

COMPANY REGISTRATION NUMBER 09962999

WHITES GENERATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JANUARY 2020



WHITES GENERATION LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

J A W Astor
A C M Parr
D Gudgin
A E Chirkowski

Registered office

The Mine Site
Mill Lane
South Witham
Grantham
Lincolnshire
NG33 5QN

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants
and Statutory Auditors
One Chamberlain Square
Birmingham
B3 3AX

Bankers

HSBC Bank Plc
South Midlands Corporate and Business Banking Centre
Quadra
500 Pavilion Drive
Northampton Business Park
NN4 7YJ

WHITES GENERATION LIMITED

STRATEGIC REPORT

YEAR ENDED 31 JANUARY 2020

The directors present their strategic report for the year ended 31 January 2020. We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

BUSINESS REVIEW

Group

The group financial statements include the results of Fernbrook Bio Limited.

The group has reported turnover of £1,752,846 (2019: £1,842,646), an operating loss of £735,183 (2019: £277,736) and a loss for the financial year of £1,023,699 (2019: £595,594).

The group balance sheet shows a net liabilities value of £1,334,305 (2019: £310,606). Notwithstanding the net liability position, the group continues to have the support of its shareholders and bankers.

A brief review of the performance of the individual companies has been summarised below:

Fernbrook Bio Limited

The company's core activities are the operation, development and management of anaerobic digestion facilities.

Turnover for the year was £1,752,846 (2019: £1,842,646) and this represents a decrease of 4.9%. The gross profit margin has increased by 3.0% to 50.0% (2019: 47.0%) and the directors report a gross profit of £875,704 (2019: £865,893). The company incurred a loss before taxation of £854,282 (2019: £408,894).

The company's results for the current year were unexpectedly affected by a biological imbalance which occurred in the digesters in August 2019. This took some time to rectify and power generation was adversely affected as a result. Both digesters were recovered and fully operational at the yearend.

Whites Generation Limited

The company provides management services to its subsidiary undertaking. During the year it received management charges of £32,805 (2019: £31,815) and a dividend of £nil (2019: £nil) from Fernbrook Bio Limited.

The company incurred a loss before tax of £107,516 (2019: £88,620).

KEY PERFORMANCE INDICATORS (KPIs)

Given the straightforward nature of the business the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. Key financial measures of turnover, gross profit and loss on ordinary activities before taxation are shown in the group profit and loss account on page 9.

WHITES GENERATION LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 JANUARY 2020

RISK MANAGEMENT POLICIES

The group faces a number of risks and the directors continue to mitigate these as far as possible. A summary of the key risks are as follows:

Credit risk

The group seeks to manage its credit risk by dealing with established customers or otherwise checking the credit-worthiness of new customers, establishing clear contractual relationships with those customers and by identifying and addressing any credit issues arising in a timely manner.

Interest rate risk

The group's exposure to market risk for the changes in interest rates relates primarily to its bank loan, loan notes and hire purchase borrowings. The group seeks to manage this risk by the use of a combination of variable and fixed rates.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

IMPACT OF THE EUROPEAN UNION ("EU") REFERENDUM

The detailed terms of the United Kingdom's withdrawal from the European Union ("Brexit") are not known. The directors do not believe that Brexit will have a material impact on the business, but will continue to monitor events closely.

IMPACT OF COVID-19

The existence of a new coronavirus, COVID-19, has been confirmed. It has spread from China across much of the world including the UK, and has now been classified as a pandemic. COVID-19 has caused much sickness and many deaths. Attempts to control the pandemic have resulted in significant disruption to business and economic activity worldwide. It is too early to be able to predict whether COVID-19 will have an impact on the group. However, the UK waste industry has been allowed to continue to operate so far; and suitable measures have been taken to protect the health of the staff on site. The position on COVID-19 is being monitored closely, but is not currently expected to have a material impact on the company, other than a possible impact on power prices once the existing power purchase agreement comes to an end.

If the current "lockdown" continues for many months, there could also be a subsequent impact on feedstocks, however the directors believe their plans and assumptions are sufficient at this time.

Signed on behalf of the directors



A C M PARR

Director

Approved by the directors on 11 May 2020

WHITES GENERATION LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 JANUARY 2020

The directors present their report and the audited financial statements of the group for the year ended 31 January 2020.

RESULTS AND DIVIDENDS

The loss for the financial year amounted to £1,023,699 (2019: £595,594). The directors have not recommended a dividend.

DIRECTORS

The directors who held office during the year and to the date of signing the financial statements, except where stated are as follows:

J A W Astor
A C M Parr
D Gudgin
A E Chirkowski

On 16 May 2016, Whites Generation Limited purchased all of the share capital of Fernbrook Bio Limited. On the incorporation of Whites Generation Limited, the 1 ordinary share issued at that time was acquired by Regen Holdings Limited. As originally intended on acquisition, on 1 July 2016 Whites Generation Limited became a 50% joint venture between Regen Holdings Limited and ACP I Shareco Limited (a subsidiary of Albion Community Power PLC). On 20 December 2019, a conditional contract was entered into to transfer the 50% shareholding previously held by ACP I Shareco Limited to ACP Ordinary Shareco Limited, another wholly owned subsidiary undertaking of Albion Community Power PLC. The contract became unconditional on 31 January 2020, which is the effective date of transfer.

The immediate and ultimate parent undertaking of Regen Holdings Limited is TPG ART-AIV, L.P., an alternative and renewable technologies fund company that is registered in the Cayman Islands. Albion Community Power PLC has no ultimate controlling party.

SUBSEQUENT EVENTS

There are no subsequent events to report, other than the impact of COVID-19 mentioned on page 3.

FUTURE DEVELOPMENTS

The directors continue to look to improve financial performance, and to ensure full compliance with all regulatory requirements.

FINANCIAL RISK MANAGEMENT

Financial risk management is discussed in the Strategic Report.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

WHITES GENERATION LIMITED

DIRECTORS' REPORT *(continued)* YEAR ENDED 31 JANUARY 2020

DIRECTORS' RESPONSIBILITIES STATEMENT *(continued)*

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements 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 group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and parent company's auditors are unaware, and
- they have taken all of the steps that they ought to have taken as a director in order to make themselves aware of any relevant information and to establish that the group and parent company's auditors are aware of that information.

STRATEGIC REPORT

The company has chosen in accordance with section 414C (11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Registered office:
The Mine Site
Mill Lane
South Witham
Grantham
Lincs
NG33 5QN

Signed on behalf of the directors



A C M PARR

Director

Approved by the directors on 11 May 2020

WHITES GENERATION LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
WHITES GENERATION LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Whites Generation Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 January 2020 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise: the group and company balance sheets as at 31 January 2020; the group profit and loss account, the group cash flow statement, and the group and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

WHITES GENERATION LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
WHITES GENERATION LIMITED *(continued)*

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 January 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

WHITES GENERATION LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
WHITES GENERATION LIMITED *(continued)*

Responsibilities for the financial statements and the audit

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

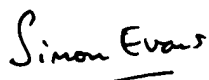
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Simon Evans (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
11 May 2020

WHITES GENERATION LIMITED
GROUP PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JANUARY 2020

		2020 £	2019 £
TURNOVER	Note 4	1,752,846	1,842,646
Cost of sales		(877,142)	(976,753)
GROSS PROFIT		875,704	865,893
Administrative expenses		(1,610,887)	(1,318,279)
Other operating income	5	-	174,650
OPERATING LOSS	6	(735,183)	(277,736)
Interest payable and similar expenses	9	(364,579)	(357,741)
LOSS BEFORE TAXATION		(1,099,762)	(635,477)
Tax on loss	10	76,063	39,883
LOSS FOR THE FINANCIAL YEAR		<u>(1,023,699)</u>	<u>(595,594)</u>

The group has no other comprehensive (expense) / income for the financial year other than those included above. Accordingly, no separate statement of comprehensive income is presented.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

The notes on pages 15 to 34 form part of these financial statements.

WHITES GENERATION LIMITED

GROUP BALANCE SHEET

AS AT 31 JANUARY 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Intangible assets	12	280,006	324,539
Tangible assets	13	4,484,337	4,953,034
		<u>4,764,343</u>	<u>5,277,573</u>
CURRENT ASSETS			
Inventories	15	21,441	20,267
Debtors	16	298,037	601,090
Cash at bank and in hand		133,822	617,521
		<u>453,300</u>	<u>1,238,878</u>
CREDITORS: Amounts falling due within one year	18	<u>(1,815,726)</u>	<u>(1,588,580)</u>
NET CURRENT LIABILITIES		<u>(1,362,426)</u>	<u>(349,702)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,401,917</u>	<u>4,927,871</u>
CREDITORS: Amounts falling due after more than one year	19	(4,270,401)	(4,716,773)
PROVISIONS FOR LIABILITIES			
Deferred taxation	22	(465,821)	(521,704)
NET LIABILITIES		<u>(1,334,305)</u>	<u>(310,606)</u>
CAPITAL AND RESERVES			
Called-up share capital	25	784,800	784,800
Profit and loss account		(2,119,105)	(1,095,406)
TOTAL EQUITY DEFICIT		<u>(1,334,305)</u>	<u>(310,606)</u>

These financial statements on pages 9 to 34 were approved by the directors and authorised for issue on 11 May 2020, and are signed on their behalf by:



A C M PARR

The notes on pages 15 to 34 form part of these financial statements.

WHITES GENERATION LIMITED

COMPANY BALANCE SHEET

AS AT 31 JANUARY 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Investments	14	2,283,703	2,283,703
CURRENT ASSETS			
Debtors	16	2,316,524	1,966,890
Cash at bank		6,500	154,635
		<u>2,323,024</u>	<u>2,121,525</u>
CREDITORS: Amounts falling due within one year	18	<u>(1,121,396)</u>	<u>(673,648)</u>
NET CURRENT ASSETS		<u>1,201,628</u>	<u>1,447,877</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,485,331</u>	<u>3,731,580</u>
CREDITORS: Amounts falling due after more than one year	19	<u>(2,804,265)</u>	<u>(2,948,316)</u>
NET ASSETS		<u>681,066</u>	<u>783,264</u>
CAPITAL AND RESERVES			
Called-up share capital	25	784,800	784,800
Profit and loss account		(103,734)	(1,536)
At 1 February 2019/1 February 2018		(1,536)	87,084
Loss for the financial period		(102,198)	(88,620)
At 31 January 2020/19		<u>(103,734)</u>	<u>(1,536)</u>
TOTAL EQUITY		<u>681,066</u>	<u>783,264</u>

These financial statements on pages 9 to 34 were approved by the directors and authorised for issue on 11 May 2020, and are signed on their behalf by:

A C M PARR

Company Registration Number: 09962999

The notes on pages 15 to 34 form part of these financial statements.

WHITES GENERATION LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 JANUARY 2020

	Called-up Share capital £	Profit and loss account £	Total equity £
Balance as at 1 February 2018	784,800	(499,812)	284,988
Loss for the financial year and total comprehensive expense	<u>-</u>	<u>(595,594)</u>	<u>(595,594)</u>
Balance as at 31 January 2019	784,800	(1,095,406)	(310,606)
Loss for the financial year and total comprehensive expense	<u>-</u>	<u>(1,023,699)</u>	<u>(1,023,699)</u>
Balance as at 31 January 2020	<u>784,800</u>	<u>(2,119,105)</u>	<u>(1,334,305)</u>

The notes on pages 15 to 34 form part of these financial statements.

WHITES GENERATION LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 JANUARY 2020

	Called-up Share capital £	Profit and loss account £	Total equity £
Balance as at 1 February 2018	784,800	87,084	871,884
Loss for the financial year and total comprehensive expense	-	(88,620)	(88,620)
	<hr/>	<hr/>	<hr/>
Balance as at 31 January 2019	784,800	(1,536)	783,264
Loss for the financial year and total comprehensive expense	-	(102,198)	(102,198)
	<hr/>	<hr/>	<hr/>
Balance as at 31 January 2020	<u>784,800</u>	<u>(103,734)</u>	<u>681,066</u>

The notes on pages 15 to 34 form part of these financial statements.

WHITES GENERATION LIMITED

GROUP CASH FLOW STATEMENT YEAR ENDED 31 JANUARY 2020

		2020 £	2019 £
NET CASH FROM OPERATING ACTIVITIES	Note 26	22,863	803,228
Taxation paid		-	(11,223)
NET CASH GENERATED FROM OPERATING ACTIVITIES		22,863	792,005
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of subsidiary undertaking (net of cash acquired) – deferred consideration		-	(700,000)
Purchase of tangible assets		(141,701)	(378,525)
NET CASH USED IN INVESTING ACTIVITIES		(141,701)	(1,078,525)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of bank loans		(237,928)	(231,762)
Proceeds from issue of loan notes		-	700,000
Capital element of hire purchase agreements		(63,270)	(75,187)
Interest paid		(63,663)	(66,895)
NET (USED IN)/ NET GENERATED FROM FINANCING ACTIVITIES		(364,861)	326,156
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(483,699)	39,636
CASH & CASH EQUIVALENTS AT THE BEGINNING OF YEAR		617,521	577,885
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR		133,822	617,521
CASH & CASH EQUIVALENTS COMPRISE			
Cash at bank and in hand	26	133,822	617,521

The notes on pages 15 to 34 form part of these financial statements.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2020

1. GENERAL INFORMATION

Whites Generation Limited ('the company') owns Fernbrook Bio Limited. Fernbrook Bio Limited continues to derive the majority of its income through the operation, development and management of anaerobic digestion facilities. The company has its head-office and main operational site in South Witham.

The company is a private company limited by shares and incorporated in England and domiciled in the UK. The address of its registered office is The Mine Site, Mill Lane, South Witham, Grantham, Lincolnshire, NG33 5QN.

2. COMPLIANCE STATEMENT

The group and individual financial statements of the company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

Basis of accounting

These consolidated and separate financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The group and company's functional and presentation currency is the pound sterling.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in this note below.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going concern

The directors have received confirmation of financial support from its shareholders and have prepared a financial forecast that indicates that the company has adequate resources to remain in operation for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements. The group's bankers continue to remain supportive during this time in terms of covenant compliance.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

All intra group transactions, balances, income and expenses are eliminated on consolidation.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. Exemptions under FRS 102 paragraph 1.12 have been applied: in relation to a company cash flow statement, related party transactions, certain financial instrument disclosures and the non-disclosure of key management personnel compensation.

Turnover

Turnover comprises revenue from wholesale of electricity and government incentive tariff income (both recognised on delivery from the engines at agreed contractual rates) and waste input (recognised based on volume sourced under contracts). Turnover excludes value added tax. Turnover is recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the sale have been transferred to the customer.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply. Amortisation is charged to administrative expenses in the profit and loss account.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Subsequent costs, including major inspections and overhauls, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item flow to the company and the cost can be measured reliably. The carrying amount of the replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life. Repairs, maintenance and minor inspection costs are expensed as incurred.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 2% Straight Line
Plant & Machinery	- 10% to 33 1/3% Straight Line
Computer Equipment	- 20% Straight Line
Engine Overhauls	- Over the period to the next overhaul based on engine usage

Where there is evidence of impairment, fixed assets are written down to recoverable amounts. Any such write down would be charged to operating profit.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Inventories

Inventories are valued at the lower of cost and estimated selling price less costs to sell, after making due allowance for obsolete and slow moving items.

Leases and hire purchase contracts

Arrangements which transfer substantially all of the risks and rewards of the assets to the company are classified as finance leases. All other arrangements are classified as operating leases. Amounts payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets. Assets acquired by hire purchase are depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Investments in subsidiaries

Investments in subsidiaries are valued at cost less permanent diminution in value.

Share capital and distributions to equity holders

Ordinary shares are classified as equity. Dividends and other distributions to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividend and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Financial instruments

The group and company have chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, amounts owed to group/related undertakings and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rates of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the assets expire or are settled, or (b) substantially all the risk and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, hire purchase obligations, deferred consideration and amounts due to group/related companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest.

Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits

The group and company provide a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The group and company operate defined contribution plans for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the group and company have no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plans are held separately from the group and company in independently administered funds.

An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make additional, e.g. bonus payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

Critical accounts judgements and estimation uncertainty

The company makes estimates and assumptions in respect of assets and liabilities based on historical experience and other relevant factors. The resulting accounting estimates will, by definition, not always equal the related actual results. The estimates and assumptions that have the most significant effect on the carrying amounts of assets and liabilities are:

Impairment of goodwill, tangible fixed assets and investments

Annually, the directors consider whether goodwill, tangible fixed assets and investments are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. See notes 12 to 14 for disclosures of the assumptions used and the sensitivity analysis.

Useful economic lives of tangible and intangible assets

The annual depreciation charge for tangible assets and amortisation charge for intangible assets, being goodwill, are sensitive to changes in the estimated useful economic lives of the assets. The estimates of useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 12 and 13 for the carrying amount of the assets, and earlier in note 3 for the useful economic lives for each class of assets.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2020

4. TURNOVER

The group turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2020 £	2019 £
United Kingdom	<u>1,752,846</u>	<u>1,842,646</u>

5. OTHER OPERATING INCOME

	2020 £	2019 £
Insurance claims arising on operational incidents	<u>-</u>	<u>174,650</u>

Other operating income of £174,650 in respect of the year ended 31 January 2019 reflects an insurance claim following an operational incident involving one of Fernbrook Bio Limited's digesters in April 2017. Following the incident, the company's power generating capacity was significantly reduced. Net income comprises of proceeds arising from the reimbursement of costs to replace impaired plant and machinery, the clean- up of the site following the incident and a portion of business interruption losses, and is summarised as:

	£
Insurance reimbursements	250,000
Costs of clean up and dismantling covered by insurance and excess	(350)
Management charges (see below)	<u>(75,000)</u>
	<u>174,650</u>

The insurance claim and rebuild were completed during the year ended 31 January 2019. Amounts in the prior year were only recognised when economic benefits were virtually certain at 31 January 2019.

Management charges represented a recharge from Whites Recycling Limited (a wholly owned subsidiary undertaking of Regen Holdings Limited) for time spent in respect of negotiating the insurance claims and overseeing the project to build the replacement plant.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2020

6. OPERATING LOSS

Operating loss is stated after charging:

	2020 £	2019 £
Depreciation of owned tangible assets	575,786	526,975
Depreciation of assets held under hire purchase agreements	34,612	41,003
Amortisation of intangible assets (included in administrative expenses)	44,533	44,533
Operating lease rentals	65,055	58,662
Auditors' remuneration		
- for audit services *	21,235	17,650
- for other services	-	-
	<u> </u>	<u> </u>

* The audit fee includes £8,245 (2019: £5,150) for the statutory audit of the parent company.

Operating lease rental charges relates to short term hire of plant and machinery. There are no material operating lease commitments (2019: £nil).

7. PARTICULARS OF EMPLOYEES

The monthly average number of staff employed by the company and group during the financial year amounted to:

	Group 2020 No	Company 2020 No	Group 2019 No	Company 2019 No
Number of operational staff	3	-	3	-
Number of administrative staff	1	-	1	-
Number of management staff	4	4	4	4
	<u>8</u>	<u>4</u>	<u>8</u>	<u>4</u>

The aggregate payroll costs of the above were:

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Wages and salaries	158,905	27,667	132,673	26,005
Social security costs	12,453	1,440	16,231	1,277
Other pension costs	2,145	(17)	1,272	6
	<u>173,503</u>	<u>29,090</u>	<u>150,176</u>	<u>27,288</u>

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2020

8. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2020	2019
	£	£
Aggregate emoluments (including benefits in kind)	<u>27,667</u>	<u>26,005</u>

Of the directors' emoluments reported above, £27,667 (2019: £26,005) plus a mark-up of £5,138 (2019: £5,810) were recharged to Fernbrook Bio Limited by way of a management charge.

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Interest payable on bank borrowing	46,573	52,738
Interest on hire purchase obligations	5,688	8,227
Interest payable on loan notes	300,916	288,834
Discounting of deferred consideration	-	2,012
Amortisation of debt issue costs	3,750	3,750
Other interest payable	<u>7,652</u>	<u>2,180</u>
	<u>364,579</u>	<u>357,741</u>

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2020

10. TAX ON LOSS

(a) Analysis of credit in the year

	2020	2019
	£	£
In respect of the year:		
UK Corporation tax based on the loss for the year at 19% (2019: 19%)	-	(11,223)
Adjustments in respect of prior periods	<u>(20,180)</u>	<u>(3,777)</u>
Total current tax	<u>(20,180)</u>	<u>(15,000)</u>
Deferred tax:		
Origination and reversal of timing differences	<u>(55,883)</u>	<u>(24,883)</u>
Total deferred tax	<u>(55,883)</u>	<u>(24,883)</u>
Tax on loss	<u><u>(76,063)</u></u>	<u><u>(39,883)</u></u>

(b) Factors affecting current tax credit

The tax assessed on the loss for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020	2019
	£	£
Loss before taxation	<u>(1,099,762)</u>	<u>(635,477)</u>
Loss before tax multiplied by rate of tax	(208,955)	(120,741)
Expenditure not allowable for tax purposes	8,413	15,082
Adjustments in respect of prior periods	(20,180)	(3,777)
Losses available for consortium relief not recognised	131,189	81,930
Other fixed asset related differences	<u>13,470</u>	<u>(12,377)</u>
Total tax credit	<u><u>(76,063)</u></u>	<u><u>(39,883)</u></u>

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period by £55,000 and to increase the deferred tax liability by £55,000.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2020

11. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the financial statements of the parent company was £102,198 (2019: £88,620).

12. INTANGIBLE ASSETS

Group	Goodwill £
COST	
At 1 Feb 2019	
and 31 Jan 20	445,326
	<hr/>
ACCUMULATED AMORTISATION	
At 1 Feb 2019	120,787
Charge for the year	44,533
	<hr/>
At 31 Jan 2020	165,320
	<hr/>
NET BOOK AMOUNT	
At 31 Jan 2020	280,006
	<hr/>
At 31 Jan 2019	324,539
	<hr/>

Amortisation of intangible assets is included in administrative expenses.

On 16 May 2016, the company purchased the entire share capital of Fernbrook Bio Limited for a total consideration of £2,283,703.

Management have estimated the useful life of the goodwill to be 10 years.

Impairment review

The directors believe that the carrying value of the intangible fixed assets and tangible fixed assets (note 13) totalling £4,764,343 (2019: £5,277,573) is supported by their value in use. The value in use was calculated using the Discounted Cash Flow ("DCF") method, by discounting the operational cash flows generated by the company (net of taxation) at a discount rate representing the weighted average cost of capital. The main assumptions adopted to calculate the recoverable amount are the discount rate (WACC) and the forecast cash flows during the period of reference. See note 13 for results of the impairment review.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2020

13. TANGIBLE ASSETS

Group	Freehold property £	Plant & Machinery £	Computer equipment £	Total £
COST				
At 1 Feb 2019	3,145,906	3,104,590	28,017	6,278,513
Additions	-	137,066	4,635	141,701
Disposals	-	(69,229)	-	(69,229)
At 31 Jan 2020	3,145,906	3,172,427	32,652	6,350,985
ACCUMULATED DEPRECIATION				
At 1 Feb 2019	182,014	1,136,588	6,877	1,325,479
Charge for the year	67,242	536,955	6,201	610,398
Disposals	-	(69,229)	-	(69,229)
At 31 Jan 2020	249,256	1,604,314	13,078	1,866,648
NET BOOK AMOUNT				
At 31 Jan 2020	2,896,650	1,568,113	19,574	4,484,337
At 31 Jan 2019	2,963,892	1,968,002	21,140	4,953,034

Included within freehold property is land to the value of £144,163 (2019: £144,163) which is not subject to depreciation.

Hire purchase agreements

Included within the net book value is £243,836 (2019: £253,133) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £34,612 (2019: £41,003).

Impairment review

The WACC used to discount the future cash flows is equal to a post-tax rate of 7.61%. This rate represents the financial structure of the company and the cost of the financial means used, including both debt and equity. The value in use was obtained by discounting the cash flows in the two year approved budget and forecasts to 31 January 2030, which were estimated based on past economic and income performance and future expectations. The results of the impairment test carried out show that the estimated recoverable amount exceeds the carrying amount at the accounting reference date.

The results of the impairment test carried out forecast an improved trading performance as both the operational improvements continue and the gate fee income reflects expected improvements in that market. This shows that the estimated recoverable amount exceeds the carrying amount. EBITDA would have to reduce by approximately 24% from that forecast or the discount rate increased to approximately 15% for the tangible or intangible assets to be impaired. Alternatively, using a more pessimistic post-COVID-19 power price adjusted model the EBITDA would have to reduce by approximately 15% from that forecast or the discount rate increased to approximately 12% for the tangible or intangible assets to be impaired.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2020

14. INVESTMENTS

Company	Group companies £
COST	
At 1 February 2019 and 31 January 2020	2,283,703
NET BOOK VALUE	
At 31 January 2020	<u>2,283,703</u>
At 31 January 2019	<u>2,283,703</u>

The company owns 100% of the issued share capital of Fernbrook Bio Limited (company number 06595831). This company is incorporated and operates in England, and has its registered office as The Mine Site, Mill Lane, South Witham, Grantham, Lincolnshire, NG33 5QN. The directors believe that the carrying value of the investments is supported by their value in use (see notes 12 and 13).

15. INVENTORIES

	Group 2020 £	Group 2019 £
Consumables	<u>21,441</u>	<u>20,267</u>

There is no significant difference between the replacement cost of consumables and their carrying amounts. Inventories are stated after provisions of £nil (2019: £nil).

16. DEBTORS

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	28,856	228,634	-	-
Amounts owed by group undertakings	-	-	148,305	6,416
Amounts owed by related undertakings	21,596	2,033	5,319	-
Amounts owed by group undertakings – loan notes	-	-	1,626,616	1,626,616
Corporation tax	11,223	11,223	-	-
Other debtors	8,591	271,095	-	-
Interest due in respect of loan notes	-	-	536,092	333,627
Prepayments and accrued income	227,771	88,105	192	231
	<u>298,037</u>	<u>601,090</u>	<u>2,316,524</u>	<u>1,966,890</u>

Trade debtors are stated after provisions for impairment of £nil (2019: £nil). Other debtors at 31 October 2019 included insurance reimbursements of £250,000 that were agreed at 31 January 2019 but were subsequently received in cash on 7 March 2019.

WHITES GENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2020

16. DEBTORS *(continued)*

Amounts owed by group undertakings are unsecured, interest free and repayable within one year.

The loan notes issued by the company were taken up by Fernbrook Bio Limited on 1 July 2016 and are repayable by 30 June 2031. Repayments of capital were scheduled to commence on 1 August 2018. The loan notes were issued at a discount of 25% and accrue interest on a monthly basis at a fixed rate of 8%. The loan notes issued by Fernbrook Bio Limited are secured by fixed charges over that company's freehold property and fixed and floating charges over its other assets. Interest and capital repayments have not been paid following the operational incident when the directors agreed to suspend all intercompany loan payments until Fernbrook Bio Limited has sufficient financial resources available to repay the amounts due.

17. CONTINGENT ASSETS AND INSURANCE REIMBURSEMENTS

The group recognised further insurance reimbursements of £250,000 during the year ended 31 January 2019 in respect of business interruption losses and to cover costs to complete the replacement of plant following the incident described in note 5. Claim negotiations had been concluded prior to the prior year balance sheet date, with the £250,000 being agreed with the insurers, and included in other debtors at 31 January 2019. The £250,000 was received on 7 March 2019.

18. CREDITORS: Amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	240,547	233,704	-	-
Trade creditors	65,904	164,004	174	185
Amounts owed to related undertakings – loan notes	334,935	190,884	334,935	190,884
Amounts owed to related undertakings- other	186,132	240,947	-	-
Hire purchase obligations	61,301	63,271	-	-
Other taxation and social security	6,904	5,327	2,768	3,205
Other creditors	510	74	1	16
Amounts owed to related undertakings – loan note interest accrued	769,773	468,858	769,773	468,858
Accruals and deferred income	149,720	221,511	13,745	10,500
	<u>1,815,726</u>	<u>1,588,580</u>	<u>1,121,396</u>	<u>673,648</u>

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2020

18. CREDITORS: Amounts falling due within one year *(continued)*

The following liabilities disclosed under creditors falling due within one year are secured by the group:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts owed to related undertakings – loan notes	334,935	190,884	334,935	190,884
Bank loans	240,547	233,704	-	-
Hire purchase obligations	61,301	63,271	-	-
	<u>636,783</u>	<u>487,859</u>	<u>334,935</u>	<u>190,884</u>

The hire purchase obligations are secured on the assets concerned.

The bank loans are secured by a debenture on the bank's standard form dated 18 May 2016 with legal charges over the group's freehold property and its other assets, and a cross guarantee and debenture by and between Fernbrook Bio Limited and Whites Generation Limited. Bank loans are shown net of issue costs of £3,750 (2019: £3,750). The issue costs are amortised at the effective interest rate based on the carrying amount of debt over the life of the underlying instruments.

19. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	1,395,652	1,636,673	-	-
Amounts owed to related undertakings – loan notes	2,804,265	2,948,316	2,804,265	2,948,316
Hire purchase obligations	70,484	131,784	-	-
	<u>4,270,401</u>	<u>4,716,773</u>	<u>2,804,265</u>	<u>2,948,316</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the group and company:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	1,395,652	1,636,673	-	-
Amounts owed to related undertakings – loan notes	2,804,265	2,948,316	2,804,265	2,948,316
Hire purchase obligations	70,484	131,784	-	-
	<u>4,270,401</u>	<u>4,716,773</u>	<u>2,804,265</u>	<u>2,948,316</u>

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2020

19. CREDITORS: Amounts falling due after more than one year *(continued)*

The hire purchase obligations are secured on the assets concerned.

The bank loans are secured by a debenture on the bank's standard form dated 18 May 2016 with legal charges over the group's freehold property and its other assets, and a cross guarantee and debenture by and between Fernbrook Bio Limited and Whites Generation Limited. Bank loans are shown net of issue costs of £23,594 (2019: £27,344). The issue costs are amortised at the effective interest rate based on the carrying amount of debt over the life of the underlying instruments.

Amounts owed to related undertakings- loan notes issued by the company totalling £2,089,200 were taken up in equal proportions by Regen Holdings Limited and ACP I Shareco Limited on 1 July 2016. Further loan notes totalling £350,000 and £700,000 were issued by the company on 1 July 2017 and 1 July 2018, respectively. All loan notes are repayable by 30 June 2031. Repayments of capital were scheduled to commence on 1 August 2018. The loan notes accrue interest on a monthly basis at a fixed rate of 10%. On 20 December 2019, a conditional contract was entered into to transfer the loan notes previously held by ACP I Shareco Limited to ACP Ordinary Shareco Limited. The contract became unconditional on 31 January 2020, which is the effective date of transfer. The loan notes held by ACP Ordinary Shareco Limited are secured by fixed charges over the group's freehold property and fixed and floating charges over its other assets. Interest and capital repayments have not been paid following the operational incident in 2017 when the directors agreed to suspend all intercompany loan repayments until after the rebuild and insurance claim were complete. Confirmation has been received that shareholders will not demand repayment of capital or interest until the company has sufficient financial resources available to repay the amounts due.

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	368,027	635,948	-	-
Amounts owed to related undertakings-loan notes	2,060,581	2,275,124	2,060,581	2,275,124
	<u>2,428,608</u>	<u>2,911,072</u>	<u>2,060,581</u>	<u>2,275,124</u>

20. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2020	2019
	£	£
Group		
Not later than 1 year	61,301	63,271
Later than 1 and before 5 years	70,484	131,784
	<u>131,785</u>	<u>195,055</u>

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2020

21. FINANCIAL INSTRUMENTS

The group has the following financial instruments:

Financial assets measured at amortised cost

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	28,856	228,634	-	-
Amounts owed by group undertakings	-	-	148,305	6,416
Amounts owed by related undertakings	21,596	2,033	5,319	-
Amounts owed by group undertakings – loan notes	-	-	1,626,616	1,626,616
Other debtors	8,591	271,095	-	-
Interest due in respect of loan notes	-	-	536,092	333,627
	<u>59,043</u>	<u>501,762</u>	<u>2,316,332</u>	<u>1,966,659</u>

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	1,636,199	1,870,377	-	-
Trade creditors	65,904	164,004	174	185
Amounts owed to related undertakings-loan notes	3,139,200	3,139,200	3,139,200	3,139,200
Amounts owed to related undertakings - loan note interest	769,773	468,858	769,773	468,858
Amounts owed to related undertakings-other	186,132	240,947	-	-
Hire purchase obligations	131,785	195,055	-	-
	<u>5,928,993</u>	<u>6,078,441</u>	<u>3,909,147</u>	<u>3,608,243</u>

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2020

22. DEFERRED TAXATION

The movement in the deferred taxation liability during the year was:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Liability brought forward	521,704	546,587	-	-
Origination and reversal of timing differences	(55,883)	(24,883)	-	-
Liability carried forward	<u>465,821</u>	<u>521,704</u>	<u>-</u>	<u>-</u>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2020		2019	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Accelerated capital allowances and other timing differences on tangible fixed assets	465,821	-	521,704	-
	<u>465,821</u>	<u>-</u>	<u>521,704</u>	<u>-</u>

23. CONTINGENT LIABILITIES

A cross guarantee and debenture is in place between Fernbrook Bio Limited and Whites Generation Limited, dated 18 May 2016, in respect of the banking facilities of both companies.

24. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption for disclosure of transactions between group companies. Whites Recycling Limited (WRL) is a company which is controlled by Regen Holdings Limited, which in turn holds a 50% equity investment in Whites Generation Limited.

During the year ended 31 January 2020, Fernbrook Bio Limited incurred management charges from WRL totalling £185,904 (2019: £255,285 including the recharge of £75,000 in respect of management time spent in connection with the insurance claims, as set out in note 5). In addition, that company made purchases totalling £330,788 (2019: £472,257) from WRL. An amount of £107,386 (2019: £315,947) was outstanding at 31 January 2020. During the year that company provided services totalling £21,895 (2019: £100,945) to WRL. An amount of £1,416 (2019: £2,033) was outstanding at 31 January 2020. At 31 January 2020, Fernbrook Bio Limited and the company were owed amounts of £3,631 (2019: £nil) and £1,299 (2019: £nil) respectively by WRL in respect of tax losses surrendered by way of consortium relief.

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24. RELATED PARTY TRANSACTIONS *(continued)*

Axil Integrated Services Limited (Axil) is a company in which Regen Holdings Limited holds a 70% equity investment. During the year, Fernbrook Bio Limited purchased services totalling £11,455 from Axil (2019: £nil). An amount of £13,746 was outstanding at 31 January 2020 (2019: £nil).

At 31 January 2020, Fernbrook Bio Limited owed Regen Holdings Limited £65,000 (2019: £nil) in respect of an interest free unsecured loan, which is repayable on demand.

At 31 January 2020, Fernbrook Bio Limited was owed an amount of £11,230 (2019: £nil) by Albion Community Power PLC, the parent undertaking of ACP I Shareco Limited, in respect of tax losses surrendered by way of consortium relief.

During the period ended 31 January 2017, Whites Generation Limited issued loan notes to Regen Holdings Limited and ACP I Shareco Limited, who jointly controlled the company. At 31 January 2017, the company owed each of these companies £1,044,600 in respect of the loan notes. During the years ended 31 January 2018 and 31 January 2019 respectively, Whites Generation Limited issued further loan notes with a value of £175,000 and £350,000 to each of these companies. On 20 December 2019, a conditional contract was entered into to transfer the loan notes previously held by ACP I Shareco Limited to ACP Ordinary Shareco Limited. The contract became unconditional on 31 January 2020, which is the effective date of transfer. At 31 January 2020, the company owed each of Regen Holdings Limited and ACP I Shareco Limited £1,569,600 in respect of all loan notes issued (at 31 January 2019, £1,569,600 was owed to each of Regen Holdings Limited and ACP I Shareco Limited). During the year ended 31 January 2020, an amount of £150,458 (2019: £144,417) was charged by both Regen Holdings Limited and ACP I Shareco Limited to Whites Generation Limited in respect of interest on all loan notes. Of this interest, an amount of £769,773 (2019: £468,858) in total was unpaid at 31 January 2020.

The remainder of the transactions with businesses connected with directors of the company are not considered material to either party. No other transactions with related parties were undertaken such as are required to be disclosed.

25. CALLED UP SHARE CAPITAL

Group and company

Allotted, called up and fully paid:

	2020		2019	
	No	£	No	£
Ordinary shares of £1 each	<u>784,800</u>	<u>784,800</u>	<u>784,800</u>	<u>784,800</u>

The shares rank pari passu in all respects.

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26. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF LOSS FOR THE FINANCIAL YEAR TO NET CASH FROM OPERATING ACTIVITIES

	2020 £	2019 £
Loss for the financial year	(1,023,699)	(595,594)
Adjustments for:		
Tax on loss	(76,063)	(39,883)
Net interest expensed	364,579	357,741
Operating loss	(735,183)	(277,736)
Depreciation	610,398	567,978
Amortisation of intangible assets	44,533	44,533
Amortisation of loan arrangement fees	3,750	3,750
Increase in stocks	(1,174)	(13,710)
Decrease in debtors	323,234	182,889
(Decrease) / increase in creditors	(222,695)	295,524
Net cash generated from operating activities	22,863	803,228

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Feb 2019 £	Cash flows £	Non-cash changes £	At 31 Jan 2020 £
Net cash:				
Cash at bank and in hand	617,521	(483,699)	-	133,822
Debt:				
Debt due within 1 year	(424,588)	(6,843)	(144,051)	(575,482)
Debt due after 1 year	(4,584,989)	244,771	140,301	(4,199,917)
Hire purchase agreements	(195,055)	63,270	-	(131,785)
	(5,204,632)	301,198	(3,750)	(4,907,184)
Net debt	(4,587,111)	(182,501)	(3,750)	(4,773,362)

27. ULTIMATE CONTROLLING PARTY

The company is jointly controlled by Regen Holdings Limited and Albion Community Power PLC.

In the opinion of the directors, the company does not have an ultimate controlling party.