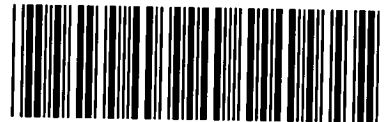


**CHAPTRE GREENCO LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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# **CHAPTRE GREENCO LIMITED**

## **COMPANY INFORMATION**

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**Directors**

Mr A Nancarrow  
Mr M Edgar  
Mr A Hartley

**Secretary**

HCP Management Services Limited

**Company number**

10976426

**Registered office**

8 White Oak Square  
London Road  
Swanley  
Kent  
BR8 7AG

**Auditor**

Deloitte  
Hill House  
1 Little New Street  
London  
United Kingdom  
EC4A 3TR

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# **CHAPTRE GREENCO LIMITED**

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# CHAPTRE GREENCO LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2019

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The directors present the strategic report and financial statements for the year ended 31 March 2019.

#### Review of the business

The principal activity of the Group is to hold an interest in Chaptre Investments Limited, which it purchased on 21 December 2017. The Chaptre Greenco Group holds an interest in a biomass energy plant in the United Kingdom through its investment in Chaptre Holdings Limited. The future outlook and prospects being linked to those of the biomass energy plant.

The Group made a loss of £12,228,000 (2018: £4,378,000) for the financial period ended 31 March 2019. Chaptre Greenco, as a single entity, made a loss of £12,540,000 (2018: £4,033,000) for financial period ended 31 March 2019.

As of 31 March 2019, the Group was in a net liability position of £16,606,000 (2018: £4,378,000). Chaptre Greenco, as a single entity, was in a net liability position of £16,573,000 (2018: £4,033,000).

#### Principal risks and uncertainties

The directors believe that there is a low level of risk in relation to the company's activities, this is supported by the long term contract in place with its financiers as well as the sole beneficiary of its financing, being associate company MGT Teesside Limited.

On 23 June 2016, a referendum was held on Britain's membership of the European Union ("EU"), which resulted in the decision to exit the EU. The economic, regulatory and legal environment as a result will depend on the nature of the transitional arrangements.

Brexit is not in itself part of the Group's risks, as the UK decision to leave the EU will not, in management's opinion, result in fundamental changes in the UK's energy policy. In the opinion of management recent announcements by the UK Government show that the UK is committed to a clean, green energy future.

#### Key performance indicators (KPIs)

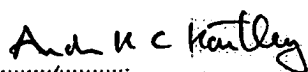
Given the straightforward nature of the business and the information provided elsewhere in this report, the Directors are of the opinion that the production of KPIs in the Strategic Report is not necessary for an understanding of the development, performance or position of the business.

#### Going Concern

The performance of the Group acting as a holding company, is assessed by its ability to drawdown, via debt and equity issue, and provide finance to Chaptre Holdings Limited for it to provide funds to MGT Teesside Limited. The Group uses a financial model to closely forecast the cash flows to the end of the expected operating life of the plant.

After making enquiries and reviewing cash flow forecasts and available facilities for at least the next 12 months, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The judgement has been formed taking into account the principal risks and uncertainties that the Group faces, and which have been outlined in more detail elsewhere in the Strategic Report. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

On behalf of the board



Mr A Hartley

Director

2 December 2019

# CHAPTRE GREENCO LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2019

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The directors present their annual report and financial statements for the year ended 31 March 2019.

#### Principal activities

The principal activity of the Group is to hold an interest in a biomass energy plant in the United Kingdom through its investment in Chaptre Holdings Limited.

#### Results and dividends

The Group made a loss of £12,228,000 (2018: £4,378,000) for the financial period ended 31 March 2019. Chaptre Greenco, as a single entity, made a loss of £12,540,000 (2018: £4,033,000) for financial period ended 31 March 2019.

Dividends amounting to £nil (2018: £nil) were declared and paid in the year.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr C Archer	(Resigned 25 April 2018)
Mr J Isherwood	(Resigned 27 September 2018)
Mr M Dooley	(Resigned 1 October 2018)
Mr A Nancarrow	
Mr M Edgar	(Appointed 1 October 2018)
Mr A Hartley	(Appointed 1 October 2018)

#### Financial instruments

##### Liquidity risk

The Group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Group has sufficient liquid resources to meet the operating needs of the business.

##### Interest rate risk

The Group is exposed to fair value interest rate risk on floating rate deposits, bank overdrafts and loans and cash flow interest rate risk on its fixed rate borrowings.

##### Credit risk

The Group's only debt is amounts due from fellow group companies. The directors believe on the basis of the finance model, that the Group faces no credit risk.

##### Brexit

Brexit is not in itself part of the Group's risks, as the UK decision to leave the EU will not, in management's opinion, result in fundamental changes in the UK's energy policy. In the opinion of management recent announcements by the UK Government show that the UK is committed to a clean, green energy future.

#### Auditor

Deloitte was appointed as auditor to the Group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting. The financial statements for the prior period were audited by PricewaterhouseCoopers LLP.

#### Indemnification and insurance of Directors

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the period and is currently in force. Chaptre Greenco Limited purchased and maintained throughout the period directors' liability insurance in respect of the Group and its Directors.

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**CHAPTRE GREENCO LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**Statement of directors' responsibilities**

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable United Kingdom Accounting Standards, including FRS 101 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 Group will continue in business; and
- Notify its shareholders in writing about the use of disclosure exemptions, if any of FRS 101 used in the preparation of the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

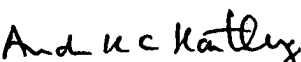
**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Group's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Group's auditor is aware of that information.

**Subsequent events**

There were no subsequent events requiring reporting at the date of signature.

On behalf of the board

  
.....  
Mr A Hartley  
Director  
2 December 2019

# **CHAPTRE GREENCO LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF CHAPTRE GREENCO LIMITED**

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#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion:

- the financial statements of Chaptre GreenCo Limited (the 'parent company') and its subsidiary (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheet;
- the consolidated and parent company statement of changes in equity;
- the consolidated and parent company cashflow statements;
- and the related notes 1 to 24

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters 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 group's or the parent 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.

We have nothing to report in respect of these matters.

# **CHAPTRE GREENCO LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF CHAPTRE GREENCO LIMITED**

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#### **Other information**

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

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

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.



## **CHAPTRE GREENCO LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF CHAPTRE GREENCO LIMITED**

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##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

##### **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.



**Anthony Matthews FCA (Senior Statutory Auditor)**  
**for and on behalf of Deloitte LLP**  
**London, United Kingdom**  
**Chartered Accountants**  
**Statutory Auditor**

2 December 2019

**CHAPTRE GREENCO LIMITED****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	Year ended 2019 £'000	Period 22 September 2017 to 31 March 2018 £'000
Revenue	4	973	354
Administrative expenses		(3,080)	(1,340)
<b>Operating loss</b>	5	(2,107)	(986)
Investment income	8	3,520	853
Finance costs	9	(13,781)	(4,234)
<b>Loss before taxation</b>		(12,368)	(4,367)
Tax on loss	10	140	(11)
<b>Loss and total comprehensive income for the financial year</b>		(12,228)	(4,378)

The income statement has been prepared on the basis that all operations are continuing operations.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company's loss for the year was £12,540,000 (2018: £4,033,000).

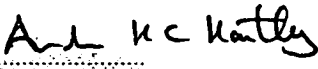
# CHAPTRE GREENCO LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019 £'000	2018 £'000
<b>Non-current assets</b>			
Intangible assets	11	63,340	63,340
Trade and other receivables	12	4,291	5,003
Investments	11	121,624	118,192
		<u>189,255</u>	<u>186,535</u>
<b>Current assets</b>			
Trade and other receivables	12	19	-
Cash and cash equivalents	12	8,974	17,059
		<u>8,993</u>	<u>17,059</u>
<b>Current liabilities</b>			
Trade and other payables	17	(280)	(308)
<b>Net current assets</b>		<u>8,713</u>	<u>16,751</u>
<b>Total assets less current liabilities</b>		<u>197,968</u>	<u>203,286</u>
<b>Non-current liabilities</b>			
Trade and other payables	18	(214,574)	(207,664)
<b>Net liabilities</b>		<u>(16,606)</u>	<u>(4,378)</u>
<b>Equity</b>			
Called up share capital	19	-	-
Accumulated losses		(16,606)	(4,378)
<b>Total equity</b>		<u>(16,606)</u>	<u>(4,378)</u>

The financial statements were approved by the board of directors and authorised for issue on 2 December 2019 and are signed on its behalf by:

  
 Mr A Hartley  
 Director  
 Company Registration No. 10976426

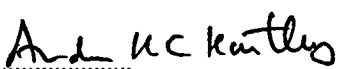
# CHAPTRE GREENCO LIMITED

## COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019 £'000	2018 £'000
<b>Non-current assets</b>			
Trade and other receivables	12	51,379	97,158
Investments	11	137,884	89,561
		<u>189,263</u>	<u>186,719</u>
<b>Current assets</b>			
Trade and other receivables	12	12	-
Cash and cash equivalents	12	8,974	17,059
		<u>8,986</u>	<u>17,059</u>
<b>Current liabilities</b>			
Trade and other payables	17	(248)	(147)
<b>Net current assets</b>		<u>8,738</u>	<u>16,912</u>
<b>Total assets less current liabilities</b>		<u>198,001</u>	<u>203,631</u>
<b>Non-current liabilities</b>			
Trade and other payables	18	(214,574)	(207,664)
<b>Net liabilities</b>		<u>(16,573)</u>	<u>(4,033)</u>
<b>Equity</b>			
Called up share capital	19		
Accumulated losses		(16,573)	(4,033)
<b>Total equity</b>		<u>(16,573)</u>	<u>(4,033)</u>

The financial statements were approved by the board of directors and authorised for issue on 2 December 2019 and are signed on its behalf by:

  
Mr A Hartley  
Director  
Company Registration No. 10976426

# CHAPTRE GREENCO LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

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	Share capital	Share premium account	Retained earnings	Total
	£'000	£'000	£'000	£'000
<b>Balance at 22 September 2017</b>	-	-	-	-
<b>Period ended 31 March 2018:</b>				
Total comprehensive loss for the period	-	-	(4,378)	(4,378)
<b>Balance at 31 March 2018</b>	-	-	(4,378)	(4,378)
<b>Year ended 31 March 2019:</b>				
Total comprehensive loss for the year	-	-	(12,228)	(12,228)
<b>Balance at 31 March 2019</b>	-	-	(16,606)	(16,606)

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**CHAPTRE GREENCO LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	Share capital	Share premium account	Retained earnings	Total
	£'000	£'000	£'000	£'000
<b>Balance at 22 September 2017</b>	-	-	-	-
<b>Period ended 31 March 2018:</b>				
Total comprehensive loss for the period	-	-	(4,033)	(4,033)
<b>Balance at 31 March 2018</b>	-	-	(4,033)	(4,033)
<b>Year ended 31 March 2019:</b>				
Total comprehensive loss for the year	-	-	(12,540)	(12,540)
<b>Balance at 31 March 2019</b>	-	-	(16,573)	(16,573)

**CHAPTRE GREENCO LIMITED**  
**CONSOLIDATED STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	2019	2018
	£'000	£'000
<b>Cash flows from operating activities</b>		
Loss before interest and tax	(2,107)	(986)
Working capital adjustments:		
Decrease in trade and other receivables	713	-
Increase in trade and other payables	93	162
Interest received	87	13
Interest paid	(6,871)	(1,539)
<b>Net cash outflow from operating activities</b>	(8,085)	(2,350)
<b>Investing activities</b>		
Issue of loans to related parties		(62,323)
Ringfenced cash amounts held as debtors		(5,000)
Purchase of share in investment		(118,237)
<b>Net cash generated from investing activities</b>		(185,560)
<b>Financing activities</b>		
Drawdown of borrowings		204,969
<b>Net cash used in financing activities</b>		204,969
<b>Net increase/(decrease) in cash and cash</b>	(8,085)	17,059
Cash and cash equivalents at beginning of year	17,059	-
<b>Cash and cash equivalents at end of year</b>	8,974	17,059

**CHAPTRE GREENCO LIMITED**  
**COMPANY STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	2019	2018
	£'000	£'000
<b>Cash flows from operating activities</b>		
Loss before interest and tax	(2,661)	(971)
Working capital adjustments:		
Decrease in trade and other receivables	1,275	-
Increase in trade and other payables	85	147
Interest received	87	13
Interest paid	(6,871)	(1,539)
<b>Net cash outflow from operating activities</b>	<b>(8,085)</b>	<b>(2,350)</b>
<b>Investing activities</b>		
Issue of loans to related parties		(62,323)
Ringfenced cash amounts held as debtors	-	(5,000)
Purchase of share in investment	-	(118,237)
<b>Net cash generated from investing activities</b>		<b>(185,560)</b>
<b>Financing activities</b>		
Drawdown of borrowings	-	204,969
<b>Net cash used in financing activities</b>	<b>-</b>	<b>204,969</b>
<b>Net increase/(decrease) in cash and cash</b>	<b>(8,085)</b>	<b>17,059</b>
Cash and cash equivalents at beginning of year	17,059	-
<b>Cash and cash equivalents at end of year</b>	<b>8,974</b>	<b>17,059</b>



# **CHAPTRE GREENCO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

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### **1 Accounting policies**

#### **Company information**

Chaptre Greenco Limited is a private company limited by shares incorporated in England and Wales. The registered office is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.

#### **1.1 Accounting convention**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements are presented in pounds sterling as that is the current for the primary economic environment in which the Group operates.

The financial statements have been prepared on the historical cost basis (except as otherwise stated). The principal accounting policies adopted, which have been applied consistently, are set out below.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company's loss for the year was £12,540,000 (2018: £4,033,000).

#### **1.2 Going concern**

The performance of the Group acting as a holding company, is assessed by its ability to drawdown, via debt and equity issue, and provide finance to Chaptre Holdings Limited for it to provide funds to MGT Teesside Limited. The Group uses a financial model to closely forecast the cash flows to the end of the expected operating life of the plant.

After making enquiries and reviewing cash flow forecasts and available facilities for at least the next 12 months, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The judgement has been formed taking into account the principal risks and uncertainties that the Group faces and which have been outlined in more detail elsewhere in the Strategic Report. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

# CHAPTRE GREENCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies

#### 1.3 Non-current investments

The Group's investment in Chaptre Holdings Limited is valued at historic cost. The directors regularly re-assess the investments for impairment by comparing the carrying value with forecast future cash flows from the financial model.

#### 1.4 Cash and cash equivalents

Cash and cash equivalents 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.

#### 1.5 Financial assets

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

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

##### **Amortised cost**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

##### **Impairment of financial assets**

Financial assets, other than those at fair value through profit and loss, (FVTPL) are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Provision for impairment loss for the year is £735,000 (2018: £nil) details of which are in Note 12.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

# CHAPTRE GREENCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies

#### 1.6 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### *Other financial liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the Group's obligations are discharged, cancelled, or they expire.

#### 1.7 Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

#### 1.8 Taxation

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

##### *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 Group'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 is provided or recognised in full using the balance sheet liability method, providing for the temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for the taxation purposes.

Deferred tax arising from (1) the initial recognition of goodwill, (2) the initial recognition of assets or liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit, or (3) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future, is not provided for.

Deferred tax assets are recognised to the extent it is more likely than not that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet 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 assets to be recovered.

Deferred tax is calculated at the rates that are expected to apply for the period when the asset is realised or the liability is settled based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

##### *Current tax and deferred tax for the year*

Current tax and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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## **CHAPTRE GREENCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 MARCH 2019**

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#### **2 Adoption of new and revised standards and changes in accounting policies**

##### **IFRS 16 Leases**

IFRS 16 is effective for periods beginning on or after 1 January 2019 but does not have any impact on the Group's financial statements as the Group has no leases.

##### **IFRS 9 Financial instruments**

The number of categories of financial assets is reduced to three: amortised cost through profit or loss, fair value or fair value through other comprehensive income. Fair value changes in financial liabilities arising from changes in own credit risk must be recognised in other comprehensive income. In addition, IFRS 9 includes simplified provisions concerning the possibility of using hedge accounting. In future, companies will only be required to perform effectiveness tests and prepare a statement on the actual effectiveness.

Comparative figures are not restated as the effect is immaterial.

##### **IFRS 15 Revenue from contracts with customers**

In the new standard, the model for recognising revenue is changed from having been based on the transfer of the risks and rewards of ownership of a product or service to being based on the transfer of control of the goods or services transferred to the customer. The underlying principle is that recognition of revenue must reflect the transfer of goods or services from a Group to a customer at the time of the sale.

This has had no effect on the Group's financial statements.

#### **3 Critical accounting estimates and judgements**

In the application of the Group'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.

No critical judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities have been identified.

##### **Key sources of estimation and uncertainty**

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.

No estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities have been identified.

# CHAPTRE GREENCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 4 Revenue

	2019 £'000	2018 £'000
<b>Revenue analysed by class of business</b>		
Fee income from investments	973	354

### 5 Operating loss

	2019 £'000	2018 £'000
Operating loss is stated after charging:		
Legal & professional fees	2	448
Project management fees	1,200	504
Fees payable to the Group's auditor for the audit of the Group's financial statements	16	30
Credit loss provision	735	-

### 6 Auditor's remuneration

	2019 £'000	2018 £'000
Fees payable to the Group's auditor:		
<b>For audit services</b>		
Audit of the financial statements of the Group	16	30

### 7 Employees

The average monthly number of persons employed by the Group during the year was nil (2018: nil). Directors received no remuneration during the year (2018: £nil).

### 8 Investment income

	2019 £'000	2018 £'000
<b>Interest income</b>		
Interest receivable from investment	3,433	837
Interest income from other external entities	87	16
<b>Total income</b>	<b>3,520</b>	<b>853</b>

### 9 Finance costs

	2019 £'000	2018 £'000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable on Mezzanine loan facility	13,781	4,234
	<b>13,781</b>	<b>4,234</b>

## CHAPTRE GREENCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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10 Income tax expense

	2019 £'000	2018 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	(140)	11

The (credit)/ charge for the year can be reconciled to the loss per the income statement as follows:

	2019 £'000	2018 £'000
Loss before taxation	(12,368)	(4,367)
Expected tax (credit) based on a corporation tax rate of 19.00%	(2,349)	(830)
Expenses not deductible for tax purposes	140	85
Deferred tax asset on losses not recognised	2,137	681
Group relief	(68)	75
Tax charged in the financial statements	(140)	11

**Factors that may affect future tax charges**

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 19% for the years starting 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate (for all profits except ring fence profits) for the year starting 1 April 2020, setting the rate at 17%.

# CHAPTRE GREENCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 11 Investments and intangibles

	Consolidated		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Investment in subsidiary	-	-	137,884	89,561
Intercompany loan to associate	121,624	118,192	-	-
<b>Total Investments</b>	<b>121,624</b>	<b>118,192</b>	<b>137,884</b>	<b>89,561</b>
Credit loss provision	(735)	-	(1,296)	-
Restricted cash	5,026	5,003	5,026	5,003
Other long-term loans	-	-	47,649	92,155
<b>Total trade and other receivables</b>	<b>4,291</b>	<b>5,033</b>	<b>51,379</b>	<b>97,158</b>
Goodwill on investment in subsidiary	63,340	63,340	-	-
<b>Total Intangibles</b>	<b>63,340</b>	<b>63,340</b>	<b>-</b>	<b>-</b>
<b>Total Investments and intangibles</b>	<b>189,255</b>	<b>186,535</b>	<b>189,263</b>	<b>186,719</b>

Credit loss provision in the year £735,000 (2018: £nil) is in relation to expected credit losses on amounts owed by associates.

Restricted cash £5,026,000 (2018: £5,003,000) relates to the DSRA account balance held by the Group.

The Group has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

#### Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

#### Details of the Group's investments are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Voting power held	Nature of business
Chaptre Investments Limited	8 White Oak Square, London Road, Swanley, Kent, BR8 7AG, United Kingdom.	100	100	Investment company
*Chaptre Holdings Limited	8 White Oak Square, London Road, Swanley, Kent, BR8 7AG, United Kingdom.	50	50	Holding company

\*Indirect holding

# CHAPTRE GREENCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

#### 12 Trade receivables - credit risk

##### Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

	Consolidated		Company	
	Carrying value	Fair value	Carrying value	Fair value
	2019	2019	2019	2019
	£'000	£'000	£'000	£'000
Trade and other receivables - current	19	19	12	12
Cash and cash equivalents	8,974	8,974	8,974	8,974
<b>Total</b>	<b>8,993</b>	<b>8,993</b>	<b>8,986</b>	<b>8,986</b>
Trade and other receivables – non current	4,291	4,291	51,379	51,379
<b>Total</b>	<b>4,291</b>	<b>4,291</b>	<b>51,379</b>	<b>51,379</b>

	Consolidated		Company	
	Carrying value	Fair value	Carrying value	Fair value
	2018	2018	2018	2018
	£	£	£	£
Trade and other receivables	-	-	-	-
Cash and cash equivalents	17,059	17,059	17,059	17,059
<b>Total</b>	<b>17,059</b>	<b>17,059</b>	<b>17,059</b>	<b>17,059</b>
Trade and other receivables – non current	5,003	5,003	97,158	97,158
<b>Total</b>	<b>5,003</b>	<b>5,003</b>	<b>97,158</b>	<b>97,158</b>

Consolidated trade and other receivables – non current balance is made up of restricted cash £5,026,000 (2018: £5,003,000) and credit loss provision (£735,000) (2018: £ Nil).

On initial application of IFRS 9, the Group Company recognised an additional provision for expected credit losses on amounts owed by associates of £735,000. The Company recognised an additional provision for expected credit losses on amounts owed by subsidiaries of £1,296,000. No change in credit risk is deemed to have occurred since initial recognition for amounts not repayable and therefore 12-month expected credit loss has been calculated based on the assess probability of default.

No significant receivable balances are impaired at the reporting end date.



# CHAPTRE GREENCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 13 Borrowings

	2019 £'000	2018 £'000
<b>Unsecured borrowings at amortised cost</b>		
Mezzanine loan facility	214,574	207,664

#### Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019 £'000	2018 £'000
Non-current liabilities	214,574	207,664

On 8 November 2017 the Group entered into a Mezzanine Facility Agreement with Hanaro Limited of which £204,969,000 (2018: £204,969,000) has been drawn down to date. The loan notes attract an interest rate of 6.6% per annum and are repayable according to a fixed repayment schedule starting in August 2020 with the final repayment due in November 2034. At the balance sheet date £214,574,000 (2018: £207,664,668) was outstanding which includes principal and accrued interest amounts.

### 14 Fair value of financial liabilities

Except as detailed below, the directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

	Consolidated		Company	
	Carrying value	Fair value	Carrying value	Fair value
	2019	2019	2019	2019
	£'000	£'000	£'000	£'000
Trade and other payables	280	280	248	248
Borrowings	214,574	214,574	214,574	214,574
<b>Total</b>	<b>214,854</b>	<b>214,854</b>	<b>214,822</b>	<b>214,822</b>

	Consolidated		Company	
	Carrying value	Fair value	Carrying value	Fair value
	2018	2018	2018	2018
	£	£	£	£
Trade and other payables	308	308	147	147
Borrowings	207,664	207,664	207,664	207,664
<b>Total</b>	<b>207,972</b>	<b>207,972</b>	<b>207,811</b>	<b>207,811</b>

# CHAPTRE GREENCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

#### 15 Liquidity risk

The following table, which includes amounts not currently drawn down under those facilities with the amount drawn down set out in note 13, details the remaining contractual maturity for the Group's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Less than 1 year £'000	1-2 years £'000	2-5 years £'000	5+ years £'000
<b>At 31 March 2018</b>				
Mezzanine loan facility	-	-	20,871	197,132
<b>At 31 March 2019</b>				
Mezzanine loan facility	-	3,550	27,337	187,116

#### 16 Market risk

##### Market risk management

##### Interest rate risk

The carrying amounts of financial liabilities and applicable interest rates at the reporting date are as follows:

	2019	Weighted average effective interest rate		2018
		2019 £'000	2018	2018 £'000
Mezzanine loan facility	6.6%	214,574	6.6%	207,664

##### Credit risk

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

#### 17 Payables due in less than one year

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Amounts due to entities that are part of the Macquarie group	236	147	236	147
Other payables	44	161	12	-
	<u>280</u>	<u>308</u>	<u>248</u>	<u>147</u>

# CHAPTRE GREENCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 18 Payables due in more than one year

	Group 2019 £'000	2018 £'000	Company 2019 £'000	2018 £'000
Mezzanine loan facility	214,574	207,664	214,574	207,664
	<u>214,574</u>	<u>207,664</u>	<u>214,574</u>	<u>207,664</u>

### 19 Share capital

	2019 £'000	2018 £'000
Ordinary share capital		
<i>Issued and unpaid</i>		
100 Ordinary shares of £1 each	-	-
	<u>-</u>	<u>-</u>

### 20 Capital risk management

The Group is not subject to any externally imposed capital requirements.

### 21 Contingent liabilities and commitments

The Group has provided a commitment to provide equity to Chaptre Holdings Limited for up to £115,317,396. At 31 March 2019 the Group had provided the equity to Chaptre Holdings in full (2018: full).

The Group has no other commitments or contingent liabilities which are individually material or a category of commitments or contingent liabilities which are material.

### 22 Related party transactions

100% of the shares in the Group are owned within the group headed by Macquarie Group Limited (MGL), incorporated in Australia. Fees are payable to MGL, of which £973,000 (2018: 354,000) was payable during the year. In addition, the group pays management charges to MGL semi-annually, of which £1,200,000 (2018: £472,000) was payable during the year.

Transactions between the Group and its associate principally arise from a fee earned by the Group as reimbursement for its funding commitments provided. The Fees earned by the Group during the period ended 31 March 2019 are disclosed as revenue.

### 23 Ultimate parent undertaking

As at 31 March 2019, the ultimate parent undertaking was Macquarie Group Limited.

The results of the Group are not consolidated elsewhere, so Chaptre Greenco Limited has produced consolidated financial statements for itself and its subsidiary, Chaptre Investments Limited.

The Group's 50% owned associate, Chaptre Holdings Limited, produces its own financial statements which are available from its registered office, 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG, United Kingdom.

### 24 Subsequent events

The directors believe there were no events to note, at the date of signing the financial statements.