

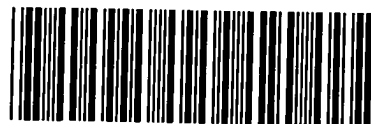
Registered number: NI624790

**FULL CIRCLE GENERATION LTD**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

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**FULL CIRCLE GENERATION LTD**

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**COMPANY INFORMATION**

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**Directors**

A K Harmer  
J P Harris  
B V Ross  
N J Wakefield  
P J Ireland

**Registered number**

NI624790

**Registered office**

56 Craigmole Road  
Garvagh  
Coleraine  
County Derry  
BT51 5HF

**Independent auditor**

Azets Audit Services  
Chartered Accountants  
25 Bothwell Street  
Glasgow  
G2 6NL

**Bankers**

Bank of Ireland  
7th Floor  
1 Donegall Square South  
Belfast  
BT1 5LR

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**FULL CIRCLE GENERATION LTD**

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## FULL CIRCLE GENERATION LTD

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

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The directors present their report and the financial statements for the year ended 31 March 2020

#### Principal activity and business review

The principal activity of the Company during the year was the construction and operation of an Energy from Waste plant in Northern Ireland. The construction completion was achieved in November 2019, when the contractor has demonstrated the construction works were substantially complete. Following general commissioning and take over tests the plant has also achieved operational takeover in March 2020. Revenue was being generated on a continuous basis since September 2019.

The refused-derived fuel (RDF) gasification plant is now fully operational, receiving RDF and generating electricity in order to produce revenue.

The directors have reviewed the activities of the business for the period and the position as at 31 March 2020 and consider them to be satisfactory. The directors expect the operational level of activity to continue at current or improved levels and consider that the Company has access to sufficient funding to continue to operate.

#### Results and dividends

The profit for the year, after taxation, amounted to £165,000 (2019 - £7,223,000).

Other comprehensive income for the year amounted to £Nil (2019 - £Nil).

Total comprehensive income for the year amounted to £165,000 (2019 - £7,223,000).

#### Directors

The directors who served during the year and up to the signing date of these financial statements were:

A K Harmer  
J P Harris  
B V Ross  
N J Wakefield  
P J Ireland (appointed 25 August 2020)  
P B O'Flaherty (appointed 26 Mar 2020, resigned 25 August 2020)  
H B Crossley (resigned 26 March 2020)

#### Financial instruments

Due to the nature of the Company's business, the only financial risks the directors consider relevant to this Company are cash flow and liquidity risk. The cash flow risk is mitigated by close monitoring of the financial model and cash flow forecast.

The Company's liquidity risk is principally managed through financing the Company by means of long term borrowings. The financial risk management objectives of the Company are to ensure that financial risks are mitigated by the use of financial instruments where they cannot be addressed by means of contractual provisions.

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## **FULL CIRCLE GENERATION LTD**

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### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020**

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#### **Directors' indemnity**

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for the directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them that relate to anything done or omitted, or alleged to have been done or omitted by them as directors or officers of the Company. Appropriate directors and officers liability insurance cover is in place in respect of all directors and officers of the Company.

#### **Going concern**

The shareholder's funds at 31 March 2020 show a surplus of £8,490,000 (2019 - £8,325,000). The directors have reviewed the current position alongside the forecast and believe that there is sufficient funds surplus to successfully allow the company to operate for the 12 month period after the sign off of this financial statements. The directors have also concluded that the financial position will strengthen in the future and therefore consider that it is appropriate to prepare these financial statements on a going concern basis.

The directors have considered a number of potential outcomes arising from the expected UK's exit from the European Union and believe that the Company has sufficient reserves and business controls to address any financial impact of these outcomes for the foreseeable future. Due to the contractual nature of the Company's cash flows, the directors have concluded that there will be little to no impact on the Company's results from Brexit.

In the annual review of the Company's going concern status, the directors have considered the potential long term impact of the Covid-19 pandemic. The Company has entered into long-term contracts with both the clients and suppliers, and after careful review of these contracts the directors are confident that the Company can operate as normal for the next twelve months. The directors have committed to carrying out regular reviews of the Company's cash flows to monitor the ongoing situation. The restrictions imposed by Covid-19 have had little impact on the activities of the Company, to date.

#### **Future developments**

The directors of the Company are not aware of any circumstances by which the principal activity of the Company would alter or cease.

#### **Disclosure of information to the auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **Auditor**

The appointed auditor, Grant Thornton UK LLP, tendered their resignation during 2019 and were replaced by Azets Audit Services. Azets Audit Services have expressed their willingness to continue in office as auditor and will be proposed for re-appointment.

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**FULL CIRCLE GENERATION LTD**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

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This report was approved by the board and signed on its behalf by:



.....  
**A K Harmer**  
Director

Date: 16 September 2020

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2020**

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The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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## **FULL CIRCLE GENERATION LTD**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FULL CIRCLE GENERATION LTD**

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#### **Opinion**

We have audited the financial statements of Full Circle Generation Ltd (the 'Company') for the year ended 31 March 2020, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

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



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**FULL CIRCLE GENERATION LTD**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FULL CIRCLE GENERATION LTD  
(CONTINUED)**

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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 this regard.

**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.

**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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**FULL CIRCLE GENERATION LTD**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FULL CIRCLE GENERATION LTD  
(CONTINUED)**

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

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

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

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Azets Audit Services*

**James McBride (Senior Statutory Auditor)  
For and on behalf of Azets Audit Services, Statutory Auditor  
Chartered Accountants**

25 Bothwell Street  
Glasgow  
G2 6NL

16 September 2020

**FULL CIRCLE GENERATION LTD**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £000	2019 £000
Turnover	3	20,502	7,985
Cost of sales		(4,890)	-
<b>GROSS PROFIT</b>		<b>15,612</b>	<b>7,985</b>
Administrative expenses		(1,050)	(229)
<b>OPERATING PROFIT</b>	4	<b>14,562</b>	<b>7,756</b>
Interest receivable and similar income	6	15	-
Interest payable and expenses	7	(6,067)	(17)
<b>PROFIT BEFORE TAX</b>		<b>8,510</b>	<b>7,739</b>
Tax	8	(8,345)	(516)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>165</b>	<b>7,223</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>165</b>	<b>7,223</b>

The notes on pages 11 to 25 form part of these financial statements.

**FULL CIRCLE GENERATION LTD**  
**REGISTERED NUMBER: NI624790**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	Note	2020 £000	2019 restated £000
<b>FIXED ASSETS</b>			
Tangible assets	9	142,515	-
		<u>142,515</u>	<u>-</u>
<b>CURRENT ASSETS</b>			
Work in progress	10	-	122,385
Debtors: amounts falling due within one year	11	3,553	1,301
Cash at bank and in hand	12	8,582	6,402
		<u>12,135</u>	<u>130,088</u>
Creditors: amounts falling due within one year	13	(9,275)	(1,157)
<b>NET CURRENT ASSETS</b>		<u>2,860</u>	<u>128,931</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>145,375</u>	<u>128,931</u>
Creditors: amounts falling due after more than one year	14	(128,024)	(120,606)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	16	(8,861)	-
		<u>(8,861)</u>	<u>-</u>
<b>NET ASSETS</b>		<u>8,490</u>	<u>8,325</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	1,270	1,270
Profit and loss account	17	7,220	7,055
		<u>8,490</u>	<u>8,325</u>

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



.....  
**A K Harmer**  
 Director

Date: 16 September 2020

The notes on page 11 to 25 form part of these financial statements.

**FULL CIRCLE GENERATION LTD**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2019	1,270	7,055	8,325
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	165	165
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	165	165
<b>AT 31 MARCH 2020</b>	<u>1,270</u>	<u>7,220</u>	<u>8,490</u>

The notes on pages 11 to 25 form part of these financial statements.

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

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2018	1,270	(168)	1,102
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	7,223	7,223
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	7,223	7,223
<b>AT 31 MARCH 2019</b>	<u>1,270</u>	<u>7,055</u>	<u>8,325</u>

The notes on pages 11 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

Full Circle Generation Ltd is a private company limited by shares and incorporated in Northern Ireland.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the Companies Act 2006.

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

The presentation currency of the Company is Sterling (£) and amounts are rounded to the nearest thousand.

The following principal accounting policies have been applied:

**1.2 Going concern**

The shareholder's funds at 31 March 2020 show a surplus of £8,490,000 (2019 - £8,325,000). The directors have reviewed the current position alongside the forecast and believe that there is sufficient funds surplus to successfully operate for the next 12 months. The directors have also concluded that the financial position will strengthen in the future and therefore consider that it is appropriate to prepare these financial statements on a going concern basis.

In the annual review of the Company's going concern status, the directors have considered the potential long term impact of the Covid-19 pandemic. The Company has entered into long-term contracts with both the client and suppliers, and after careful review of these contracts the directors are confident that the Company can operate as normal for the next twelve months. The restrictions imposed by Covid-19 have had little impact on the activities of the Company, to date. The directors have committed to carrying out regular reviews of the Company's cash flows to monitor the ongoing situation.

**1.3 Revenue**

Revenue earned during the year include amounts recovered from loss of revenue, including damages. The Company entered into contractual agreements with the main contractor whereby the Company is compensated for revenue that was originally forecasted at incorporation.

Revenue earned during the year also include operational services related revenue derived from RDF delivered-gate fee income, Electricity exported, ROC income and other smaller type of revenue.

Revenue is not fixed and is dependent on throughput and price agreements negotiated over the contract life.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**1. Accounting policies (continued)**

**1.4 Cash flow statement**

The directors have taken advantage of the exemption in FRS 102 from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its parent publishes a consolidated cash flow statement.

**1.5 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at cost, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**1.6 Work in progress**

During the construction phase of the project, construction costs were included in the Company's Statement of Financial Position as work in progress. Costs incurred in respect of future activity on the contract were capitalised only to the extent it is probable they will be recovered. Work in progress was valued at the lower of cost and estimated net realisable value.

The recorded costs comprise directly attributable costs incurred during the period on the construction including construction costs, associated legal and professional fees, insurance as well as capitalised interest costs on loans from the shareholders of Full Circle Generation Holding Company Limited.

Following completion of construction the costs were transferred to fixed assets.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**1. Accounting policies (continued)**

**1.7 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Tangible fixed assets are stated at cost less accumulated depreciation less any provision for impairment. Cost includes the original cost of the construction of the waste to energy plant designed and built by the Company, capitalised interest on finance up to the date of Completion Certificate, development costs capitalised and subsequent additions and replacements to the plant. The carrying values of these tangible fixed assets are reviewed by the Directors to determine whether there has been any impairment to their values if events or changes in circumstances indicate that the carrying value of the fixed assets may not be recoverable.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The plant has been split between its significant components and each component depreciated over its expected useful life, which ranges from 2 to 25 years, using the straight line method. The main plant is being depreciated over 25 years from the construction compliance date of November 2019.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

The assets' useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

**1.8 Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found,



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## **FULL CIRCLE GENERATION LTD**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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#### **1. Accounting policies (continued)**

##### **1.8 Financial instruments (continued)**

an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **1.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at cost, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **1.10 Finance costs**

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

##### **1.11 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

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## FULL CIRCLE GENERATION LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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#### 1. Accounting policies (continued)

##### 1.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the UK where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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

**Classification of asset**

The Directors have considered whether or not a service concession exists under FRS 102, and have concluded that it does not for the following reasons:

- The Grantor is not a public sector body or public benefit entity;
- The facility is not under contract with a public sector body or public benefit entity; and
- The arrangement does not contractually oblige the operator to provide services to, or on behalf of, the Grantor for the benefit of the public.

Associated construction costs were treated as Work in Progress during the construction phase, and once construction was complete the balance was transferred to fixed assets.

**Capitalisation of costs**

During the period of construction, all costs incurred as a direct result of financing, designing and constructing the plant, including finance costs, were capitalised. The directors consider this to be appropriate since the risks and rewards of ownership rest with the Company.

**Component accounting and depreciation**

The plant has been split between its significant components and each component depreciated over its expected useful life, which ranges from 2 to 25 years, using the straight line method. The main plant is being depreciated over 25 years from the construction compliance date of November 2019.

**3. Turnover**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Service revenue	<b>4,330</b>	<b>319</b>
Damages and lost income recovery	<b>15,887</b>	<b>7,666</b>
Other income	<b>285</b>	<b>-</b>
	<b>20,502</b>	<b>7,985</b>

All turnover arose within the United Kingdom. 2019 restated amounts refer only to the detailed split between revenue types. This does not effect the previously stated profit or net assets.

# FULL CIRCLE GENERATION LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 4. Operating profit

The operating profit is stated after incurring:

	2020 £000	2019 <i>restated</i> £000
Audit fees	8	10
Non audit fee: tax compliance	3	3
Non audit fees: other tax compliance	2	-
Depreciation	2,785	-
	<u>2,798</u>	<u>-</u>

The Company had no employees during the year (2019 - no employees).

Audit fees relating to the audit of the Parent Company are born by this company.

### 5. Directors' remuneration

	2020 £000	2019 <i>restated</i> £000
Directors' fees	123	107
	<u>123</u>	<u>107</u>

During the year £48,000 (2019 - £Nil) directors fees were recognised in the Statement of Comprehensive Income and £75,000 (2019: £107,000) were capitalised on the Statement of Financial Position.

### 6. Interest receivable

	2020 £000	2019 £000
Bank interest receivable	15	-
	<u>15</u>	<u>-</u>

**FULL CIRCLE GENERATION LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
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**7. Interest payable and similar expenses**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Bank charges	17	17
Interest payable on parent undertaking	5,997	-
Amortisation of shareholders' loan arrangement fees	53	-
	<u>6,067</u>	<u>17</u>

**8. Taxation**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Deferred tax	8,861	-
Over provision in previous periods	(516)	-
Current tax on profits for the year	-	516
	<u>8,345</u>	<u>516</u>
<b>Total tax charge for the year</b>	<u><b>8,345</b></u>	<u><b>516</b></u>

**FULL CIRCLE GENERATION LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
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**8. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	8,510	7,739
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	1,617	1,470
<b>Effects of:</b>		
Fixed asset differences	4,721	-
Expenses not deductible for tax	1,225	-
Losses carried back	41	-
Tax losses (utilised)	-	(954)
Over provision in previous period	(516)	-
Impact of changes in tax rate	132	-
Deferred tax not recognised	1,125	-
<b>Total tax charge for the year</b>	<b>8,345</b>	<b>516</b>

There are no factors affecting future profits outwith the use of brought forward tax losses and capital allowance to reduce the tax charge.

**9. Tangible fixed assets**

	2020 £000	2019 £000
<b>Cost</b>		
At 1 April 2019	-	-
Transfer from work in progress on completion of construction on 6 November 2019	145,300	-
	<b>145,300</b>	-
<b>Depreciation</b>		
Depreciation for the year	(2,785)	-
	<b>(2,785)</b>	-

**FULL CIRCLE GENERATION LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
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**9. Tangible fixed assets (continued)**

**Net book value**

at 31 March 2020	<b>142,515</b>	-
	<b>142,515</b>	-

Tangible fixed asset include capitalised loan note interest of £41,804,000 (2019: £34,333,000). The interest capitalised in the year was £8,180,000 (2019: £12,474,000).

**10. Work in progress**

	<b>2020 £000</b>	<i>2019 restated £000</i>
At 1 April	<b>122,385</b>	107,950
Additions	<b>22,915</b>	14,435
Transfer to fixed asset on completion of construction on November 2019	<b>(145,300)</b>	-
At 31 March	<b>-</b>	122,385

There has been a reallocation of £318,000 from work in progress to creditors in the 2019 comparative. This does not effect the previously stated profit or net assets

**11. Debtors**

	<b>2020 £000</b>	<i>2019 £000</i>
Trade debtors	<b>982</b>	22
Other debtors	<b>941</b>	-
Prepayments and accrued income	<b>1,630</b>	1,279
	<b>3,553</b>	1,301

**12. Cash and cash equivalents**

	<b>2020 £000</b>	<i>2019 £000</i>
Cash at bank and in hand	<b>8,582</b>	6,402
	<b>8,582</b>	6,402

**FULL CIRCLE GENERATION LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
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**13. Creditors: Amounts falling due within one year**

	<b>2020</b>	<i>2019</i>
	<b>£000</b>	<i>restated</i>
		<i>£000</i>
Amounts owed to parent undertaking (shareholders' loan)	<b>5,939</b>	-
Arrangement fees	<b>(127)</b>	-
Trade creditors	<b>770</b>	101
Other amounts owed to parent undertaking	<b>318</b>	318
Corporation tax	-	516
Other taxation and social security	-	97
Accruals and deferred income	<b>2,375</b>	125
	<b>9,275</b>	1,157

There has been a reallocation of £318,000 from work in progress to creditors in the 2019 comparative. This does not effect the previously stated profit or net assets

**14. Creditors: Amounts falling due after more than one year**

	<b>2020</b>	<i>2019</i>
	<b>£000</b>	<i>£000</i>
Amounts owed to parent undertaking (shareholders' loan)	<b>131,020</b>	123,782
Arrangement fees	<b>(2,996)</b>	(3,176)
	<b>128,024</b>	120,606

Amounts owed to parent undertaking comprises wholly of loan notes payable to the parent company, Full Circle Generation Holding Company Limited. Interest is payable on the loan notes at 10.80% per annum.

Arrangement fees are amortised over the expected life of the loans, once draw down is complete. The loans have an expected life of 25 years.



**FULL CIRCLE GENERATION LTD**

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**15. Loans**

	<b>2020</b>	<i>2019</i>
	<b>£000</b>	<i>restated</i>
		<i>£000</i>
<b>Amounts falling due within one year</b>		
Amounts owed to parent undertaking - shareholders loan	<b>5,939</b>	-
<b>Amounts falling due 1-2 years</b>		
Amounts owed to parent undertaking - shareholders loan	<b>10,659</b>	5,939
<b>Amounts falling due 2-5 years</b>		
Amounts owed to parent undertaking - shareholders loan	<b>14,315</b>	24,974
<b>Amounts falling due after more than 5 years</b>		
Amounts owed to parent undertaking - shareholders loan	<b>106,046</b>	92,869
	<b>136,959</b>	123,782

2019 restated numbers cover split loans aging only. This does not effect the previously stated profit or net assets.

**16. Deferred taxation**

Opening provision at 1 April 2019	-
Deferred tax movement in the year	<b>(8,861)</b>
<b>Closing provision at 31 March 2020</b>	<b>(8,861)</b>

The deferred taxation balance is made up as follows:

	<b>2020</b>	<i>2019</i>
	<b>£000</b>	<i>£000</i>
Temporary timing difference in respect of revenue	<b>(8,861)</b>	-
<b>Deferred tax provision</b>	<b>(8,861)</b>	-

The temporary timing difference in respect of the difference between the turnover recognised in the financial statements and the turnover recognised in the tax computation.

# FULL CIRCLE GENERATION LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 17. Reserves

#### Profit and loss account

The profit and loss reserve includes all current and prior period retained profit and losses.

### 18. Share capital

	2020 £000	2019 £000
<b>Allotted, called up and fully paid</b>		
1,270,363 (2019 - 1,270,363) Ordinary shares of £1.00 each	1,270	1,270
All issued shares rank pari passu with each other and have equal rights to dividends.		

### 19. Capital commitments

At 31 March 2020 the Company had capital commitments as follows:

	2020 £000	2019 <i>restated</i> £000
Contracted for but not provided in these financial statements	-	13,048
	-	13,048

### 20. Related party transactions

The Company's immediate parent entity is Full Circle Generation Holding Company Limited. The following entities are considered to be related parties under the definition of FRS 102 - Related party disclosures:

- UK Green Investment FCG Limited (Shareholder)
- Equitix Concessions 3 Ltd (Shareholder)
- River Ridge Energy Ltd (Shareholder)
- P3P NI LP (Shareholder)
- Equitix Capital Eurobond 4 Limited (virtue of indirect shareholding in the Company)
- Equitix Capital Eurobond 3 (virtue of indirect shareholding in the Company)
- P3P Partners LLP (virtue of indirect shareholding in the Company)
- River Ridge Holdings Limited (virtue of indirect shareholding in the Company)
- Pioneer Fuels Limited (as controlled by entities who are indirect shareholders in Full Circle Holdings Company Limited)
- River Ridge Recycling (Portdown) Limited (as controlled by entities who are indirect shareholders in Full Circle Holdings Company Limited)
- Equitix Management Services (as controlled by entities who are indirect shareholders in Full Circle Holdings Company Limited)

# FULL CIRCLE GENERATION LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 20. Related party transactions (continued)

The extent of transactions with these parties during the year consisted of director fees and shareholders loan interest payments and are summarised below:

	2020 £000	Restated 2019 £000
Director fees to Equitix Capital Eurobond 4 Limited	75	17
Director fees to Equitix Capital Eurobond 3 Limited	16	30
Director fees to P3P Partners LLP	16	30
Director fees to River Ridge Holdings Limited	16	30
	-	-
Full Circle Generation Holding Company Limited	14,177	12,474
	<u>14,300</u>	<u>12,581</u>

During the year £48,000 (2019: £Nil) directors fees were recognised in the Statement of Comprehensive Income and £75,000 (2019: £107,000) were capitalised on the Statement of Financial Position. The restated directors' fees for the year 31 March 2019 include the amounts recognised in the Statement of Comprehensive Income and Statement of Financial Position.

During the year £5,997,000 (2019: £Nil) shareholders' loan interest costs were recognised in the Statement of Comprehensive Income and £8,180,000 (2019: £12,474,000) were capitalised on the Statement of Financial Position.

Equitix Management Services Limited invoiced £407,000 (2019: £506,000) in respect of management service provider fees during the year. At the end of the year £40,000 (2019: £43,000) was outstanding.

£2,500,000 (2019: £317,000) in respect of gate fees have been invoiced to Pioneer Fuels Limited during the year. At the end of the year £Nil (2019: £57,000) was outstanding. At the end of the year £436,000 (2019: £Nil) was included within accruals in respect of amounts due to Pioneer Fuels Limited.

River Ridge Recycling (Portdown) Limited invoiced £634,000 (2019: £Nil) in respect of service provider fees. At the end of the year £308,000 (2019: £Nil) was outstanding.

During the year a creditor of £318,000 has been recognised in the Statement of Financial Position for the sweat equity amount, owed to parent undertaking.

The following amounts are recorded in the Statement of Financial Position relating to the balance of the shareholders loans, including capitalised interest:

	2020 £000	2019 £000
Full Circle Generation Holding Company Limited	136,959	123,782
	<u>136,959</u>	<u>123,782</u>

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**FULL CIRCLE GENERATION LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**21. Controlling party**

The Company's parent company is Full Circle Generation Holding Company Limited. The smallest and largest group into which results of the Company are consolidated is Full Circle Generation Holding Company Limited, a company registered in England and Wales (under registered number NI 09828278 and with the registered address at 3rd Floor, South Building, 200 Aldersgate Street, London, England, EC1A 4HD).

In the opinion of the directors, at 31 March 2020, the ultimate parent company and ultimate controlling party is Full Circle Generation Holding Company Limited.