Ordinary share of £1.00	1	1
	<u>1</u>	<u>1</u>

11. Reserves

Profit and loss account

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

12. Commitments under operating leases

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£	£
Not later than 1 year	40,000	40,000
Later than 1 year and not later than 5 years	160,000	160,000
Later than 5 years	697,000	737,000
	<u>897,000</u>	<u>937,000</u>

The operating lease expires in 2042. The above commitment will be adjusted for inflation annually.

PENANS RENEWABLE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

13. Related party transactions

The Company has applied the exemption granted by Section 33.1A of FRS 102 Related Party Disclosures not to disclose transactions with the parent company on the basis that it is a wholly owned subsidiary or any transactions with other related parties that have been undertaken under normal market conditions, as per Section 1AC.35.

14. Controlling party

As at year end, IQB Development MidCo Limited, a company registered in England and Wales, is the immediate controlling parent company. The ultimate parent company is Ingenious Qila Biogas LLP, which is registered in England and Wales.

IQB Development Midco Limited's registered office is 15 Golden Square, London, England, W1F 9JG.

Ingenious Qila Biogas LLP's registered office is 15 Golden Square, London, England, W1F 9JG.