Company Registration No. 10976426 (England and Wales)

CHAPTRE GREENCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

CHAPTRE GREENCO LIMITED

COMPANY INFORMATION

Directors	Mr A Hartley (Appointed 15 June 2021) Ms F Stewart (Appointed 21 July 2022)
Secretary	Vercity Management Services Limited
Company number	10976426
Registered office	8 White Oak Square London Road Swanley Kent BR8 7AG
Auditor	Deloitte LLP 2 New Street Square London EC4A 3BZ

CHAPTRE GREENCO LIMITED

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CHAPTRE GREENCO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

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

Directors

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

Mr A Hartley (appointed 15 June 2021)
Mr P Knott (resigned 21 July 2022)
Mr S Ray (resigned 15 June 2021)
Ms F Stewart (appointed 21 July 2022)

Auditor

It is noted that Deloitte LLP, as appointed by the members, are deemed to be re-appointed as the auditor to the Company for the year ending 31 March 2022 in accordance with the provisions of Section 487(2) of the Companies Act 2006 and that the Directors have been authorised to fix the remuneration of the auditor.

Statement of disclosure to auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

1) so far as the Director is aware, there is no relevant audit information of which the auditor is unaware; and
2) the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/ herself aware of any audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Going Concern

The Company is dependent on the income from finance provided to/from MGT Teesside Limited which it owns jointly with a fellow equity investor. In the financial statements of MGT Teesside Limited for the period ending 31 March 2022, the Directors of MGT Teesside Limited undertook a detailed review of that Company's liquidity requirements compared with the cash facilities available and capital expenditure programme. The forecasts assumed that the remaining construction was completed within agreed cost budgets and assumed future revenue and availability from the power station.

Additional liquidity was provided by all shareholders post the year-end to complete the project based on these estimates. The new financing details out the new ranking of debt repayments, any repayment of early funding is subordinated by the new funding. Following the commitment of further funding in April 2022, Directors of MGT Teesside Limited undertook further downside cases which reflected reasonable contingencies for cost overruns or plant availability being lower than anticipated. However the completion of large-scale power stations such as this project can incur unexpected issues and delays, (and such matters have continued to arise as commissioning is finalised), along with unexpected commodity price volatility, cost overruns and associated impacts on plant availability beyond that assumed in the sensitivities in the existing financing. Since the financial statements of MGT Teesside Limited were signed such delays and overruns in excess of those initially assumed have arisen and the forecast costs are in excess of the committed funding available. The plant continues to make progress on commissioning but has faced delays in commencing continuous production. The management of MGT Teesside continues to manage its key contracts to allow the successful finalisation towards sustained output and availability. Given these further delays to the current timetable, and the complex commodity price environment MGT Teesside Limited have identified that additional funding will be required to support its operations over the coming 12 months.

The Directors of MGT Teesside Limited have historically noted support from key financial stakeholders and there is currently no confirmation that this will not be forthcoming, but nor have these been formally agreed. Reflecting the need for further financing, particularly to manage the risks of the commodity price cycle for the next 12 months until a more regular pattern of output and hedging can be established to match the CfD mechanism, a full strategic review has been introduced with support from external advisors to identify the best route forward for all stakeholders with various different options under consideration and which may, but may not, be successful. In addition there continues to be engagement with parties on key contracts including the Low Carbon Contracts Company to mitigate some of the risks identified.

These factors also represent a material uncertainty related to events or conditions that may cast doubt on the entity's ability to continue as a going concern due to the inherent risks associated with obtaining a financial restructure of its investment in MGT Teesside Limited which have not been determined and are not contractually agreed at this time.

Overall, the Directors are hopeful that the financial restructure and contractual amendments can be obtained and that the Company will have adequate resources to continue in operational existence for the foreseeable future and they accordingly continue to adopt the going concern basis of accounting in preparing the annual financial statements. This judgement has been formed taking into account the principal risks and uncertainties that the Company and its investment MGT Teesside Limited faces. However, the completion of a large-scale power station can incur unexpected issues and delays (and such matters continue to arise), the business is facing unprecedented levels of commodity price volatility, cost overruns and associated impacts on plant availability beyond that assumed in the sensitivities in the existing financing. A strategic review is required, has commenced, but has not been finalised or agreed together with engagement with key parties on key contracts to mitigate the risks identified. These factors represent a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

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.

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 adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). 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 parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- state whether they have been prepared in accordance with IFRS as issued by the IASB, subject to any material departures disclosed and explained in the financial statements;
- make an assessment of the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Small companies exemption
This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The Directors' Report has been approved by the Board and signed on its behalf by:

Fiona Stewart

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Ms F M Stewart
Director
Date: 31 January 2023

CHAPTRE GREENCO LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHAPTRE GREENCO LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Chaptre Greenco Limited (the 'parent company') and its subsidiaries (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 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards 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 statement of financial position;
- the consolidated and parent company statement of changes in equity;
- the consolidated and parent company cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards 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.

Material uncertainty relating to going concern
We draw attention to note 1.2 in the financial statements regarding the Company's ability to continue as a going concern which indicates that this is dependent on its investment MGT Teesside Limited and the requirement to obtain a satisfactory outcome to the strategic review and agreement of new financing at the time of issuing the financial statements. In addition, it may require supplementary agreements to key contracts.

As stated in note 1.2. these events or conditions. along with the other matters as set forth in note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter. In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as valuations regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions 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.

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 directors' report.

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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report

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

Anthony Matthews (FCA) (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 31 January 2023

CHAPTRE GREENCO LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Year ended 2022 £'000	Year ended 2021 £'000
Revenue	4	46	307
Administrative expenses		(624)	(1,627)
Operating loss	5	(578)	(1,320)
Investment income	8	7,860	5,374
Finance costs	9	(17,254)	(15,132)
Loss before taxation		(9,972)	(11,078)
Tax credit/(charge) on loss	10	81	(91)
Loss and total comprehensive expense for the financial year		(9,891)	(11,169)

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

There was no other comprehensive income during the year (2021: £nil).

CHAPTRE GREENCO LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Goodwill	11	63,340	63,340
Investments in associates	11	152,067	143,772
Trade and other receivables	12	-	-
		215,407	207,112
Current assets			
Trade and other receivables	12	32	29
Cash and cash equivalents	13	8,103	8,254
		8,135	8,283
Total assets		223,542	215,395
Current liabilities			
Borrowings	14	(52,156)	(25,504)
Trade and other payables	15	(3,157)	(2,373)
		(55,313)	(27,877)
Net current liabilities		(47,178)	(19,594)
Non-current liabilities			
Borrowings	14	(216,964)	(226,362)
Total liabilities		(272,652)	(254,239)
Net liabilities		(48,735)	(38,844)
Equity			
Called up share capital	17	-	-
Retained earnings - deficit		(48,735)	(38,844)
Total equity		(48,735)	(38,844)

The financial statements were approved by the board of directors and authorised for issue on 31 January 2023 and are signed on its behalf by:

....

Ms F M Stewart

Director

Company Registration No. 10976426

CHAPTRE GREENCO LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Investments in subsidiaries	11	137,884	137,884
Trade and other receivables	12	80,867	74,440
		218,751	212,324
Current assets			
Trade and other receivables	12	73	63
Cash and cash equivalents	13	600	751
		673	814
Total assets		219,424	213,138
Current liabilities			
Borrowings	14	(52,156)	(25,504)
Trade and other payables	15	(3,144)	(2,278)
Net current liabilities		(54,627)	(26,968)
Total assets less current liabilities		164,124	185,356
Non-current liabilities			
Borrowings	14	(216,964)	(226,362)
Total liabilities		(272,264)	(254,144)
Net liabilities		(52,840)	(41,006)
Equity			
Called up share capital	17	-	-
Retained earnings - deficit		(52,840)	(41,006)
Total equity		(52,840)	(41,006)

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 £11,834,000 (2021: £12,551,000).

The financial statements were approved by the board of directors and authorised for issue on 31 January 2023. and are signed on its behalf by:

Fiona Stewart

Ms F M Stewart
Director
Company Registration No. 10976426

CHAPTRE GREENCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Share premium account	Retained earnings - deficit	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2020	-	-	(27,675)	(27,675)
Year ended 31 March 2021:				
Total comprehensive expense for the period	-	-	(11,169)	(11,169)
Balance at 31 March 2021	-	-	(38,844)	(38,844)
Year ended 31 March 2022:				
Total comprehensive expense for the year	-	-	(9,891)	(9,891)
Balance at 31 March 2022	-	-	(48,735)	(48,735)

CHAPTRE GREENCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Share premium account	Retained earnings - deficit	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2020	-	-	(28,455)	(28,455)
Year ended 31 March 2021:				
Total comprehensive expense for the period	-	-	(12,551)	(12,551)
Balance at 31 March 2021	-	-	(41,006)	(41,006)
Year ended 31 March 2022:				
Total comprehensive expense for the year	-	-	(11,834)	(11,834)
Balance at 31 March 2022	-	-	(52,840)	(52,840)

CHAPTRE GREENCO LIMITED

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £'000	2021 £'000
Cash flows utilised in operations			
Loss after tax		(9,891)	(11,169)
Adjustments for:			
Corporation tax		(81)	91
Investment income		(7,860)	(5,374)
Finance costs		17,254	15,132
Impairment		(436)	(110)
Working capital adjustments:			
(Increase)/Decrease in trade and other receivables		(3)	25
Increase in trade and other payables		866	1,278
Cash flows used in operations		(151)	(127)
Investing activities			
Increase in loans to associate		-	(12,860)
Decrease in non-current restricted deposit accounts		-	5,054
Interest received		-	3
Net cash used in investing activities		-	(7,803)
Financing activities			
Increase in borrowings		-	20,000
Interest paid		-	(5,000)
Net cash inflow from financing activities		-	15,000
Net (decrease)/increase in cash and cash equivalents		(151)	7,070
Cash and cash equivalents at beginning of year		8,254	1,184
Cash and cash equivalents at end of year	**13**	8,103	8,254

CHAPTRE GREENCO LIMITED

COMPANY STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £'000	2021 £'000
Cash flows utilised in operations			
Loss after tax		(11,834)	(12,551)
Adjustments for:			
Investment income		(6,304)	(4,887)
Finance costs		17,254	15,132
Impairment		(123)	882
Working capital adjustments:			
Increase in trade and other receivables		(9)	(9)
Increase in trade and other payables		865	1,305
Cash flows used in operations		(151)	(128)
Investing activities			
Increase in loans to related undertakings		-	(20,360)
Decrease in non-current restricted deposit accounts		-	5,054
Interest received		-	1
Net cash used in investing activities		-	(15,305)
Financing activities			
Increase in borrowings		-	20,000
Interest paid		-	(5,000)
Net cash inflow from financing activities		-	15,000
Net decrease in cash and cash equivalents		(151)	(433)
Cash and cash equivalents at beginning of year		751	1,184
Cash and cash equivalents at end of year	13	600	751

1 Accounting policies

Company information

Chaptre Greenco Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England & 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 United Kingdom adopted international accounting standards and with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements are presented in pounds sterling and are rounded to the nearest £'000 as that is the current for the primary economic environment in which the Group and Company operate.

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.

1.2 Going concern

The Company is dependent on the income from finance provided to/from MGT Teesside Limited which it owns jointly with a fellow equity investor. In the financial statements of MGT Teesside Limited for the period ending 31 March 2022, the Directors of MGT Teesside Limited undertook a detailed review of that Company's liquidity requirements compared with the cash facilities available and capital expenditure programme. The forecasts assumed that the remaining construction was completed within agreed cost budgets and assumed future revenue and availability from the power station.

Additional liquidity was provided by all shareholders post the year-end to complete the project based on these estimates. The new financing details out the new ranking of debt repayments, any repayment of early funding is subordinated by the new funding. Following the commitment of further funding in April 2022, Directors of MGT Teesside Limited undertook further downside cases which reflected reasonable contingencies for cost overruns or plant availability being lower than anticipated. However the completion of large-scale power stations such as this project can incur unexpected issues and delays, (and such matters have continued to arise as commissioning is finalised), along with unexpected commodity price volatility, cost overruns and associated impacts on plant availability beyond that assumed in the sensitivities in the existing financing. Since the financial statements of MGT Teesside Limited were signed such delays and overruns in excess of those initially assumed have arisen and the forecast costs are in excess of the committed funding available. The plant continues to make progress on commissioning but has faced delays in commencing continuous production. The management of MGT Teesside continues to manage its key contracts to allow the successful finalisation towards sustained output and availability. Given these further delays to the current timetable, and the complex commodity price environment MGT Teesside Limited have identified that additional funding will be required to support its operations over the coming 12 months.

The Directors of MGT Teesside Limited have historically noted support from key financial stakeholders and there is currently no confirmation that this will not be forthcoming, but nor have these been formally agreed. Reflecting the need for further financing, particularly to manage the risks of the commodity price cycle for the next 12 months until a more regular pattern of output and hedging can be established to match the CfD mechanism, a full strategic review has been introduced with support from external advisors to identify the best route forward for all stakeholders with various different options under consideration and which may, but may not, be successful. In addition there continues to be engagement with parties on key contracts including the Low Carbon Contracts Company to mitigate some of the risks identified.

These factors also represent a material uncertainty related to events or conditions that may cast doubt on the entity's ability to continue as a going concern due to the inherent risks associated with obtaining a financial restructure of its investment in MGT Teesside Limited which have not been determined and are not contractually agreed at this time.

1.2 Going concern (continued)

Overall, the Directors are hopeful that the financial restructure and contractual amendments can be obtained and that the Company will have adequate resources to continue in operational existence for the foreseeable future and they accordingly continue to adopt the going concern basis of accounting in preparing the annual financial statements. This judgement has been formed taking into account the principal risks and uncertainties that the Company and its investment MGT Teesside Limited faces. However, the completion of a large-scale power station can incur unexpected issues and delays (and such matters continue to arise), the business is facing unprecedented levels of commodity price volatility, cost overruns and associated impacts on plant availability beyond that assumed in the sensitivities in the existing financing. A strategic review is required, has commenced, but has not been finalised or agreed together with engagement with key parties on key contracts to mitigate the risks identified. These factors represent a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

1.4 Investments in subsidiaries

The Company's investment in Chaptre Investments Limited is measured 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.

1.5 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Although the Group holds 50% of the equity of Chaptre Holdings Limited, key financial and operating policy decisions in the relation to that entity and its subsidiary undertakings are subject to ratification by external non-equity investors. The Group is therefore considered to have significant influence only, and so the Group's holdings are presented as an investment in associates.

The Group's investment in Chaptre Holdings Limited is measured at the historic cost of its holdings in the equity and debt and equity instruments of that entity. The debt element of the investment relates to unsecured loan notes which attract interest at varying rates and are repayable in 2024 and 2031. Unpaid accrued interest is rolled up into the principal balance on an annual basis.

The directors regularly re-assess the investments for impairment by comparing the carrying value with forecast future cash flows from the financial model.

The Group has taken the exemption available to it under IAS 28.17 from applying the equity method of accounting in relation to investments in associates.

Further details of the Group's investments in associates are presented in notes 11 and 22 to the financial statements.

1.6 Goodwill

At initial recognition, goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's single cash-generating unit which is expected to benefit from the synergies of the combination. The cash-generating unit is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.7 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.

1.8 Financial assets

Classification of financial assets

All recognised financial assets are measured subsequently at either amortised cost or fair value, depending on the classification of the financial assets. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"):

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group does not hold any financial assets that meet conditions for subsequent recognition at fair value through other comprehensive income ("FVTOCI").

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are initially measured at fair value plus transaction costs, and subsequently measured at amortised cost using the effective interest method less any impairment. Interest is recognised by applying the effective interest rate, except in the case of short-term receivables when the recognition of interest would be immaterial. The effective interest method determines the amortised cost of a debt instrument by allocating the interest income over expected life of the debt instrument so that the rate used exactly discounts future cash receipts to the net carrying amount on initial recognition.

1 Accounting policies

1.8 Financial assets (continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost through other profit or loss. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amount it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.9 Financial liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics.

Other financial liabilities

The Company recognises financial liabilities when it becomes party to the contractual provisions of the instrument in question. The Company's financial liabilities consist solely of financial liabilities measured at amortised cost, which comprise loans and other borrowings, and are initially measured at fair value, net of transaction costs directly attributable to the issuance of the instrument. Subsequent measurement at amortised cost is determined using the effective interest rate method. For the purposes of each financial liability, the interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

There are no financial liabilities held by the Company which have been designated as FVTPL.

Derecognition of financial liabilities

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or expired.

1.10 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.

1.11 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.

1.12 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

All financial instruments for which fair value is disclosed are categorised within the fair value hierarchy described below. The categorisation is based on the lowest level input that is significant to the fair value measurement as a whole.

- **Level 1** Quoted prices in an active market (that are unadjusted) for identical assets or liabilities
- **Level 2** Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
- **Level 3** Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

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

New amendments to Standards and Interpretations that became mandatory for the first time for the financial year beginning 1 January 2021 are listed below:

- Interest Rate Benchmark Reform 'Phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7) (effective 1 January 2021)
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) (effective 1 April 2021)

The new amendments had no significant impact on the Company or Group's results.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company and Group has decided not to adopt early as listed below:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) (effective 1 January 2022)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) (effective 1 January 2022)
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41) (effective 1 January 2022)
- References to Conceptual Framework (Amendments to IFRS 3) (effective 1 January 2022)
- Presentation of financial statements' on classification of liabilities (Amendments to IAS1) (effective 1 January 2023)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (effective 1 January 2023)
- Definition of Accounting Estimates (Amendments to IAS 8) (effective 1 January 2023)
- IFRS 17 Insurance contracts (effective 1 January 2023) 17 Insurance contracts (effective 1 January 2023)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (effective 1 January 2023)
- Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (effective date not determined)

The Company and Group does not expect the above standards issued by the IASB, but not yet effective, to have a material impact on either the Company or Group's results.

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.

Apart from the material uncertainty relating to going concern, there are no other critical judgements in relation to accounting policies.

Key sources of estimation 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.

The following are considered by the company to be key sources of estimation uncertainty:

Recoverability of intercompany asset
As described in Note 1.2, the Group is dependent on the income from finance ultimately provided to MGT Teesside Limited. MGT Teesside Limited is currently in a legal dispute with its prior EPC contractor which could potentially impact on its ability to repay debt to the Group, if its claim were to fail. Consistent with other legal disputes of this nature, a resolution to this matter is not expected within the next 12 months.

4 Revenue

	2022	2021
	£'000	£'000
Revenue analysed by class of business		
Fee income from investments	46	307

5 Operating loss

	2022	2021
	£'000	£'000
Operating loss is stated after charging/(crediting):		
Legal & professional fees	11	3
Professional management fees	1,200	1,200
Movement in credit loss provision	(123)	(111)

6 Auditor's remuneration

	2022	2021
Fees payable to the Company's auditor:	£'000	£'000
For audit services		
The audit of these financial statements	15	15
The audit of the Company's subsidiaries	4	4
For non-audit services		
Tax compliance services	9	9

7 Employees

The average monthly number of persons employed by the Group and Company during the year was nil (2021: nil).

All the directors are either employed or retained by, and receive emoluments from, other Macquarie Group undertakings. The directors perform directors' duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be feasible. Accordingly, no separate disclosure of directors remuneration has been made. The directors are the sole key management personnel of the company.

8 Investment income

	2022	2021
	£'000	£'000
Interest income		
Interest receivable from investment	7,860	5,373
Bank interest	-	1
Total income	7,860	5,374

9 Finance costs

	2022	2021
	£'000	£'000
Interest on financial liabilities measured at amortised cost:		
Interest payable on Mezzanine loan facility	17,254	15,132

10 Income tax expense

	2022	2021
	£'000	£'000
Current tax		
UK corporation tax on loss for the current period	81	(91)

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

	2022	2021
	£'000	£'000
Loss before taxation	(9,972)	(11,078)
Expected tax credit based on a corporation tax rate of 19.00% (2021: 19.00%)	(1,895)	(2,105)
Expenses not deductible for tax purposes	-	(21)
Deferred tax asset on losses not recognised	1,976	2,217
Group relief	-	(91)
Tax credit/(charge) for the year	81	(91)

Factors that may affect future tax charges
Any deferred tax asset or liability arising on temporary differences is measured at the main rate of 25%, being the substantively enacted rate at the reporting date for the period or periods in which these differences are expected to reverse.

At the March 2021 budget, which was substantively enacted on 10 June 2021, the government announced that the main rate of corporation tax will increase to 25% from 1 April 2023. Accordingly, this rate will be used to measure any deferred tax assets and liabilities in future reporting periods to the extent that the underlying temporary differences are expected to reverse after that point.

The company has estimated unutilised tax losses carried forward of £13,656,000 (2021: £10,664,560) on which an associated deferred tax asset of £3,414,000 (2021: £2,666,000) is unrecognised, given the uncertainty of future levels of profits on which these may be utilised.

11 Investments and intangibles

	Consolidated		Company	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Investment in subsidiary	-	-	137,884	137,884
Investment in associate	152,067	144,208	-	-
Credit loss provision	-	(436)	-	-
Total Investments	**152,067**	**143,772**	**137,884**	**137,884**
Goodwill on investment in subsidiary	63,340	63,340	-	-
Total Intangibles	**63,340**	**63,340**	**-**	**-**
Total Investments and intangibles	**215,407**	**207,112**	**137,884**	**137,884**

There have been no changes in the carrying value of goodwill in either the current or previous reporting period. The amount of accumulated impairment recognised at 31 March 2022 is £nil (2021: £nil).

Details of the financial information relating to the Group's investment in associate undertakings is given in note 22 to the financial statements.

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.

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.

Expected credit loss

The Group has recognised a provision for expected credit losses on amounts owed by associates of £nil (2021: £436,000) which has been calculated by applying a default loss rate based on the actual or proxy credit rating of the counterparty. The decrease in the provision for expected credit losses of £436,000 (2021: £111,000) is proportionate to the decrease in the underlying element of the investment balance that relates to prepayment of funds to the associate and has been recognised as a credit within comprehensive income. No change in credit risk is deemed to have occurred since initial recognition for amounts not repayable and therefore a 12-month expected credit loss has been calculated based on the assessed probability of default.

Sensitivity analysis has been performed on the expected credit loss. Should the probability of default move by 5% in either direction the increase/decrease in the expected credit loss would be £nil. Should the default loss rate move by 2% in either direction the increase/decrease in the expected credit loss would be £nil.

Details of the Company'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% of ordinary shares	100%	Investment company
*Chaptre Holdings Limited	8 White Oak Square, London Road, Swanley, Kent, BR8 7AG, United Kingdom.	50% of ordinary shares	50%	Holding company

*Indirect holding

12 Trade and other receivables

	Consolidated 2022 £'000	Consolidated 2021 £'000	Company 2022 £'000	Company 2021 £'000
Other receivables	-	-	-	34
Taxation receivable	-	-	-	-
Other taxation and social security	-	6	41	6
Prepayments	32	23	32	23
Total current trade and other receivables	**32**	**29**	**73**	**63**
Amounts due from group undertakings	-	-	83,553	77,249
Credit loss provision	-	-	(2,686)	(2,809)
Net intercompany receivables – non-current	-	-	80,867	74,440
Total non-current trade and other receivables	**-**	**-**	**80,867**	**74,440**

The directors consider that the carrying amounts of financial assets measured at amortised cost within trade and other receivables, which comprise amounts due from group undertakings, restricted bank accounts, and other receivables, is approximate to their fair value.

The Company receives interest on the amounts owed by subsidiaries at market rates and at 31 March 2022 the rate applied varies between 8% and 11% (2021: 8% and 11%). This is repayable 15 years after the completion date.

The Company has recognised a provision for expected credit losses on amounts owed by subsidiaries of £2,686,000 (2021: £2,809,000) which has been calculated by applying a default loss rate based on the actual or proxy credit rating of the counterparty. The decrease in the provision for expected credit losses of £123,000 (2021: increase £882,000) which is proportionate to the increase in the underlying amounts advanced, has been recognised as an expense within comprehensive income. No change in credit risk is deemed to have occurred since initial recognition for amounts not repayable and therefore a 12-month expected credit loss has been calculated based on the assessed probability of default.

Sensitivity analysis has been performed on the expected credit loss. Should the probability of default move by 5% in either direction the increase/decrease in the expected credit loss would be £224,000. Should the default loss rate move by 2% in either direction the increase/decrease in the expected credit loss would be £731,000.

13 Cash and cash equivalents

The movements in cash and cash equivalents and liabilities arising from financing activities are summarised below, and combined to show overall movement in net debt, which management defines as cash and cash equivalents less borrowings and loans from group undertakings.

Group:	At 1 April 2021 £'000	Cash movements £'000	Non-cash movements £'000	At 31 March 2022 £'000
Cash and cash equivalents				
Unrestricted cash	8,200	(151)	-	8,049
Restricted cash	54	-	-	54
	8,254	(151)	-	8,103
Liabilities arising from financing activities				
Borrowings (note 14)	(251,866)	-	(17,254)	(269,120)
Net debt	(243,612)	(151)	(17,254)	(261,017)

Company:	At 1 April 2021 £'000	Cash movements £'000	Non-cash movements £'000	At 31 March 2022 £'000
Cash and cash equivalents				
Unrestricted cash	697	(151)	-	546
Restricted cash	54	-	-	54
	751	(151)	-	600
Liabilities arising from financing activities				
Borrowings (note 14)	(251,866)	-	(17,254)	(269,120)
Total	(251,115)	(151)	(17,254)	(268,520)

14 Borrowings

The following relate to both the Group and Company:

	2022 £'000	2021 £'000
Unsecured borrowings at amortised cost		
Mezzanine loan facility	269,120	251,866

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:

	2022 £'000	2021 £'000
Current liabilities	52,156	25,504
Non-current liabilities	216,964	226,362
	269,120	251,866

On 8 November 2017 the Group entered into a Mezzanine Facility Agreement with Hanaro Limited of which £204,969,000 (2021: £204,969,000) has been drawn down to date. During the year ended 31 March 2021, the facility was extended by £20,000,000. 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 £269,120,000 (2021: £251,866,000) was outstanding which includes principal and accrued interest amounts.

The directors consider that the carrying amount of borrowings, which are measured at amortised cost using the effective interest rate implicit in the contract, is approximate to fair value.

15 Trade and other payables

	Consolidated		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Accruals and deferred income	3,124	2,255	3,124	2,255
Other payables	33	37	20	23
Corporation tax	-	81	-	-
Total current trade and other payables	**3,157**	**2,373**	**3,144**	**2,278**

The directors consider that the carrying amounts of financial liabilities measured at amortised cost within trade and other payables, which comprise amounts due to group undertakings, and other payables, is approximate to their fair value.

Accruals include £3,100,000 (2021: £1,900,000) due to Macquarie Group Limited in project management fees, as disclosed more fully in note 19.

16 Financial risk management

The Group and Company are exposed to the following risks through its operations:

- Credit risk
- Liquidity risk
- Market risk

Determining the fair value of financial liabilities

All financial instruments for which fair value is disclosed are categorised within the fair value hierarchy described below. The categorisation is based on the lowest level input that is significant to the fair value measurement as a whole.

- **Level 1** Quoted prices in an active market (that are unadjusted) for identical assets or liabilities
- **Level 2** Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
- **Level 3** Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

At 31 March 2022, the Group and Company have no financial instruments measured at fair value, and therefore there have been no transfers between Level 1, Level 2, and Level 3 fair value measurements.

a) Credit risk

The carrying amount of financial assets recorded in the financial statements, which is net of impairment and expected credit losses as disclosed in notes 11 and 12, represents the maximum exposure to credit risk for the Group and Company respectively.

b) Liquidity risk

The following table, which includes amounts not currently drawn down under those facilities with the amount drawn down set out in note 14, details the remaining contractual maturity for the Group and Company's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the Group and Company may be required to pay.

Group and company	Less than 1 year £'000	1-2 years £'000	2-5 years £'000	5+ years £'000
At 31 March 2022				
Mezzanine loan facility	52,156	10,016	33,831	173,117
At 31 March 2021				
Mezzanine loan facility	25,504	9,399	33,735	183,228

c) Interest rate risk

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

	Weighted average effective interest rate			
Group and company	**2022**	**2022 £'000**	**2021**	**2021 £'000**
Mezzanine loan facility	6.6% and 8.6%	269,120	6.6% and 8.6%	251,866

17 Share capital

	2022	2021
	£'000	£'000
Ordinary share capital		
Issued and unpaid		
100 Ordinary shares of £1 each	-	-

The company has one class of ordinary shares which carry no right to fixed income. Each share is entitled to one vote in any circumstances. Each share is entitled pari passu to dividend payments or any other distribution. Each share is entitled pari passu to participate in a distribution arising from a winding up of the company.

18 Contingent liabilities and commitments

The Group has provided a commitment to provide total equity to Chaptre Holdings Limited for up to £127,817,000. (2021: £127,817,000). At 31 March 2022 the amounts outstanding under this arrangement were £nil (2021: £9,887,000).

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

19 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 the MGL group, of which £46,000 (2021: £307,000) was recognised during the year. In addition, the group pays advisory and project management fees to MGL, of which £1,200,000 (2021: £1,315,000) was payable during the year. At the reporting date £3,100,000 (2021: £2,259,000) was outstanding.

Transactions between the Group and MGT Teesside Limited, a company in which the Group has an indirect 50% holding through its investment in Chaptre Holdings Limited, principally arise from a fee earned by the Group as re-imbursement for its funding commitments provided. The fees earned by the Group during the period ended 31 March 2022 are disclosed as revenue and amounted to £46,000 (2021: £307,000). There are no amounts outstanding at the reporting date (2021: £nil).

The Group has a 50% interest in Chaptre Holdings Limited. During the year, the Group purchased shares in Chaptre Holdings Limited for £nil (2021: £7,187,000) and purchased loan notes for £9,887,000 (2021: £17,299,000). The loan notes are subject to interest which is rolled up into the investment balance annually. The Group has recognised interest receivable of £7,860,000 for the year ended 31 March 2022 (2021: £5,343,000). At the reporting date, the total investment balance was £152,062,000 (2021: £134,315,000), which includes amounts advanced to the Group by way of pre-funding future investment, totalling £nil (2021: £9,893,000), less an expected credit loss of £nil (2021: £436,000, presented within non-current trade and other receivables).

20 Immediate and ultimate parent undertakings

At 31 March 2022, the immediate parent was Chaptre Greenco Holdings Limited and the ultimate parent undertaking was Macquarie Group Limited. Macquarie Group Limited is registered in Australia and prepares consolidated financial statements which are compliant with International Financial Reporting Standards as issued by the International Accounting Standards Board.

These financial statements are the smallest group which include Chaptre Greenco Limited and its subsidiary, Chaptre Investments Limited. The largest group is Macquarie Group Limited for which the annual report can be found at www.macquarie.com.

21 Capital risk management

The Company's capital consists of equity. It is managed with the aim of maintaining an appropriate level of financing available for the Company's activities, having due regard to interest rate and currency risks and the availability of borrowing facilities. There have been no changes in the equity in the year (2021: No changes).

The Company is not subject to any externally imposed capital restrictions.

22	**Financial information relating to investments in associates**	**2022**	**2021**
		£'000	**£'000**
	Non-current assets	240,268	221,365
	Current assets	74,051	63,045
	Current liabilities	(4,570)	(3,275)
	Non-current liabilities	(191,791)	(167,205)
	Net assets and shareholders' funds	**117,958**	**113,930**
	Revenue	-	-
	Profit from continuing operations	4,028	5,790
	Other comprehensive income	-	-
	Total comprehensive income for the year	**4,028**	**5,790**

23 Events after the reporting date

The company holds a 50% interest in a biomass energy plant, MGT Teesside Limited, through its investment in Chaptre Investments Limited and Chapter Holdings Limited, this biomass plant is under construction and required additional funding in order to complete construction. On 29 April 2022 an additional £50m loan was agreed to be provided to MGT Teesside Limited through Chaptre Investments Limited and Chaptre Holdings Limited, this funding is 50% from the Company's immediate parent Chaptre Greenco Holdings Limited and 50% through a Mezzanine Debt Facility Agreement with Hanaro Limited.