

Company registration number NI624790 (Northern Ireland)

**FULL CIRCLE GENERATION LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

COMPANIES HOUSE

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COMPANIES HOUSE



# FULL CIRCLE GENERATION LTD

## COMPANY INFORMATION

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<b>Directors</b>	Julian Harris Brett Ross Javier Nicolas Alexander Price	(Appointed 14 June 2023) (Appointed 12 September 2023)
<b>Company number</b>	NI624790	
<b>Registered office</b>	7 Irwin Way Airport Road West Belfast Northern Ireland BT3 9ED	
<b>Auditor</b>	Azets Audit Services Titanium 1 King's Inch Place Renfrew PA4 8WF	
<b>Business address</b>	7 Irwin Way Airport Road West Belfast Northern Ireland BT3 9ED	

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# **FULL CIRCLE GENERATION LTD**

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# **FULL CIRCLE GENERATION LTD**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2023**

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#### **Review of the business**

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.

Following in depth analysis of the EPC Contractor's performance, 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.

During the year, several rectification and outage related works were required to either address identified significant defects or to comply with regulations. Rectification works have also been undertaken in the period and are expected to trigger further increased plant availability forward, following on from rectification works undertaken in the prior year, which is expected to add further improvements in financial performance. Overall revenue has grown by cca. £2m in the year, with operational revenue increasing during the year compared with the previous 12 months by cca. £11m, primarily driven by increased plant availability and rectification works carried out to improve electrical generation efficiencies.

Due to a combination of increased operational and maintenance costs (via the self-delivery route) as well as increased legal fees and shareholders' accrued loan interest, combined with increased revenues in the year, the overall yearly loss position is relatively the same when compared against the prior year. Year-end cash flow position remains consistent and will continue to be monitored.

The additional shareholder loan facilities made available to provide sufficient cash flow for the Company have been fully drawn down post year end. The Company will be able to continue to trade for the next 12 months as demonstrated in the cashflow projections that have been prepared to 31 December 2024.

#### **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 the original EPC and Operation and Maintenance subcontractor for losses breaching the liability caps have transferred the risks back to the Company. Following the adoption of the self-delivery route in the prior year, the Company has continued to build relationships with key subcontractors over the last year.

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 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 mean of contractual provisions.

## **FULL CIRCLE GENERATION LTD**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

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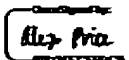
#### **Key performance indicators**

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.

#### **Future Developments**

Rectification works undertaken in the period as well as further works undertaken in the second quarter and respectively fourth quarter of 2023, as part of the 2023 regulatory outage works, have resulted in positive revenue trends in the months following period end. Similarly two planned outages are to take place during 2024, including additional rectification works to further optimise the plant performance.

On behalf of the board



.....  
Alexander Price

Director

14-Dec-2023 | 3:12 AM PST

Date: .....

# **FULL CIRCLE GENERATION LTD**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2023**

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The directors present their annual report and financial statements for the year ended 31 March 2023.

#### **Results and dividends**

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Directors**

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

Julian Harris	
Nathan Wakefield	(Resigned 12 September 2023)
Brett Ross	
Paul Ireland	(Resigned 14 June 2023)
Javier Nicolas	(Appointed 14 June 2023)
Alexander Price	(Appointed 12 September 2023)

#### **Financial instruments**

Due to the nature of the Company's business, the only financial risks the Directors consider relevant to this Company are cashflow and liquidity risk. The cash flow risks are 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 which have a fixed interest rate.

#### **Auditor**

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **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 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 auditor is aware of that information.

#### **Director's 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 Director's and officer's liability insurance cover is in place in respect of all Directors and officers of the Company.

#### **Going Concern**

The Shareholders funds at 31 March 2023 are (£66,389,000) (2022 - (£38,791,000)). The Directors have reviewed the year end position and forecasts to 31 December 2024 and believe that the financial position will improve in the future once the full program of further planned rectification works are finalised. Furthermore, following the decision to terminate the EPC and Operation and Maintenance Contracts in July 2021 the Company is looking to recover costs and damages for losses incurred by the Company due to the subcontractor not meeting the performance requirements under the contracts. The Company expects that this pursuit will lead to an award in the arbitrations in favour of the Company. Therefore, they consider that it is appropriate to prepare these financial statements on a going concern basis.

**FULL CIRCLE GENERATION LTD**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2023**

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On behalf of the board

DocuSigned by:  


.....  
Alexander Price  
**Director**

14-Dec-2023 | 3:12 AM PST

Date: .....

## **FULL CIRCLE GENERATION LTD**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

#### ***FOR THE YEAR ENDED 31 MARCH 2023***

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.



# **FULL CIRCLE GENERATION LTD**

## **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 2023 which comprise the profit and loss account, the balance sheet, 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 2023 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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.

#### **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 our audit:

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

## **FULL CIRCLE GENERATION LTD**

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

#### **TO THE MEMBERS OF FULL CIRCLE GENERATION LTD**

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

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, 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.

##### **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 is available on the Financial Reporting Council's website at: <https://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 Company 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.

## **FULL CIRCLE GENERATION LTD**

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

#### **TO THE MEMBERS OF FULL CIRCLE GENERATION LTD**

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Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including 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 of the construction sector;
- 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 and taxation, 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 any correspondence with HMRC and the Company's legal advisors.

We assessed the susceptibility of the Company's 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.

## **FULL CIRCLE GENERATION LTD**

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

### **TO THE MEMBERS OF FULL CIRCLE GENERATION LTD**

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*Azets Audit Services*

**James McBride**  
**Senior Statutory Auditor**  
**For and on behalf of Azets Audit Services**

Date: 14 December 2023  
Date: .....

**Chartered Accountants**  
**Statutory Auditor**

**Titanium 1**  
**King's Inch Place**  
**Renfrew**  
**PA4 8WF**

**FULL CIRCLE GENERATION LTD**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £000	2022 £000
Turnover	3	17,467	15,110
Cost of sales		(19,290)	(19,435)
<b>Gross loss</b>		<b>(1,823)</b>	<b>(4,325)</b>
Administrative expenses		(5,468)	(5,721)
<b>Operating loss</b>	4	<b>(7,291)</b>	<b>(10,046)</b>
Interest receivable and similar income		3	2
Interest payable and similar expenses	6	(21,351)	(17,720)
<b>Loss before taxation</b>		<b>(28,639)</b>	<b>(27,764)</b>
Tax on loss	7	2,311	726
<b>Loss for the financial year</b>		<b>(26,328)</b>	<b>(27,038)</b>

The notes on pages 13 to 23 form part of these financial statements.

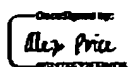
**FULL CIRCLE GENERATION LTD****BALANCE SHEET****AS AT 31 MARCH 2023**

		<b>2023</b>		<b>2022</b>	
	<b>Notes</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Tangible assets	<b>8</b>		126,327		130,968
<b>Current assets</b>					
Stocks	<b>10</b>	168		28	
Debtors	<b>11</b>	17,288		12,821	
Cash at bank and in hand		3,087		3,793	
		<u>20,543</u>		<u>16,642</u>	
<b>Creditors: amounts falling due within one year</b>	<b>12</b>	<u>(6,124)</u>		<u>(16,209)</u>	
<b>Net current assets</b>			<u>14,419</u>		<u>433</u>
<b>Total assets less current liabilities</b>			<u>140,746</u>		<u>131,401</u>
<b>Creditors: amounts falling due after more than one year</b>	<b>13</b>		(201,555)		(163,572)
<b>Provisions for liabilities</b>					
Deferred tax liability	<b>14</b>	<u>4,310</u>	<u>(4,310)</u>	<u>6,620</u>	<u>(6,620)</u>
<b>Net liabilities</b>			<u>(65,119)</u>		<u>(38,791)</u>
<b>Capital and reserves</b>					
Called up share capital	<b>15</b>		1,270		1,270
Profit and loss reserves			<u>(66,389)</u>		<u>(40,061)</u>
<b>Total equity</b>			<u>(65,119)</u>		<u>(38,791)</u>

The notes on pages 13 to 23 form part of these financial statements.

14-Dec-2023 | 3:12 AM PST

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

DocuSigned by:  
  
 2023.12.14 12:07 PM GMT+0

.....  
 Alexander Price  
 Director

Company Registration No. NI624790

**FULL CIRCLE GENERATION LTD****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023**

	<b>Share capital</b>	<b>Profit and loss reserves</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April 2021</b>	1,270	(13,023)	(11,753)
<b>Year ended 31 March 2022:</b>			
Loss and total comprehensive income for the year	-	(27,038)	(27,038)
<b>Balance at 31 March 2022</b>	1,270	(40,061)	(38,791)
<b>Year ended 31 March 2023:</b>			
Loss and total comprehensive income for the year	-	(26,328)	(26,328)
<b>Balance at 31 March 2023</b>	<u>1,270</u>	<u>(66,389)</u>	<u>(65,119)</u>

The notes on pages 13 to 23 form part of these financial statements.

# **FULL CIRCLE GENERATION LTD**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

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### **1 Accounting policies**

#### **Company information**

Full Circle Generation Ltd is a private company limited by shares incorporated in Northern Ireland. The registered office is 7 Irwin Way, Airport Road West, Belfast, Northern Ireland, BT3 9ED.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

The Shareholders funds at 31 March 2023 are (£66,389,000) (2022 - (£38,791,000)). The Directors have reviewed the year end position and forecasts to 31 December 2024 and believe that the financial position will improve in the future once the full program of further planned rectification works are finalised. Furthermore, following the decision to terminate the EPC and Operation and Maintenance Contracts in July 2021 the Company is looking to recover costs and damages for losses incurred by the Company due to the subcontractor not meeting the performance requirements under the contracts. The Company expects that this pursuit will lead to an award in the arbitrations in favour of the Company. Therefore, they consider that it is appropriate to prepare these financial statements on a going concern basis.

#### **1.3 Turnover**

Revenue earned during the year includes operational services related revenue derived from RDF delivered gate fee income, electricity exported, ROC income and REGO income.

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



# **FULL CIRCLE GENERATION LTD**

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

### **FOR THE YEAR ENDED 31 MARCH 2023**

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#### **1 Accounting policies**

**(Continued)**

##### **1.4 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 refuse-derived fuel (RDF) gasification 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.

Assets currently under construction at the year end date are recognised as Work in Progress in the current year. The assets have been valued at cost.

##### **1.5 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

# FULL CIRCLE GENERATION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

#### 1.6 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 Balance Sheet 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.

#### *Other financial assets*

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### *Impairment of financial assets*

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

# FULL CIRCLE GENERATION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 1 Accounting policies

(Continued)

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

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.7 Taxation

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

##### ***Current tax***

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

##### ***Deferred tax***

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

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

#### 1.8 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# FULL CIRCLE GENERATION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 2 Judgements 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.

#### 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 including subsequent additions and replacements to the plant are being depreciated over 25 years from the construction compliance date of November 2019.

### 3 Turnover and other revenue

	2023 £000	2022 £000
<b>Turnover analysed by class of business</b>		
Service Revenue	17,467	6,648
Other Income	-	8,462
	<u>17,467</u>	<u>15,110</u>
	2023 £000	2022 £000
<b>Other revenue</b>		
Interest income	3	2
	<u>3</u>	<u>2</u>

### 4 Operating loss

	2023 £000	2022 £000
Operating loss for the year is stated after charging:		
Exchange losses	12	-
Fees payable to the company's auditor for the audit of the company's financial statements	17	20
Depreciation of owned tangible fixed assets	6,763	6,866
(Profit)/loss on disposal of tangible fixed assets	-	90
	<u>6,792</u>	<u>7,076</u>

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

**FULL CIRCLE GENERATION LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2023****5 Employees**

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

<b>2023</b>	<b>2022</b>
<b>Number</b>	<b>Number</b>
38	33
<u>38</u>	<u>33</u>

Their aggregate remuneration comprised:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	1,944	1,318
Social security costs	213	135
Pension costs	73	48
	<u>2,230</u>	<u>1,501</u>

The above wages and salaries amounts includes Director fees of £108,000 (2022: £106,000)

**6 Interest payable and similar expenses**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Bank Charges	23	25
Interest payable to group undertakings	21,201	17,568
Amortisation of shareholders' loan arrangement fees	127	127
	<u>21,351</u>	<u>17,720</u>

**7 Taxation**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Deferred tax		
Deferred tax credit	(2,311)	(726)
	<u>(2,311)</u>	<u>(726)</u>

**FULL CIRCLE GENERATION LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023****7 Taxation****(Continued)**

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Loss before taxation	(28,639)	(27,764)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	(5,441)	(5,275)
Tax effect of expenses that are not deductible in determining taxable profit	3,018	2,365
Effect of change in deferred tax rate	(562)	1,588
Group relief	667	621
Fixed Asset Differences	7	(25)
Taxation credit for the year	(2,311)	(726)

**Factors that may affect future tax charges**

The Chancellor confirmed in the Budget on 15 March 2023, 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.

**8 Tangible fixed assets**

	<b>RDF Gasification plant £000</b>	<b>Assets under construction £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 April 2022	147,047	-	147,047
Additions	1,797	325	2,122
At 31 March 2023	148,844	325	149,169
<b>Depreciation and impairment</b>			
At 1 April 2022	16,079	-	16,079
Depreciation charged in the year	6,763	-	6,763
At 31 March 2023	22,842	-	22,842
<b>Carrying amount</b>			
At 31 March 2023	126,002	325	126,327
At 31 March 2022	130,968	-	130,968

Tangible fixed assets include capitalised loan note interest of £36,703,000 (2022: £38,403,000). The interest capitalised in the year was £Nil (2022: £Nil).

# FULL CIRCLE GENERATION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 9 Contingent Asset

Following the decision to terminate the EPC and Operation and Maintenance Contracts in July 2021 the Company is looking to recover costs and damages for losses incurred by the Company due to the subcontractor not meeting the performance requirements under the contracts.

At the Balance Sheet date, it is not certain as to the value of any monies that will be recovered by the Company and as such no total amount has been accrued at the year end and instead this has been disclosed as a contingent asset.

#### 10 Stocks

	2023 £000	2022 £000
Raw materials and consumables	168	28

#### 11 Debtors

	2023 £000	2022 £000
Amounts falling due within one year:		
Trade debtors	7,452	6,102
Other debtors	1,971	1,478
Prepayments and accrued income	7,865	5,241
	17,288	12,821

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

	Notes	2023 £000	2022 £000
Other amounts owed to group undertakings		318	318
Trade creditors		4,053	2,374
Amounts owed to group undertakings		-	10,755
Taxation and social security		361	-
Arrangement fees to be amortised		(127)	(127)
Accruals and deferred income		1,519	2,889
		6,124	16,209

#### 13 Creditors: amounts falling due after more than one year

	Notes	2023 £000	2022 £000
Amounts owed to group undertakings		204,170	166,314
Arrangement fees to be amortised		(2,615)	(2,742)
		201,555	163,572

# FULL CIRCLE GENERATION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 13 Creditors: amounts falling due after more than one year

(Continued)

Amounts owed to parent undertaking comprises wholly of loan notes payable to the parent company, Full Circle Generation Holding Company Limited. The loan notes comprise of an initial capital investment of £106,000,000 generating interest of 10.80% and additional shareholder loans of £16,040,000 generating interest of 15.00%.

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 remaining £4m and £14m additional loan facilities has been repaid. Shareholders are in agreement that none of the shareholder loans will be repaid within the year due to the current financial position of the Company.

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.

### 14 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2023 £000	Liabilities 2022 £000
<b>Balances:</b>		
Accelerated capital allowances	19,489	18,841
Tax losses	(15,178)	(12,220)
Short term timing difference	(1)	(1)
	<u>4,310</u>	<u>6,620</u>
<b>Movements in the year:</b>		<b>2023 £000</b>
Liability at 1 April 2022		6,620
Credit to profit or loss		(2,310)
Liability at 31 March 2023		<u>4,310</u>

### 15 Share capital

	2023 Number	2022 Number	2023 £000	2022 £000
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary Shares of £1 each	1,270,363	1,270,363	1,270	1,270
	<u>1,270,363</u>	<u>1,270,363</u>	<u>1,270</u>	<u>1,270</u>



# FULL CIRCLE GENERATION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

#### 16 Related party transactions

##### Transactions with related parties

Name of related party		Nature of relationship			
Equitix Capital Eurobond 3 Limited		Shareholder in Parent Company			
Equitix Capital Eurobond 4 Limited		Shareholder in Parent Company			
Full Circle Generation Holding Company Limited		Parent Company			
P3P Partners LLP		Shareholder in Parent Company			
River Ridge Holdings Limited		Shareholder in Parent Company			

	Description of transaction	Income		Payments	
		2023 £000	2022 £000	2023 £000	2022 £000
Equitix Capital Eurobond 3 Limited	Director fees	-	-	26	23
Equitix Capital Eurobond 4 Limited	Director fees	-	-	30	37
Full Circle Generation Holding Company Limited	Shareholder Loan Interest	-	-	21,201	17,568
P3P Partners LLP	Director fees	-	-	26	23
River Ridge Holdings Limited	Director fees	-	-	26	23
		<u>-</u>	<u>-</u>	<u>26</u>	<u>23</u>

During the year £108,000 (2022: £106,000) directors fees were recognised in the Statement of Comprehensive Income.

During the year £21,201,000 (2022: £17,568,000) shareholders' loan interest costs were recognised in the Statement of Comprehensive Income.

Equitix Management Services Limited invoiced £385,000 (2022: £347,000) in respect of management service provider fees during the year. At the end of the year £45,000 (2022: £36,000) was outstanding.

£8,769,000 (2022: £4,401,000) in respect of gate fees have been invoiced to Pioneer Fuels Limited during the year. At the end of the year £924,000 (2022: £Nil) was outstanding. At the end of the year £857,000 (2022: £679,000) was included within accrued income in respect of amounts due from Pioneer Fuels Limited.

River Ridge Recycling (Portdown) Limited invoiced £1,692,000 (2022: £4,217,000) in respect of service provider fees. At the end of the year £335,000 (2022: £77,000) was outstanding. At the end of the year £348,000 (2022: £ Nil) was included within accruals in respect of amounts due to River Ridge Recycling (Portdown) Limited.

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

##### Balances with related parties

The following amounts are recorded in the Balance Sheet relating to the balance of the shareholders loans, including capitalised interest:

# FULL CIRCLE GENERATION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 16 Related party transactions

(Continued)

	Amounts owed by related parties		Amounts owed to related parties	
	2023 £000	2022 £000	2023 £000	2022 £000
Full Circle Generation Holding Company Limited	-	-	204,170	177,069

### 17 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 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 2023, the ultimate parent company and ultimate controlling party is Full Circle Generation Holding Company Limited.