

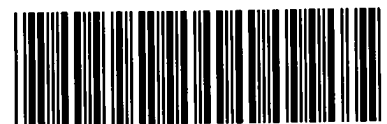
Registered number: NI624790

**FULL CIRCLE GENERATION LTD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

TUESDAY



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JNI

29/03/2022

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**FULL CIRCLE GENERATION LTD**

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**COMPANY INFORMATION**

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**Directors**

B V Ross  
J P Harris  
N J Wakefield  
P J Ireland  
O Omoniwa

**Registered number**

NI624790

**Registered office**

7 Irwin Way  
Airport Road West  
Belfast  
Northern Ireland  
BT3 9ED

**Independent auditor**

Azets Audit Services  
Chartered Accountants  
Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

**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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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021**

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#### **Principal activity and business review**

The principal activity of the Company during the year was the operation of an Energy from Waste plant in Northern Ireland. The completion of plant construction was achieved in November 2019 with operational takeover established in March 2020.

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

During the year the generated electricity was less than the original forecast as the plant was subject to a number of planned outages required to comply with regulations and unplanned outages caused by several defects requiring significant repairs to be undertaken.

The Directors have reviewed the activities of the entity for the period and the position as of 31 March 2021. While not in line with original expectations, it is anticipated that, following planned improvement works to be undertaken in the first part of the coming financial year, the general level of operational activity is expected to improve in the second part of the financial year. Post year end, the shareholders have made available a loan facility of £14,000,000 that provides sufficient cash flow to allow the Company to continue to trade, as demonstrated in the cashflow projections that have been prepared.

#### **Principal risks and uncertainties**

The Company's revenue is based on long-term fixed price contracts, subject to the quantity of RDF received and the level of electricity produced plus adjustments for retail price index increases. Therefore, profit margins are susceptible to RDF and electricity levels as well as fluctuations in inflation. In order to manage this risk, the Company has ensured that costs are fixed wherever possible (subject to indexation) and contractual mechanisms are in place for various pass-through costs.

Regular reviews take place and are reported to the Board to ensure the plant is managed and performs appropriately and that any issues are identified promptly and addressed.

The Construction and Operation of the Plant were subcontracted out since financial close with significant risks being passed down to the key subcontractor (within limits set out as liability caps). However contractual default by these subcontractors or losses breaching the liability caps have transferred the risks back to the Company.

Interest accrued on shareholder loans is fixed as per the contractual arrangements in place and as such the Directors take the view that any risk associated with interest rate fluctuations is minimal.

The Company's principal financial asset is cash, which represents the Company's maximum exposure to credit risk in relation to financial assets. This is managed using cash flow forecasts and financial models to understand expected cash flows throughout the life of the project.

The Company's liquidity risk is managed by periodic assessment and close monitoring of the plant performance and funding requirements and use of fixed rate borrowings where risks cannot be addressed by means of contractual provisions.

#### **Future Developments**

Following in depth analysis of the EPC Contractor's performance during the year, the Company took the decision to terminate both the EPC Contractor and the Operation and Maintenance agreements in early July 2021. Thereafter the Company has adopted a self-delivery route by transferring existing staff under a TUPE transfer arrangement and engaging in new direct agreements with the existing subcontractors and suppliers.

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**FULL CIRCLE GENERATION LTD**

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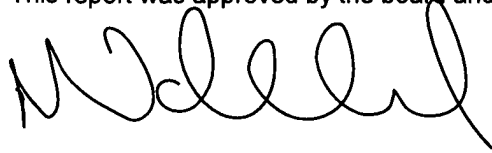
**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

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**Financial key performance indicators**

The Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the performance or position of the Company.

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



.....  
**N J Wakefield**  
Director

Date: 29 October 2021

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## FULL CIRCLE GENERATION LTD

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

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The Directors present their report and the financial statements for the year ended 31 March 2021.

#### Results and dividends

The (loss)/profit for the year, after taxation, amounted to (£20,243,000) (2020 - £165,000).

Other comprehensive income for the year amounted to £Nil (2020 - £Nil).

Total comprehensive income for the year amounted to (£20,243,000) (2020 - £165,000).

#### Directors

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

B V Ross  
J P Harris  
N J Wakefield  
P J Ireland (appointed 25 August 2020)  
O Omoniwa (appointed 18 February 2021)  
P B O'Flaherty (resigned 25 August 2020)  
A K Harmer (resigned 18 February 2021)

#### 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 Shareholders funds at 31 March 2021 are (£11,753,000) (2020 - £8,490,000). The Directors have reviewed the year end position and forecasts, incorporating the extra loan facility of £14,000,000 made available by its shareholders, and believe that the financial position will improve in the future once the plant comes back on line in the latter part of 2021/22 and thereafter. Therefore, they consider that it is appropriate to prepare these financial statements on a going concern basis.

The Directors have considered the impact of Brexit and any long term impact of the Covid-19 pandemic. 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 or any long term impact of the Covid-19 pandemic.

#### Financial instruments

Due to the nature of the Company's business, the main financial risks the Directors consider relevant to this Company are cash flow and liquidity risk. The cash flow risk is mitigated by continuously reviewing cash flow forecasts and financial models.

The Company's liquidity risk is principally managed through financing the Company by means of long term borrowings which have a fixed interest rate.

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## FULL CIRCLE GENERATION LTD

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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#### 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.

#### Post balance sheet events

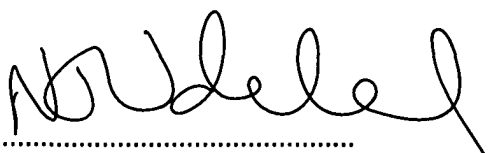
Following in depth analysis of the EPC Contractor's performance during the year, the Company took the decision to terminate both the EPC Contractor and the Operation and Maintenance agreements in early July 2021. Thereafter the Company has adopted a self-delivery route by transferring existing staff under a TUPE transfer arrangement and engaging in new direct agreements with the existing subcontractors and suppliers.

Since July 2021 and up to the date of signing these accounts, the Company has been addressing identified defects and necessary improvements as well as undertaking annual statutory maintenance works and is targeting to restart the 3 streams of the gasification plant during quarter 3 of 2021. To allow for these required works and support the full restart of the plant, an additional loan facility of £14,000,000 has been made available to the Company by its shareholders (or their related companies). Works progress and cash flow position are to be continuously monitored to understand facility drawdown requirements.

#### Auditor

The Auditor, Azets Audit Services, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



.....  
**N J Wakefield**  
Director

Date: 29 October 2021

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## **FULL CIRCLE GENERATION LTD**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2021**

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The Directors are responsible for preparing the Strategic report, 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). 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 2021, 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 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 2021 and of its loss 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**

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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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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#### **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.

#### **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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters 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 Strategic report or 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.

#### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement set out on page 5, 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 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 is available on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

#### ***The 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 and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the Company, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with Directors and other management, and from our commercial knowledge and experience;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC.

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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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#### **The extent to which the audit was considered capable of detecting irregularities including fraud (continued)**

We assessed the susceptibility of the Company financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### **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, as a body, 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**  
Chartered Accountants  
Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

29 October 2021

**FULL CIRCLE GENERATION LTD**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £000	2020 <i>Restated</i> £000
Turnover	3	12,129	20,502
Cost of sales		(14,822)	(5,295)
<b>Gross (loss)/profit</b>		<b>(2,693)</b>	<b>15,207</b>
Administrative expenses		(3,620)	(645)
<b>Operating (loss)/profit</b>	4	<b>(6,313)</b>	<b>14,562</b>
Interest receivable and similar income	6	2	15
Interest payable and similar expenses	7	(15,447)	(6,067)
<b>(Loss)/profit before tax</b>		<b>(21,758)</b>	<b>8,510</b>
Tax credit/(charge) on (loss)/profit	8	1,515	(8,345)
<b>(Loss)/profit for the financial year</b>		<b>(20,243)</b>	<b>165</b>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<b>(20,243)</b>	<b>165</b>

The notes on pages 13 to 27 form part of these financial statements.

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

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Tangible assets		135,842	142,515
		<u>135,842</u>	<u>142,515</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	8,162	3,553
Cash at bank and in hand	13	4,555	8,582
		<u>12,717</u>	<u>12,135</u>
Creditors: amounts falling due within one year	14	(17,036)	(9,275)
<b>Net current (liabilities)/assets</b>		<u>(4,319)</u>	<u>2,860</u>
<b>Total assets less current liabilities</b>		<u>131,523</u>	<u>145,375</u>
Creditors: amounts falling due after more than one year	15	(135,930)	(128,024)
<b>Provisions for liabilities</b>			
Deferred tax	17	(7,346)	(8,861)
		<u>(7,346)</u>	<u>(8,861)</u>
<b>Net (liabilities)/assets</b>		<u>(11,753)</u>	<u>8,490</u>
<b>Capital and reserves</b>			
Called up share capital	19	1,270	1,270
Profit and loss account	18	(13,023)	7,220
		<u>(11,753)</u>	<u>8,490</u>

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



.....  
**N J Wakefield**  
 Director

Date: 29 October 2021

The notes on page 13 to 27 form part of these financial statements.

**FULL CIRCLE GENERATION LTD**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2020	1,270	7,220	8,490
<b>Comprehensive income for the year</b>			
Loss for the year	-	(20,243)	(20,243)
<b>Total comprehensive income for the year</b>	-	(20,243)	(20,243)
<b>At 31 March 2021</b>	<b>1,270</b>	<b>(13,023)</b>	<b>(11,753)</b>

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

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£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>	<b>1,270</b>	<b>7,220</b>	<b>8,490</b>

The notes on pages 13 to 27 form part of these financial statements.

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## FULL CIRCLE GENERATION LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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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 Shareholders funds at 31 March 2021 are (£11,753,000) (2020 - £8,490,000). During the year the electricity generated by the plant was less than the original forecast as the plant was subject to a number of planned outages required to comply with regulations and unplanned outages caused by several defects requiring significant repairs to be undertaken. While this was not in line with original expectations, it is anticipated that, following planned improvement works to be undertaken in the first part of the coming financial year, the general level of operational activity is expected to improve in the second part of the financial year. To allow for these required improvements and statutory maintenance works to support the full restart of the plant, an additional loan facility of £14,000,000 has been made available to the Company by its shareholders (or their related companies) post year end.

The Directors have considered the impact of Brexit and any long term impact of the Covid-19 pandemic. 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 or any long term impact of the Covid-19 pandemic.

The Directors have reviewed the year end position and forecasts, as well as the additional loan facility made available by its shareholders, and believe that the financial position is to improve in the future. Therefore, they consider that it is appropriate to prepare these financial statements on a going concern basis.

##### 1.3 Revenue

Revenue earned during the year includes operational services related revenue derived from RDF delivered-gate fee income, electricity exported, ROC income, as well as other types of revenues using various contractual recharge mechanisms.

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



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## FULL CIRCLE GENERATION LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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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.

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## FULL CIRCLE GENERATION LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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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 recorded costs comprise directly attributable costs incurred during the period of 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.

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.

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## FULL CIRCLE GENERATION LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 1. Accounting policies (continued)

##### 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, 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.

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## FULL CIRCLE GENERATION LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 1. Accounting policies (continued)

##### 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 profit or loss 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.

##### 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 countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the 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.

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## FULL CIRCLE GENERATION LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 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

	2021 £000	2020 £000
Service Revenue	9,017	4,330
Damages and lost income recovery	-	15,887
Other Income	3,112	285
	<u>12,129</u>	<u>20,502</u>

All turnover arose within the United Kingdom.

# FULL CIRCLE GENERATION LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 4. Operating (loss)/profit

The operating profit is stated after incurring:

	2021 £000	2020 £000
Audit Fees	8	8
Non audit fee: tax compliance	4	3
Non audit fees: other tax compliance	-	2
Depreciation	<u>6,767</u>	<u>2,785</u>

The Company had no employees during the year (2020 - no employees).

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

### 5. Directors' remuneration

	2021 £000	2020 £000
Directors' fees	111	123

During the year £111,000 (2020 - £48,000) directors fees were recognised in the Statement of Comprehensive Income and £Nil (2020: £75,000) were capitalised on the Statement of Financial Position.

### 6. Interest receivable

	2021 £000	2020 £000
Bank interest receivable	-	15
Other interest receivable	<u>2</u>	<u>-</u>
	<u>2</u>	<u>15</u>

### 7. Interest payable and similar expenses

	2021 £000	2020 £000
Bank charges	18	17
Interest payable on parent undertaking	15,302	5,997
Amortisation of shareholders' loan arrangement fees	<u>127</u>	<u>53</u>
	<u>15,447</u>	<u>6,067</u>

**FULL CIRCLE GENERATION LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**8. Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Adjustments in respect of previous periods	-	(516)
<b>Total current tax</b>	<u>-</u>	<u>(516)</u>
<b>Deferred tax</b>		
Deferred tax in the year	(1,515)	8,861
<b>Total deferred tax</b>	<u>(1,515)</u>	<u>8,861</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(1,515)</u>	<u>8,345</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
(Loss)/profit on ordinary activities before tax	(21,758)	8,510
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(4,134)	1,617
<b>Effects of:</b>		
Expenses not deductible for tax purposes	2,022	1,219
Fixed asset differences	92	38
Adjustments to tax charge in respect of prior periods	-	(516)
Re-measurement of deferred tax for changes in tax rates	-	574
Other differences	(35)	4,913
Group relief	540	500
<b>Total tax (credit)/charge for the year</b>	<u>(1,515)</u>	<u>8,345</u>

**Factors that may affect future tax charges**

The Chancellor announced in the Budget on 3 March 2021, that there would be an increase in the top rate of corporation tax to 25% for companies generated taxable profits of more than £250,000. A corporation tax rate of 19% will apply to companies generating taxable profits of less than £50,000. A marginal rate will be applied for profits between these taxable profit bandings. This change becomes effective from 1 April 2023.

**FULL CIRCLE GENERATION LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**9. Tangible fixed assets**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Cost</b>		
At 1 April 2020	<b>145,300</b>	-
Additions	<b>94</b>	-
Transfer from work in progress on completion of construction on 6 November 2019	-	<b>145,300</b>
<b>At 31 March 2021</b>	<b>145,394</b>	<b>145,300</b>
<b>Depreciation</b>		
At 1 April 2020	<b>(2,785)</b>	-
Depreciation for the year	<b>(6,767)</b>	<b>(2,785)</b>
<b>At 31 March 2021</b>	<b>(9,552)</b>	<b>(2,785)</b>
<b>Net book value</b>		
<b>At 31 March 2021</b>	<b>135,842</b>	<b>142,515</b>

Tangible fixed assets include capitalised loan note interest of £40,104,000 (2020: £41,804,000). The interest capitalised in the year was £Nil (2020: £8,180,000).

**10. Contingent Asset**

The Company will be looking to recover costs and damages for losses incurred by the Company due to the subcontractor not meeting the performance requirements under the contracts which, post year end, led the Company to take the decision to terminate the EPC Contractor and Operation and Maintenance Contracts in July 2021. At the Statement of Financial Position date, it is not certain as to the value of any monies that will be recovered by the Company and as such no amount has been accrued at the year end and instead this has been disclosed as a contingent asset.

**11. Work in progress**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
At 1 April 2020	-	<b>122,385</b>
Additions	-	<b>22,915</b>
Transfer to fixed asset on completion of construction on November 2019	-	<b>(145,300)</b>
<b>At 31 March 2021</b>	<b>-</b>	<b>-</b>



**FULL CIRCLE GENERATION LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**12. Debtors**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	2,120	982
Other debtors	537	941
Prepayments and accrued income	5,505	1,630
	<u>8,162</u>	<u>3,553</u>

**13. Cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	4,555	8,582
	<u>4,555</u>	<u>8,582</u>

**14. Creditors: Amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to parent undertaking (shareholders' loan)	10,562	5,939
Trade creditors	3,971	770
Arrangement Fees	(127)	(127)
Other amounts owed to parent undertaking	318	318
Accruals and deferred income	2,312	2,375
	<u>17,036</u>	<u>9,275</u>

**FULL CIRCLE GENERATION LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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

	<b>2021 £000</b>	<b>2020 £000</b>
Amounts owed to parent undertaking (shareholders' loan)	<b>138,799</b>	<b>131,020</b>
Arrangement Fees	<b>(2,869)</b>	<b>(2,996)</b>
	<b>135,930</b>	<b>128,024</b>

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.

**16. Loans**

	<b>2021 £000</b>	<b>2020 £000</b>
<b>Amounts falling due within one year</b>		
Amounts owed to parent undertaking - shareholders loan	<b>10,562</b>	<b>5,939</b>
<b>Amounts falling due 1-2 years</b>		
Amounts owed to parent undertaking - shareholders loan	<b>10,087</b>	<b>10,659</b>
<b>Amounts falling due 2-5 years</b>		
Amounts owed to parent undertaking - shareholders loan	<b>22,666</b>	<b>14,315</b>
<b>Amounts falling due after more than 5 years</b>		
Amounts owed to parent undertaking - shareholders loan	<b>106,046</b>	<b>106,046</b>
	<b>149,361</b>	<b>136,959</b>

The sub debt is contractually due to the shareholders as disclosed. However due to the financial position of the Company, the shareholders have agreed to delay repayment of the sub debt until the Company is in a position to resume repayments and after any drawdown of the £14m additional loan facility has been repaid.

# FULL CIRCLE GENERATION LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 17. Deferred taxation

	2021 £000	2020 £000
At beginning of year	(8,861)	-
Credit/(charged) to profit or loss	1,515	(8,861)
<b>At end of year</b>	<b>(7,346)</b>	<b>(8,861)</b>

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	(13,442)	(12,605)
Tax losses carried forward	6,096	3,744
	<b>(7,346)</b>	<b>(8,861)</b>

### 18. Reserves

#### Profit and loss account

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

### 19. Share capital

	2021 £000	2020 £000
<b>Allotted, called up and fully paid</b>		
1,270,363 (2020 - 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.

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## FULL CIRCLE GENERATION LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 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)

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

	2021 £000	2020 £000
Director fees to Equitix Capital Eurobond 4 Limited	45	75
Director fees to Equitix Capital Eurobond 3 Limited	22	16
Director fees to P3P Partners LLP	22	16
Director fees to River Ridge Holdings Limited	22	16
Full Circle Generation Holding Company Limited	15,302	14,177

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## FULL CIRCLE GENERATION LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 20. Related party transactions (continued)

During the year £111,000 (2020: £48,000) directors fees were recognised in the Statement of Comprehensive Income and £Nil (2020: £75,000) were capitalised on the Statement of Financial Position.

During the year £15,302,000 (2020: £5,997,000) shareholders' loan interest costs were recognised in the Statement of Comprehensive Income and £Nil (2020: £8,180,000) was capitalised on the Statement of Financial Position.

Equitix Management Services Limited invoiced £332,000 (2020: £407,000) in respect of management service provider fees during the year. At the end of the year £31,000 (2020: £40,000) was outstanding.

£5,465,000 (2020: £2,500,000) in respect of gate fees and Biomass LDs have been invoiced to Pioneer Fuels Limited during the year. At the end of the year £762,000 (2020: £Nil) was outstanding. At the end of the year £740,000 (2020: £436,000) was included within accruals in respect of amounts due from Pioneer Fuels Limited.

River Ridge Recycling (Portdown) Limited invoiced £3,204,000 (2020: £634,000) in respect of service provider fees. At the end of the year £1,055,000 (2020: £308,000) was outstanding. At the end of the year £635,000 (2020: £Nil) was included within accruals in respect of amounts due to River Ridge Recycling (Portdown) Limited.

By way of settlement for amounts payable to and receivable from Full Circle Generation Ltd, RiverRidge Recycling (Portadown) Ltd and Pioneer Fuels Ltd, are using contra agreements within the group (Pioneer Fuels Ltd is a fully owned subsidiary within the RiverRidge group).

A creditor of £318,000 is recognised in the Statement of Financial Position for the sweat equity amount, owed to the parent undertaking.

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

	2021 £000	2020 £000
Full Circle Generation Holding Company Limited	(149,361)	(136,959)
	<u>(149,361)</u>	<u>(136,959)</u>

#### 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 2021, the ultimate parent company and ultimate controlling party is Full Circle Generation Holding Company Limited.

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## FULL CIRCLE GENERATION LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 22. Prior year adjustment

In the prior year, £405k of ash disposal costs were included as administrative expenses when they should have been classified as cost of sales. These have been reallocated in the comparative Statement of Comprehensive Income. This does not impact the previously stated profit or net assets.

#### 23. Post balance sheet events

Following in depth analysis of the EPC Contractor's performance during the year, the Company took the decision to terminate both the EPC Contractor and the Operation and Maintenance agreements in early July 2021. Thereafter the Company has adopted a self-delivery route by transferring existing staff under a TUPE transfer arrangement and engaging in new direct agreements with the existing subcontractors and suppliers.

Since July 2021 and up to the date of signing these accounts, the Company has been addressing identified defects and necessary improvements as well as undertaking annual statutory maintenance works and is targeting to restart the 3 streams of the gasification plant during quarter 3 of 2021. To allow for these required works and support the full restart of the plant, an additional loan facility of £14,000,000 has been made available to the Company by its shareholders (or their related companies). Works progress and cash flow position are to be continuously monitored to understand facility drawdown requirements.