

COMPANY REGISTRATION NUMBER 09962999

WHITES GENERATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JANUARY 2018



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
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Bankers

HSBC Bank Plc
St Clair House
5 Old Bedford Road
Northampton
NN4 7AA

WHITES GENERATION LIMITED

STRATEGIC REPORT

YEAR ENDED 31 JANUARY 2018

The directors present their strategic report for the year ended 31 January 2018. The comparatives for 2017 relate to the period from incorporation on 21 January 2016 to 31 January 2017. We aim to present a balanced and comprehensive review of the development and performance of our business during the period and its position at the period 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 £1,333,998 (2017- £1,253,383), an operating profit of £114,386 (2017- operating loss of £177,627) and a loss for the financial period of £175,484 (2017- £324,328).

The group balance sheet shows a net asset value of £284,488 (2017- £460,472). 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 ended 31 January 2018 was £1,333,998 (18 month period from 1 August 2015 to 31 January 2017 - £2,626,618) and this represents a decrease of 23.8% on a pro-rata basis. The gross profit margin has decreased to 45.5% (2017- 58.9%) and the directors of that company reported a gross profit of £607,376 (2017- £1,546,273). The company achieved a loss before tax of £54,066 (2017- £285,612).

The company's results for the year have been adversely affected by an over- pressure event which occurred in one of the digesters in the first half of the period. This necessitated a rebuild of the digester and led to a reduction in electricity revenues and government incentive tariff income. The loss of revenues and digester rebuild costs have in part been covered by an insurance claim. The rebuild is well underway and due to be completed in the new financial period.

The directors have continued throughout the year to invest in significant plant and process improvements to increase profitability and efficiency for the longer term. The directors are confident that the plant will deliver more sustainable power generation and revenues going forwards.

Whites Generation Limited

The company provides management services to its subsidiary undertaking. During the year it received management charges of £30,774 (2017- £21,130) and a dividend of £nil (2017- £250,000) from Fernbrook Bio Limited.

The company achieved a loss before tax of £40,740 (2017- profit before tax of £127,824) after incurring abortive acquisition costs of £nil (2017 - £75,921).

WHITES GENERATION LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31 JANUARY 2018

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.

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 impact of the EU referendum result resulting in the UK voting to leave the EU is likely to continue to lead to many months of uncertainty as the political and legal issues are worked out. The directors do not believe that it will have a material impact on the business but will continue to monitor events closely.

Signed on behalf of the directors



A C M PARR

Director

Approved by the directors on 28 March 2018

WHITES GENERATION LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 JANUARY 2018

The directors present their report and the audited financial statements of the group for the year ended 31 January 2018. The prior period results relate to the 13 month period from 21 January 2016 to 31 January 2017.

RESULTS AND DIVIDENDS

The loss for the financial year amounted to £175,484 (2017- £324,328). 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).

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.

FUTURE DEVELOPMENTS

The directors continue to look to improve financial performance and for new areas of growth, as well as ensuring full compliance with all regulatory developments. The group will explore new opportunities which are closely aligned to the renewable sector.

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 regulations.

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 2018

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 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006.

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.

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each director in office at the date the directors' report is approved under section 418 (2) of the Companies Act 2006, the following applies:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) he has taken all of the steps that he ought to have taken as a director in order to make himself aware of any relevant information and to establish that the 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 28 March 2018

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 2018 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 2018; 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 when:

- 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.

The notes on pages 15 to 33 form part of these financial statements.

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 2018 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, 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.

The notes on pages 15 to 33 form part of these financial statements.

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

Simon Evans (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
28 March 2018

WHITES GENERATION LIMITED
GROUP PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JANUARY 2018

		Year ended 31 Jan 18 £	Period from 21 Jan 16 to 31 Jan 17 £
TURNOVER	Note 4	1,333,998	1,253,383
Cost of sales		(726,622)	(529,388)
GROSS PROFIT		<u>607,376</u>	<u>723,995</u>
Administrative expenses		(1,337,497)	(974,927)
Other operating income	5	844,507	73,305
OPERATING PROFIT / (LOSS)	6	<u>114,386</u>	<u>(177,627)</u>
Interest receivable and similar income-other interest		3,199	16
Interest payable and similar expenses	9	(313,038)	(215,675)
LOSS BEFORE TAXATION		<u>(195,453)</u>	<u>(393,286)</u>
Tax on loss	10	19,969	68,958
LOSS FOR THE FINANCIAL YEAR / PERIOD		<u><u>(175,484)</u></u>	<u><u>(324,328)</u></u>

The group has no other comprehensive income for the financial year / period 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 35 form part of these financial statements.

WHITES GENERATION LIMITED

GROUP BALANCE SHEET

AS AT 31 JANUARY 2018

		2018		2017	
	Note	£	£	£	£
FIXED ASSETS					
Intangible assets	12		369,072		392,230
Tangible assets	13		5,142,487		5,489,103
			<u>5,511,559</u>		<u>5,881,333</u>
CURRENT ASSETS					
Inventories	15	6,557		-	
Debtors	16	772,758		451,822	
Cash at bank and in hand		577,885		640,349	
		<u>1,357,200</u>		<u>1,092,171</u>	
CREDITORS: Amounts falling due within one year	18	<u>(1,531,401)</u>		<u>(1,027,888)</u>	
NET CURRENT (LIABILITIES)/ ASSETS			<u>(174,201)</u>		<u>64,283</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,337,358</u>		<u>5,945,616</u>
CREDITORS: Amounts falling due after more than one year	19		<u>(4,505,783)</u>		<u>(4,911,428)</u>
PROVISIONS FOR LIABILITIES					
Deferred taxation	22		<u>(546,587)</u>		<u>(573,716)</u>
NET ASSETS			<u>284,988</u>		<u>460,472</u>
CAPITAL AND RESERVES					
Called-up share capital	25		784,800		784,800
Profit and loss account			<u>(499,812)</u>		<u>(324,328)</u>
TOTAL EQUITY			<u>284,988</u>		<u>460,472</u>

These financial statements on pages 9 to 35 were approved by the directors and authorised for issue on 28 March 2018, and are signed on their behalf by:



A C M PARR

The notes on pages 15 to 35 form part of these financial statements.

WHITES GENERATION LIMITED

COMPANY BALANCE SHEET

AS AT 31 JANUARY 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Investments	14	2,283,703	2,260,689
CURRENT ASSETS			
Debtors	16	1,755,511	1,737,950
Cash at bank		161,798	11,939
		1,917,309	1,749,889
CREDITORS: Amounts falling due within one year	18	(889,928)	(317,662)
NET CURRENT ASSETS		1,027,381	1,432,227
TOTAL ASSETS LESS CURRENT LIABILITIES		3,311,084	3,692,916
CREDITORS: Amounts falling due after more than one year	19	(2,439,200)	(2,780,292)
NET ASSETS		871,884	912,624
CAPITAL AND RESERVES			
Called-up share capital	25	784,800	784,800
Profit and loss account		87,084	127,824
At 1 February 2017/21 January 2016		127,824	-
(Loss)/ profit for the financial period		(40,740)	127,824
At 31 January 2018/17		87,084	127,824
TOTAL EQUITY		871,884	912,624

These financial statements on pages 9 to 35 were approved by the directors and authorised for issue on 28 March 2018, and are signed on their behalf by:



A C M PARR

Company Registration Number: 09962999

The notes on pages 15 to 35 form part of these financial statements.

WHITES GENERATION LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 JANUARY 2018

	Called-up Share capital £	Profit and loss account £	Total equity £
Balance as at 21 January 2016	-	-	-
Loss for the financial period and total comprehensive expense	-	(324,328)	(324,328)
Shares issued and total transactions with owners, recognised directly in equity	<u>784,800</u>	<u>-</u>	<u>784,800</u>
Balance as at 31 January 2017	784,800	(324,328)	460,472
Loss for the financial year and total comprehensive expense	<u>-</u>	<u>(175,484)</u>	<u>(175,484)</u>
Balance as at 31 January 2018	<u>784,800</u>	<u>(499,812)</u>	<u>284,988</u>

The notes on pages 15 to 35 form part of these financial statements.

WHITES GENERATION LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 JANUARY 2018

	Called-up Share capital £	Profit and loss account £	Total equity £
Balance as at 21 January 2016	-	-	-
Profit for the financial period and total comprehensive income	-	127,824	127,824
Shares issued and total transactions with owners, recognised directly in equity	784,800	-	784,800
	<hr/>	<hr/>	<hr/>
Balance as at 31 January 2017	784,800	127,824	912,624
Loss for the financial year and total comprehensive expense	-	(40,740)	(40,740)
	<hr/>	<hr/>	<hr/>
Balance as at 31 January 2018	<u>784,800</u>	<u>87,084</u>	<u>871,884</u>

The notes on pages 15 to 35 form part of these financial statements.

WHITES GENERATION LIMITED

GROUP CASH FLOW STATEMENT YEAR ENDED 31 JANUARY 2018

		Year ended 31 Jan 2018	Period from 21 Jan 16 to 31 Jan 17
	Note	£	£
NET CASH FROM OPERATING ACTIVITIES	26	521,513	334,599
Taxation (paid)/ received		<u>(34,492)</u>	<u>12,798</u>
NET CASH GENERATED FROM OPERATING ACTIVITIES		487,021	347,397
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of subsidiary undertaking (net of cash acquired)	27	(231,294)	(1,084,366)
Purchase of tangible assets		(250,621)	(363,953)
Proceeds from disposals of tangible assets		7,333	-
Repayment of other loans		-	275,964
Interest received		<u>3,199</u>	<u>16</u>
NET CASH USED IN INVESTING ACTIVITIES		(471,383)	(1,172,339)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	25	-	784,800
Proceeds from issue of bank loans		-	783,863
Debt issue costs paid		-	(37,500)
Repayment of bank loans		(225,761)	(144,755)
Proceeds from issue of loan notes		350,000	2,089,200
Repayment of other loans		-	(1,778,000)
Capital element of hire purchase agreements		(77,230)	(23,892)
Interest paid		<u>(125,111)</u>	<u>(208,335)</u>
NET (USED IN)/GENERATED FROM FINANCING ACTIVITIES		(78,102)	1,465,291
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(62,464)	640,349
CASH & CASH EQUIVALENTS AT THE BEGINNING OF YEAR/PERIOD		640,349	-
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD		577,885	640,349
CASH & CASH EQUIVALENTS COMPRISE			
Cash at bank and in hand	26	<u>577,885</u>	<u>640,349</u>

The notes on pages 15 to 35 form part of these financial statements.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2018

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 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.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2018

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 2018

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

Tangible fixed assets

A key judgement associated with the acquisition premium during the previous period was the allocation of the premium on acquisition of the anaerobic digestion facility between buildings and plant and machinery (see note 27).

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.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2018

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

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.

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.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2018

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

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 regards 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.

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.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2018

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

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.

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.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2018

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:

	Year ended 31 Jan 18 £	Period from 21 Jan 16 to 31 Jan 17 £
United Kingdom	<u>1,333,998</u>	<u>1,253,383</u>

5. OTHER OPERATING INCOME

	Year ended 31 Jan 18 £	Period from 21 Jan 16 to 31 Jan 17 £
Insurance claims arising on operational incidents	<u>844,507</u>	<u>73,305</u>

Income of £844,507 in respect of the year ended 31 January 2018 reflects an insurance claim following an operational incident involving one of Fernbrook Bio Limited's digesters. 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	1,225,000
Costs of clean up and dismantling covered by insurance and excess	(183,531)
Loss on disposal of plant and machinery destroyed as a result of the incident	(196,962)
	<u>844,507</u>

The insurance claim and rebuild are ongoing and have continued into the next financial year. Amounts have only been recognised when economic benefits are virtually certain at 31 January 2018.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2018

6. OPERATING PROFIT / (LOSS)

Operating profit / (loss) is stated after charging / (crediting):

	Year ended 31 Jan 18 £	Period from 21 Jan 16 to 31 Jan 17 £
Depreciation of owned tangible assets	525,731	380,554
Depreciation of assets held under hire purchase agreements	45,956	12,613
Amortisation of intangible assets (included in administrative expenses)	46,172	30,082
Profit on disposal of tangible fixed assets	(550)	-
Impairment of tangible fixed assets	104,836	-
Operating lease rentals	60,085	39,646
Exceptional costs-aborted acquisition costs	-	75,921
Auditors' remuneration		
- for audit services *	17,800	18,500
- for other services – taxation services	-	5,500
	<u> </u>	<u> </u>

* The audit fee includes £5,560 (2017- £6,500) for the statutory audit of the parent company.

7. PARTICULARS OF EMPLOYEES

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

	Group Year ended 31 Jan 18 No	Company Year ended 31 Jan 18 No	Group Period from 21 Jan 16 to 31 Jan 17 No	Company Period from 21 Jan 16 to 31 Jan 17 No
Number of operational staff	3	-	4	-
Number of administrative staff	1	-	1	-
Number of management staff	4	4	4	4
	<u>8</u>	<u>4</u>	<u>9</u>	<u>4</u>

The aggregate payroll costs of the above were:

	Group Year ended 31 Jan 18 £	Company Year ended 31 Jan 18 £	Group Period from 21 Jan 16 to 31 Jan 17 £	Company Period from 21 Jan 16 to 31 Jan 17 £
Wages and salaries	135,789	26,000	121,691	18,452
Social security costs	7,919	1,293	11,143	899
Other pension costs	420	6	-	-
	<u>144,128</u>	<u>27,299</u>	<u>132,834</u>	<u>19,351</u>

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2018

8. DIRECTORS' REMUNERATION

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

	Year ended 31 Jan 18	Period from 21 Jan 16 to 31 Jan 17
	£	£
Aggregate emoluments (including benefits in kind)	26,000	18,452

Of the directors' emoluments reported above, £26,000 (2017- £18,452) plus a mark-up of £4,774 (2017- £2,678) were recharged to Fernbrook Bio Limited by way of a management charge.

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 Jan 18	Period from 21 Jan 16 to 31 Jan 17
	£	£
Interest payable on bank borrowing	58,739	44,913
Interest on hire purchase obligations	10,391	3,208
Interest payable on loan notes	232,254	121,870
Discounting of deferred consideration	7,904	7,340
Amortisation of debt issue costs	3,750	2,656
Other interest payable	-	35,688
	313,038	215,675

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2018

10. TAX ON LOSS

(a) Analysis of credit in the year / period

	Year ended 31 Jan 18 £	Period from 21 Jan 16 to 31 Jan 17 £
In respect of the year / period:		
UK Corporation tax based on the loss for the year/period at 19.17% (2017 – 20%)	15,000	(18,758)
Adjustments in respect of prior periods	(7,840)	-
Total current tax	7,160	(18,758)
Deferred tax:		
Origination and reversal of timing differences	(27,129)	(36,730)
Differences in tax rates	-	(13,470)
Total deferred tax	(27,129)	(50,200)
Tax on loss	(19,969)	(68,958)

(b) Factors affecting current tax credit

The tax assessed on the loss for the year / period is higher (2017- higher) than the standard rate of corporation tax in the UK of 19.17% (2017 - 20%).

	Year ended 31 Jan 18 £	Period from 21 Jan 16 to 31 Jan 17 £
Loss before taxation	(195,453)	(393,286)
Loss on ordinary activities by rate of tax	(37,468)	(78,657)
Expenditure not allowable for tax purposes	9,618	22,281
Adjustments in respect of prior periods	(7,840)	-
Losses available for consortium relief	3,521	-
Other fixed asset related differences	12,200	888
Differences in tax rates	-	(13,470)
Total tax credit	(19,969)	(68,958)

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2017 (on 6 September 2016). These include reductions to the main rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using this enacted tax rate and reflected in these financial statements. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2018

11. (LOSS) / PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the financial statements of the parent company was £40,740 (2017- profit of £127,824) including dividends receivable from subsidiary undertakings of £nil (2017- £250,000) in the year/ period.

12. INTANGIBLE ASSETS

Group	Goodwill £
COST	
At 1 Feb 2017	422,312
Additions	23,014
At 31 Jan 2018	<u>445,326</u>
ACCUMULATED AMORTISATION	
At 1 Feb 2017	30,082
Charge for the year	46,172
At 31 Jan 2018	<u>76,254</u>
NET BOOK AMOUNT	
At 31 Jan 2018	<u>369,072</u>
At 31 Jan 2017	<u>392,230</u>

Amortisation of intangible assets is included in administrative expenses.

During the previous period, the company purchased the entire share capital of Fernbrook Bio Limited for a total consideration of £2,260,689, with £908,280 on deferred payment terms. Details of the acquisition are set out in note 26. Management have estimated the useful life of the goodwill to be 10 years.

During the year the company paid additional consideration of £23,014.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2018

13. TANGIBLE ASSETS

Group	Freehold property £	Plant & Machinery £	Computer equipment £	Total £
COST				
At 1 Feb 2017	3,143,645	2,734,564	4,061	5,882,270
Additions	2,261	529,482	1,910	533,653
Disposals	-	(515,935)	-	(515,935)
At 31 Jan 2018	3,145,906	2,748,111	5,971	5,899,988
ACCUMULATED DEPRECIATION				
At 1 Feb 2017	47,541	344,716	910	393,167
Charge for the year	67,231	503,250	1,206	571,687
Provision for impairment	-	104,836	-	104,836
Disposals	-	(312,189)	-	(312,189)
At 31 Jan 2018	114,772	640,613	2,116	757,501
NET BOOK AMOUNT				
At 31 Jan 2018	3,031,134	2,107,498	3,855	5,142,487
At 31 Jan 2017	3,096,104	2,389,848	3,151	5,489,103

Included within Property is land to the value of £144,163 (2017- £144,163) which is not subject to depreciation.

Hire purchase agreements

Included within the net book value is £379,047 (2017 - £110,385) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year/period in respect of such assets amounted to £45,956 (2017 - £12,613).

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JANUARY 2018

14. INVESTMENTS

Company	Group companies
	£
COST	
At 1 February 2017	2,260,689
Additions	23,014
At 31 January 2018	<u><u>2,283,703</u></u>
NET BOOK VALUE	
At 31 January 2018	<u><u>2,283,703</u></u>
At 31 January 2017	<u><u>2,260,689</u></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. Additions represents additional consideration paid for the purchase of Fernbrook Bio Limited during the year.

15. INVENTORIES

	Group 2018	Group 2017
	£	£
Consumables	<u><u>6,557</u></u>	<u><u>-</u></u>

There is no significant difference between the replacement cost of consumables and their carrying amounts. Inventories are stated after provisions of £nil (2017 - £nil).

16. DEBTORS

	Group 2018	Group 2017	Company 2018	Company 2017
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	126,316	182,425	-	-
Amounts owed by group undertakings	-	-	3,104	142,548
Amounts owed by related undertakings	19,000	-	-	-
Amounts owed by group undertakings – loan notes	-	-	1,626,616	1,589,287
Other debtors	591,504	178,650	-	5,887
Interest due in respect of loan notes	-	-	125,568	-
Prepayments and accrued income	35,938	90,747	223	228
	<u><u>772,758</u></u>	<u><u>451,822</u></u>	<u><u>1,755,511</u></u>	<u><u>1,737,950</u></u>

Trade debtors are stated after provisions for impairment of £11,553 (2017 – £nil). Other debtors include insurance reimbursements of £575,000 that were agreed at 31 January 2018 but were subsequently received in cash on 2 March 2018 (2017 – £73,305 in relation to an operational incident in prior years).

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2018

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 are scheduled to commence on 1 August 2018, and therefore the loan notes are repayable after more than one year. 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.

17. CONTINGENT ASSETS

The group has recognised £1,225,000 of insurance reimbursements of which £650,000 had been received in cash at the year-end and £575,000 was agreed with insurers and therefore considered virtually certain, being included in other debtors. The group expects to receive further insurance reimbursements during the year ended 31 January 2019 in respect of future business interruption losses and to cover costs to complete the replacement of plant (where work is ongoing) following the incident described in note 5. Claim negotiations continue and any further insurance reimbursements will be recognised in next year's financial statements.

18. CREDITORS: Amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans	226,861	220,018	-	-
Trade creditors	67,213	240,169	-	-
Amounts owed to related undertakings-other	148,811	95,686	-	23,022
Deferred consideration	697,988	207,270	697,988	207,270
Hire purchase obligations	75,187	33,688	-	-
Corporation tax	15,000	42,332	-	-
Other taxation and social security	3,440	3,872	2,546	1,078
Other creditors	10	68,592	10	68,593
Amounts owed to related undertakings - loan note interest accrued	180,023	-	180,023	-
Accruals and deferred income	116,868	116,261	9,361	17,699
	1,531,401	1,027,888	889,928	317,662

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2018

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	
	2018	2017	2018	2017
	£	£	£	£
Bank loans	226,861	220,018	-	-
Hire purchase obligations	75,187	33,688	-	-
	<u>302,048</u>	<u>253,706</u>	<u>-</u>	<u>-</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 (2017 - £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	
	2018	2017	2018	2017
	£	£	£	£
Bank loans	1,871,528	2,100,383	-	-
Amounts owed to related undertakings-loan notes	2,439,200	2,089,200	2,439,200	2,089,200
Hire purchase obligations	195,055	30,753	-	-
Deferred consideration	-	691,092	-	691,092
	<u>4,505,783</u>	<u>4,911,428</u>	<u>2,439,200</u>	<u>2,780,292</u>

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

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans	1,871,528	2,100,383	-	-
Amounts owed to related undertakings-loan notes	2,439,200	2,089,200	2,439,200	2,089,200
Hire purchase obligations	195,055	30,753	-	-
	<u>4,505,783</u>	<u>4,220,336</u>	<u>2,439,200</u>	<u>2,089,200</u>

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2018

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 £27,344 (2017- £31,094). 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 were taken up in equal proportions by Regen Holdings Limited and ACP I Shareco Limited on 1 July 2016 and are repayable by 30 June 2031. Repayments of capital commence on 1 August 2018. The loan notes accrue interest on a monthly basis at a fixed rate of 10%. The loan notes issued by ACP I Shareco Limited are secured by fixed charges over the group's freehold property and fixed and floating charges over its other assets.

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	
	2018	2017	2018	2017
	£	£	£	£
Bank loans	897,024	1,151,258	-	-
Amounts owed to related undertakings-loan notes	2,439,200	2,089,200	2,439,200	2,089,200
	<u>3,336,224</u>	<u>3,240,458</u>	<u>2,439,200</u>	<u>2,089,200</u>

20. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2018	2017
	£	£
Group		
Not later than 1 year	75,187	33,688
Later than 1 and before 5 years	195,055	30,753
	<u>270,242</u>	<u>64,441</u>

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2018

21. FINANCIAL INSTRUMENTS

The group has the following financial instruments::

**Financial assets measured at
amortised cost**

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	126,316	182,425	-	-
Amounts owed by group undertakings	-	-	3,104	142,548
Amounts owed by related undertakings	19,000	-	-	-
Amounts owed by group undertakings – loan notes	-	-	1,626,616	1,589,287
Other debtors	591,504	178,650	-	5,887
Interest due in respect of loan notes	-	-	125,568	-
	<u>736,820</u>	<u>361,075</u>	<u>1,755,288</u>	<u>1,737,722</u>

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans	2,098,389	2,320,401	-	-
Trade creditors	67,213	240,169	-	-
Amounts owed to related undertakings-loan notes	2,439,200	2,089,200	2,439,200	2,089,200
Amounts owed to related undertakings - loan note interest	180,023	-	180,023	-
Amounts owed to related undertakings-other	148,811	95,686	-	23,022
Deferred consideration	697,988	207,270	697,988	207,270
Hire purchase obligations	270,242	64,441	-	-
	<u>5,901,866</u>	<u>5,017,167</u>	<u>3,317,211</u>	<u>2,319,492</u>

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2018

22. DEFERRED TAXATION

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

	Group		Company	
	Year ended	21 Jan 16 to	Year ended	21 Jan 16 to
	31 Jan 18	31 Jan 17	31 Jan 18	31 Jan 17
	£	£	£	£
Liability brought forward	573,716	-	-	-
Acquisition of subsidiary undertaking	-	623,916	-	-
Origination and reversal of timing differences	(27,129)	(36,730)	-	-
Difference in tax rates	-	(13,470)	-	-
Liability carried forward	<u>546,587</u>	<u>573,716</u>	<u>-</u>	<u>-</u>

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

Group	2018		2017	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Accelerated capital allowances and other timing differences on tangible fixed assets	546,587	-	573,716	-
	<u>546,587</u>	<u>-</u>	<u>573,716</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.

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2018

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 2018, Fernbrook Bio Limited incurred management charges totalling £174,386 (2017 - £120,320) from WRL. In addition, that company made purchases totalling £478,700 (2017 - £50,944) from WRL. An amount of £148,811 was outstanding at 31 January 2018 (2017 - £78,465). During the year that company provided services totalling £127,964 (18 months ended 31 January 2017 - £nil) to WRL. An amount of £19,000 was outstanding at 31 January 2018 (2017 - £nil).

During the previous period, Whites Generation Limited issued loan notes to Regen Holdings Limited and ACP I Shareco Limited, who jointly control the company. At 31 January 2017, the company owed each of these companies £1,044,600 in respect of the loan notes. During that period, an amount of £60,935 was charged by each company in respect of interest. No amounts of interest were outstanding at 31 January 2017. During the year ended 31 January 2018, Whites Generation Limited issued further loan notes with a value of £175,000 to each of these companies. At 31 January 2018, the company owed each of Regen Holdings Limited and ACP I Shareco Limited £1,219,600 in respect of all loan notes issued. During the year ended 31 January 2018, an amount of £116,127 was charged by each company to Whites Generation Limited in respect of interest on all loan notes. Of this interest, an amount of £180,023 was unpaid at 31 January 2018.

During the previous period Regen Holdings Limited made loans to Whites Generation Limited to assist in funding the acquisition of Fernbrook Bio Limited. These loans were repaid on 1 July 2016. Interest of £35,687 was charged by and paid to Regen Holdings Limited during the previous period. At 31 January 2018, the company owed Regen Holdings Limited £nil (2017 - £5,023) in respect of the recharge of costs incurred on its behalf.

During the previous period Albion Community Power plc, the parent company of ACP I Shareco Limited recharged costs incurred on behalf of the company totalling £18,000. This amount was outstanding at 31 January 2017, but repaid during the year ended 31 January 2018.

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

Allotted, called up and fully paid:

	2018		2017	
	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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NOTES TO THE FINANCIAL STATEMENTS
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26. NOTES TO THE CASH FLOW STATEMENT

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

	Year ended 31 Jan 18 £	Period from 21 Jan 16 to 31 Jan 17 £
Loss for the financial year / period	(175,484)	(324,328)
Adjustments for:		
Tax on loss	(19,969)	(68,958)
Net interest expensed	309,839	215,659
Operating profit /(loss)	<u>114,386</u>	<u>(177,627)</u>
Depreciation	571,687	393,167
Profit on disposal of tangible assets	(550)	-
Impairment of tangible fixed assets	104,836	-
Loss on derecognition of fixed assets impaired following operational incident (note 5)	196,962	-
Amortisation of intangible assets	46,172	30,082
Amortisation of loan arrangement fees	3,750	2,656
(Increase) in stocks	(6,557)	-
(Increase) in debtors	(320,936)	(205,160)
(Decrease) /increase in creditors	<u>(188,237)</u>	<u>291,481</u>
Net cash generated from operating activities	<u><u>521,513</u></u>	<u><u>334,599</u></u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Feb 2017 £	Cash flows £	Non-cash changes £	At 31 Jan 2018 £
Net cash:				
Cash at bank and in hand	640,349	(62,464)	-	577,885
Debt:				
Debt due within 1 year	(220,018)	(6,843)	-	(226,861)
Debt due after 1 year	(4,189,582)	(117,396)	(3,750)	(4,310,728)
Hire purchase agreements	(64,441)	77,230	(283,031)	(270,242)
	<u>(4,474,041)</u>	<u>(47,009)</u>	<u>(286,781)</u>	<u>(4,807,831)</u>
Net debt	<u><u>(3,833,692)</u></u>	<u><u>(109,473)</u></u>	<u><u>(286,781)</u></u>	<u><u>(4,229,946)</u></u>

WHITES GENERATION LIMITED
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27. BUSINESS COMBINATIONS

On 16 May 2016 Whites Generation Limited purchased all of the share capital of Fernbrook Bio Limited for a total consideration of £2,260,689 (including £181,674 of directly attributable professional and acquisition costs). Of this amount, £908,280 was payable on deferred payment terms. Of this amount, £208,280 was paid on 16 May 2017, and £700,000 is due for payment on 16 May 2018.

Fernbrook Bio Limited continues to derive the majority of its income through the operation, development and management of an anaerobic digestion facility. The company has its head-office at its registered office. The main operational site is near Rothwell, Northamptonshire.

The following table summarises the consideration paid by the group, the fair value of assets acquired and liabilities assumed.

Consideration at 16 May 2016

	£
Cash	1,187,994
Deferred consideration due within 1 year	204,814
Deferred consideration due after 1 year	686,207
Directly attributable costs	181,674
Total consideration	<u><u>2,260,689</u></u>

For cash flow disclosure purposes the amounts are disclosed as follows:

	£
Cash consideration	1,187,994
Directly attributable costs	181,674
	<u>1,369,668</u>
Cash and cash equivalents acquired	(285,302)
Total consideration	<u><u>1,084,366</u></u>

WHITES GENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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27. BUSINESS COMBINATIONS *(continued)*

Recognised amounts of identifiable assets acquired and liabilities assumed

	Note	Book values £	Adjustments £	Fair value £
Property, plant and equipment	(a)	4,141,995	1,346,956	5,488,951
Cash and cash equivalents		285,302	-	285,302
Trade and other receivables		522,625	-	522,625
Trade and other payables		(252,025)	-	(252,025)
Borrowings		(3,582,560)	-	(3,582,560)
Deferred tax liabilities	(b)	(381,464)	(242,452)	(623,916)
Total identifiable net assets		733,873	1,104,504	1,838,377
Goodwill				422,312
Total				2,260,689

The adjustments arising on acquisition were in respect of the following:

- (a) The uplift in property, plant and equipment was made based on a value in use calculation of the expected cash flows from the facility at the point of acquisition using a pre-tax discount rate of 11%. The valuation uplift was split between property and plant and equipment using a ratio of 77:23. The uplift in property relates to buildings, but excludes freehold land which remains at the original cost in the subsidiary books.
- (b) Deferred tax adjustment arising as a result of the acquisition adjustments.

During the year ended 31 January 2018, the company made further payments totalling £23,014 as additional consideration, not recognised at the time of acquisition.

Total payments for the purchase of the subsidiary undertaking during the year ended 31 January 2018 were:

	£
Deferred consideration	208,280
Additional consideration, as above	23,014
Total consideration	231,294

The deferred consideration has been discounted at 1%.

28. 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.