

Company Registration No. 10222968 (England and Wales)

**PENANS RENEWABLE ENERGY LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**  
**PAGES FOR FILING WITH REGISTRAR**

# **PENANS RENEWABLE ENERGY LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Mr D M Reid Mr N A Forster	(Appointed 30 September 2020) (Appointed 22 January 2021)
<b>Secretary</b>	Ms S Cruickshank	
<b>Company number</b>	10222968	
<b>Registered office</b>	15 Golden Square London United Kingdom W1F 9JG	
<b>Accountants</b>	FLB Accountants LLP 250 Wharfedale Road Winnersh Triangle Wokingham Berkshire RG41 5TP	

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# PENANS RENEWABLE ENERGY LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	4		3,120,513		3,120,513
<b>Current assets</b>					
Debtors	5	33,105		3,813	
<b>Creditors: amounts falling due within one year</b>	6	(3,367,108)		(3,290,963)	
<b>Net current liabilities</b>			(3,334,003)		(3,287,150)
<b>Net liabilities</b>			(213,490)		(166,637)
<b>Capital and reserves</b>					
Called up share capital	7		1		1
Profit and loss reserves	8		(213,491)		(166,638)
<b>Total equity</b>			(213,490)		(166,637)

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 31 March 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 30 March 2022 and are signed on its behalf by:

Mr N A Forster  
**Director**

**Company Registration No. 10222968**

# **PENANS RENEWABLE ENERGY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

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### **1 Accounting policies**

#### **Company information**

Penans Renewable Energy Limited is a private company limited by shares incorporated in England and Wales. The registered office is 15 Golden Square, London, United Kingdom, W1F 9JG.

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.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

The Company has a substantial loan from its parent entity, in order to invest in renewable energy assets. The Company is dependent on financial support from its parent entity, which is expected but not guaranteed.

As a result of the above and having considered the Company's cash requirements for the period from the date of these accounts, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis continues to be adopted in preparing the financial statements.

#### **1.3 Tangible fixed assets**

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. 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. Tangible fixed assets comprise anaerobic digestion assets under construction.

Assets in the course of construction are not depreciated. Depreciation commences on the date that the asset is brought into use and will be charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

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.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### **1.4 Borrowing costs related to fixed assets**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

# PENANS RENEWABLE ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

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, or where construction is suspended for a significant period of time.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

#### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

# PENANS RENEWABLE ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 1 Accounting policies

(Continued)

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.10 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### **1.11 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### **1.12 Loans**

Non-derivative financial liabilities with fixed or determinable repayments that are not quoted in an active market are classified as loans. Loans are initially recognised at fair value of the consideration received plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Arrangement fees and interest payable on financial liabilities that are classified as loans, are charged to the profit and loss account.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest payable over the expected life of the liability. The effective interest rate is the rate that exactly discounts estimated future cashflows to the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees payable, that are an integral part of the instrument yield and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

A financial liability is removed from the balance sheet when the obligation is discharged, or cancelled, or expires.

# PENANS RENEWABLE ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Employees

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

	2021 Number	2020 Number
Total	-	-

### 4 Tangible fixed assets

	Land and buildings £
<b>Cost</b>	
At 1 April 2020 and 31 March 2021	3,120,513
<b>Depreciation and impairment</b>	
At 1 April 2020 and 31 March 2021	-
<b>Carrying amount</b>	
At 31 March 2021	3,120,513
At 31 March 2020	3,120,513

Borrowing costs amounting to £776,349 have been included in the cost of tangible fixed assets and is comprised of loan interest only (2020 - £776,349).

### 5 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	17,502	-
Other debtors	15,603	3,813
	33,105	3,813



# PENANS RENEWABLE ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 6 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	682	17,495
Amounts owed to group undertakings	3,354,418	3,216,214
Other creditors	12,008	57,254
	<u>3,367,108</u>	<u>3,290,963</u>

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.

During the year, all interest charges on such related party loans have been waived.

### 7 Called up share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary of £1 each	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

### 8 Profit and loss reserves

	2021 £	2020 £
At the beginning of the year	(166,638)	(110,432)
Loss for the year	(46,853)	(56,206)
	<u>(213,491)</u>	<u>(166,638)</u>

#### Profit and loss account

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

### 9 Financial commitments, guarantees and contingent liabilities

The Company has an obligation to restore the operational site which houses the anaerobic digestion plant at the end of the lease agreement (25 years from the term commencement date). No provision is included in the accounts as the amount cannot be measured reliably.

## PENANS RENEWABLE ENERGY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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#### 10 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2021	2020
£	£
20,000	20,000
<u>20,000</u>	<u>20,000</u>

The comparative commitment has been corrected to show the committed costs at each reporting date, as specified by the lease.

#### 11 Parent company

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

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.