

**Company Registration No. 11503769 (England and Wales)**

**Aerospace Energy UK Limited**

**Financial statements  
for the period ended 31 December 2019**

**Pages for filing with the Registrar**

**Aerospace Energy UK Limited**

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**Aerospace Energy UK Limited**

**Statement of financial position**

**As at 31 December 2019**

			2019
	Notes	£	£
<b>Fixed assets</b>			
Tangible assets	3		2,407,630
<b>Current assets</b>			
Debtors	4	177,212	
Cash at bank and in hand		249,254	
		<u>426,466</u>	
<b>Creditors: amounts falling due within one year</b>	5	<u>(258,778)</u>	
<b>Net current assets</b>			167,688
<b>Total assets less current liabilities</b>			<u>2,575,318</u>
<b>Creditors: amounts falling due after more than one year</b>	6		(2,610,675)
<b>Net liabilities</b>			<u><u>(35,357)</u></u>
<b>Capital and reserves</b>			
Called up share capital	8		10,000
Profit and loss reserves			<u>(45,357)</u>
<b>Total equity</b>			<u><u>(35,357)</u></u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 5 May 2020 and are signed on its behalf by:

Graham Mackenzie  
**Director**

**Company Registration No. 11503769**

## **Aerospace Energy UK Limited**

### **Notes to the financial statements**

**For the period ended 31 December 2019**

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#### **1 Accounting policies**

##### **Company information**

Aerospace Energy UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 123 Pall Mall, London, SW1Y 5EA.

##### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

##### **1.2 Turnover**

Turnover represents amounts receivable from supplying heat and electricity from combined heat and power engines, net of VAT. Turnover from the sale is recognised when it is exported to the third party, that being the point at which the significant risks and rewards of ownership have passed to the buyer.

##### **1.3 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	straight line over a 15 year period
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### **1.4 Borrowing costs related to fixed assets**

Borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

**1 Accounting policies (continued)**

**1.5 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.6 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.7 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**1 Accounting policies (continued)**

***Basic financial assets***

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**1.8 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**1.9 Taxation**

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

***Current tax***

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

**1 Accounting policies (continued)**

***Deferred tax***

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.10 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

**2 Employees**

The company had no employees during the current period.

**Aerospace Energy UK Limited**

**Notes to the financial statements (continued)**  
**For the period ended 31 December 2019**

**3 Tangible fixed assets**

	<b>Plant and equipment £</b>
<b>Cost</b>	
Additions	2,490,652
At 31 December 2019	<u>2,490,652</u>
<b>Depreciation and impairment</b>	
Depreciation charged in the period	83,022
At 31 December 2019	<u>83,022</u>
<b>Carrying amount</b>	
At 31 December 2019	<u><u>2,407,630</u></u>

During the period, £172,998 of interest costs directly attributable to the financing of plant and equipment were capitalised. The total capitalised interest at 31 December 2019 was £172,998.

**4 Debtors**

	<b>2019 £</b>
<b>Amounts falling due within one year:</b>	
Trade debtors	85,678
Other debtors	81,868
	<u>167,546</u>
<b>Amounts falling due after more than one year:</b>	
Deferred tax asset (note 7)	9,666
<b>Total debtors</b>	<u><u>177,212</u></u>



**Aerospace Energy UK Limited**

**Notes to the financial statements (continued)**

**For the period ended 31 December 2019**

**5 Creditors: amounts falling due within one year**

	<b>2019</b>
	<b>£</b>
Trade creditors	56,598
Other creditors	202,180
	<u>258,778</u>

**6 Creditors: amounts falling due after more than one year**

	<b>2019</b>
	<b>£</b>
Other creditors	2,610,675
	<u>2,610,675</u>

The company has granted securities to Iona Environmental Infrastructure 3 LP, including a fixed charge, floating charge and negative pledge, secured over the assets of the company.

Creditors which fall due after five years are as follows:

	<b>2019</b>
	<b>£</b>
Payable by instalments	1,594,773
	<u>1,594,773</u>

**7 Deferred taxation**

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

	<b>Assets</b>
	<b>2019</b>
	<b>£</b>
<b>Balances:</b>	
Tax losses	9,666
	<u>9,666</u>

**Aerospace Energy UK Limited**

**Notes to the financial statements (continued)**

**For the period ended 31 December 2019**

**7 Deferred taxation (continued)**

	<b>2019</b>
	<b>£</b>
<b>Movements in the period:</b>	
Credit to profit or loss	9,656
Asset at 31 December 2019	<u>9,656</u>

The deferred tax asset set out above is expected to reverse within the foreseeable future and relates to the utilisation of tax losses against future expected profits of the same period.

**8 Called up share capital**

	<b>2019</b>
	<b>£</b>
<b>Ordinary share capital</b>	
<b>Issued and fully paid</b>	
10,000 Ordinary shares of £1 each	<u>10,000</u>

**9 Audit report information**

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Kenneth McDowell.

The auditor was Saffery Champness LLP.

**10 Events after the reporting date**

COVID-19 is a developing situation and will need continued attention as this evolves.

At the date of approval of these financial statements, the directors consider COVID-19 to be a non-adjusting subsequent event and, as a result, have made no adjustments to these financial statements in this regard.

The directors are closely monitoring the latest developments and possible long-term impact to the company. The company provides energy sales to a sole customer. The directors do not anticipate additional funding to be required and sales are not expected to be materially impacted at the time of signing these financial statements.

**11 Related party transactions**

Iona Environmental Infrastructure 3 LP advanced loans during the period totalling £2,698,470. Interest of £335,349 was charged on these loans. At the period end, loans of £2,698,470 were due to Iona Environmental Infrastructure 3 LP of which £2,610,675 is included within "Other creditors" in note 6 and £87,795 is included within "Other creditors" in note 5. In addition, interest of £82,507 was accrued, included in "Other creditors" in note 5. Iona Environmental Infrastructure 3 LP is the majority shareholder in the company.

Iona Capital Limited charged financial management service fees and planning costs of £484,800. At the period end, £Nil was due to Iona Capital Limited. Iona Capital Limited is a member of Iona EI (General Partner) 3 LLP which is the General Partner of Iona Environmental Infrastructure 3 LP.

Advantage Biogas Limited is a company under common control of Iona Capital Limited. During the period they provided maintenance, design, construction and installation services to the company. These costs totalled £1,755,914 with an outstanding balance of £67,209 at the period end.

**12 Parent company**

In the opinion of the directors, the immediate controlling party is Iona Environmental Infrastructure 3 LP due to it being the sole shareholder of the company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.