



Celtic Renewables Limited
Report & Financial Statements
Year Ended
31 December 2020



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Celtic Renewables Limited

Report of the Directors

For the year ended 31 December 2020

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

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Principal activities & future developments

The principal activity of the Company is research, development and commercialisation of its intellectual property and know-how for the ABE fermentation technology whereby residues and wastes from other industries are processed to sustainably produce high value solvents (Acetone, Butanol and Ethanol) and animal feed. This process helps to reduce carbon consumption through the production of solvents from a non-fossil fuel source.

On 30 November 2017, the Company established a wholly owned subsidiary, Celtic Renewables Grangemouth plc, for the purpose of the construction and commercial operation of a manufacturing plant for the ABE fermentation technology under licence from the Company.

Directors

The directors, who serviced during the period and subsequently, were as follows:

Mr M Simmers

Professor M Tangney OBE

Mr D Houston

Mr J Stevenson (appointed 29 February 2020)

Mr J Boyd (appointed 1 April 2020)

Mr I Evans (appointed 24 March 2020)

Mr D Macleod (appointed 24 March 2020)

Mr C Nash (appointed 24 March 2020)

Dr D Ward CBE (resigned 24 March 2020)

Ms Claire Treacy (appointed 18 March 2021)

Funding and Going Concern

In 2020, the Company secured two rounds of equity investment, a considerable proportion of which has been provided to its subsidiary to enable the completion of Construction and commissioning into operation of the first manufacturing plant. This is a key milestone in the Company's development. The directors are confident that it will enable the Company to fully activate its ambitious growth strategy to unlock the income streams the Company expects from the deployment of the technology at large scale in the future. The directors believe that this will make the Company an attractive prospect for future equity or debt financing.

Post Balance Sheet Event

On 16 June 2021, the Company completed a new equity investment round which has provided additional working capital to the Company of £3.535m which will finance the Company's activities including initial growth strategy activation into the second half of 2022. The directors continue to monitor the impact of the coronavirus pandemic, including the potential for project delays, and remain satisfied that the project schedule is achievable. The directors have therefore prepared the financial statements for the year ended 31 December 2020 on a going concern basis.



Celtic Renewables Limited

Report of the Directors

For the year ended 31 December 2020

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other regularities.

Disclosure of information to auditor

In the case of each person who was a director at the date this report was approved:

- so far as the director was aware there was no relevant audit information of which the Company's auditor was unaware; and
- they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

A resolution to re-appoint the auditor, BDO LLP, will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'Mark Simmers', written in a cursive style.

Mark Simmers

Director



Celtic Renewables Limited

Report of the Directors

For the year ended 31 December 2020

17 June 2021

Independent auditor's report

to the members of Celtic Renewables Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Celtic Renewables Limited ("the Company") for the year ended 31 December 2020 which comprise the Profit and Loss Statement, the Balance Sheet and the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report of the Directors other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report

to the members of Celtic Renewables Limited

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors' for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing a Strategic Report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. A summary of the procedures we designed and executed to detect irregularities, including fraud is set out below:

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of management meetings and of those charged with governance and reviewing documentation for indications of non-compliance with laws and regulations.
- assessing whether the accounting policies, treatments and presentation adopted in the financial statements is in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and whether there are instances of potential bias in areas with significant degrees of judgement such as the accounting of new and existing debt and equity funding;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- carrying tests of management control in certain areas or functions, such as the authorisation of business expenditure and the approval of payments to suppliers;

Independent auditor's report

to the members of Celtic Renewables Limited

- vouching balances and reconciling items in management's key control account reconciliations to supporting documentation as at 31 December 2020; and
- carrying out detailed testing, on a sample basis, of material transactions, financial statement categories and balances to appropriate documentary evidence to verify the completeness, occurrence and accuracy of the reported financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Alastair Rae (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Edinburgh

24 June 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



Celtic Renewables Limited

Profit and loss account

for the year ended 31 December 2020

		Year to 31 Dec 2020 £	Year to 31 Dec 2019 £
Administrative expenses		(2,063,164)	(1,337,077)
Other operating income	4	833,055	648,754
Operating Loss	5	(1,230,109)	(688,323)
Interest receivable and similar income		20	-
Interest payable & similar expenses		(140,287)	(389,380)
Loss before taxation		(1,370,376)	(1,077,703)
Taxation		-	96,717
Loss for year		(1,370,376)	(980,986)

During both periods presented, the Company had no income or expenditure which is not reflected in the profit and loss accounts as presented above.

The profit and loss account has been prepared on the basis that all operations are continuing operations.



Celtic Renewables Limited

Balance Sheet

As at 31 December 2020

	Notes	31 Dec 2020	31 Dec 2019
Fixed Assets		£	£
Intangible assets	6	233,340	233,340
Tangible assets	7	28,206	28,668
Investment in subsidiary undertaking	8	50,000	12,500
Total fixed assets		311,546	274,508
Current assets			
Debtors	9	33,342	1,987,707
Cash at bank and in hand		3,855,573	155,283
Total current assets		3,888,915	2,142,990
Creditors – amounts falling due within one year			
Trade and other creditors	10	(516,997)	(302,675)
Short term loans	12	-	(88,008)
Total current liabilities		(516,997)	(390,683)
Net current assets/(liabilities)		3,371,918	1,752,307
Non-current assets			
Intercompany Loan	11	5,518,790	-
Total assets less current liabilities		9,202,254	2,026,815
Creditors – amounts falling due after more than one year			
Convertible loans	12	(209,315)	(5,544,219)
Net liabilities		8,992,939	(3,517,404)
Capital and reserves			
Called-up share capital	13	234	128
Preference shares	13	89	-
Share premium account	13	15,026,104	1,236,182
Share based payment reserve	13	90,604	-
Own shares	13	(10)	(10)
Profit & loss reserves	13	(6,124,081)	(4,753,704)
Shareholders equity/ (deficit)		8,992,939	(3,517,404)

Company registration number: SC394571



Celtic Renewables Limited

Statement of changes in equity

For the period ended 31 December 2020

	Share Capital	Preference shares	Share Premium Account	Share based payment	Own Shares	Retained earnings	Total
	£	£	£	£	£	£	£
At 1 Jan 2020	128	-	1,236,182	-	(10)	(4,753,704)	(3,517,404)
Profit for the year	-	-	-	-	-	(1,370,376)	(1,370,376)
<u>Contributions by and Distributions to Owners</u>							
Issue of share capital	43	-	3,478,705	-	-	-	3,478,705
Conversion of loan stock	63	89	10,311,216	-	-	-	10,311,368
Share based payment credit	-	-	-	90,604	-	-	90,604
Total contributions by owners	106	89	13,789,922	90,604	-	-	13,880,720
As at 31 Dec 2020	234	89	15,026,104	90,604	(10)	(6,124,080)	8,992,939
<hr/>							
	Share Capital	Preference shares	Share Premium Account	Share based payment	Own Shares	Retained earnings	Total
	£	£	£	£	£	£	£
At 1 Jan 2019	128	-	1,236,182	-	(10)	(3,772,718)	(2,536,418)
Profit for the year	-	-	-	-	-	(980,986)	(980,986)
<u>Contributions by and Distributions to Owners</u>							
Issue of share capital	-	-	-	-	-	-	-
Conversion of loan stock	-	-	-	-	-	-	-
Share based payment credit	-	-	-	-	-	-	-
Total contributions by owners	-	-	-	-	-	-	-
As at 31 Dec 2019	128	-	1,236,182	-	(10)	(4,753,704)	(3,517,404)



Celtic Renewables Limited

Balance Sheet

As at 31 December 2020

These financial statements have been prepared and delivered in accordance with the provisions applicable to the small companies regime with the exception of certain voluntary disclosures with respect to profit and loss account items.

The Annual Report and financial statements were approved by the board of directors and authorised for issue on 16 June 2021 and are signed on behalf of the board by:

A handwritten signature in black ink, appearing to read "Mark Simmers", is written over a horizontal line.

Mark Simmers

Director



Celtic Renewables Limited

Notes to the financial statements

1. General information

The principal activity of the Company is the research and development of fermentation technology to produce organic chemicals and other products by converting residues and wastes from other industries thereby reducing carbon consumption through the production of solvents from a non-fossil fuel source and to commercialise its intellectual property and know-how.

The Company is a private company limited by shares incorporated in Scotland. The Company's registered office is 5th Floor, 125 Princess Street, Edinburgh, EH2 4AD.

2. Significant accounting policies

The accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied for all periods presented.

2.1 Basis of preparation

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 have been applied, other than where additional disclosure is required to show a true and fair view of is provided on a voluntary basis.

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.

2.2 Going concern

The Company incurred a loss of £1,370,376 for the year ended 31 December 2020 and at that date has net assets of £8,992,939.

In 2020, the Company secured two rounds of equity investment, a considerable proportion of which has been provided to its subsidiary to enable the completion of construction and commissioning into operation of the first manufacturing plant. This is a key milestone in the Company's development. The directors are confident that it will enable the Company to fully activate its ambitious growth strategy to unlock the income streams the Company expects from the deployment of the technology at large scale in the future. The directors believe that this will make the Company an attractive prospect for future equity or debt financing.

On 16 June 2021, the Company completed a new equity investment round which has provided additional working capital to the Company of £3.535m which will finance the Company's activities including initial growth strategy activation into the second half of 2022. The directors continue to monitor the impact of the coronavirus pandemic, including the potential for project delays, and remain satisfied that the project schedule is achievable. The directors have therefore prepared the financial statements for the year ended 31 December 2020 on a going concern basis.

2.3 Foreign currency

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.



Celtic Renewables Limited

Notes to the financial statements

2.4 Taxation

The tax expense represents current and deferred tax recognised in the reporting period.

Current tax

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

R&D tax credits

R&D tax credits are recognised at fair value of the asset received or receivable when there is reasonable assurance that claims will be successful. R&D tax credits are recognised as part of the taxation charge or credit in the year the recognition criteria is met. R&D tax credits relating to earlier periods are included in the current tax charge or credit as adjustments in respect of prior periods.

Deferred tax

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.

2.5 Employee benefits

Short-term benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of fixed assets.

Retirement benefit costs

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

Share-based payments

The Company operates share scheme arrangements for employees (in exchange for services rendered) which require to be accounted for as share-based payments.

The fair value is measured using the Black-Scholes method at date of grant and the expense is spread over the period during which the employees become unconditionally entitled to exercise the awards, known as the vesting period. The cumulative expense recognised in profit or loss over the vesting period is equal to the estimated fair value of the award multiplied by the number of awards expected to vest.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.7 Intangible fixed assets other than goodwill

The Company's intangible fixed assets comprise patents which are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives. Amortisation commences once commercial application and development has been realised.



Celtic Renewables Limited

Notes to the financial statements

2.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and machinery	25%-100% reducing balance
Computer equipment	3 years straight line

2.9 Impairment of fixed assets

At each reporting period end date, the Company reviews the carrying amounts of its tangible and intangible 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. Any impairment loss is recognised immediately in profit or loss.

2.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2.11 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 financial instruments.

Financial instruments are recognised in the balance sheet 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, 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 and loans from fellow group companies 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.



Celtic Renewables Limited

Notes to the financial statements

2.12 Compound instruments

The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

2.13 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Government grants are recognised only when there is reasonable assurance that the Company will comply with the conditions attaching to the grant and that the grants will be received.

2.15 Employee Benefit Trust

The company operates an employee benefit trust (EBT) for the purpose of enabling qualifying staff of the company to acquire shares in the company. The company's own shares held by the EBT are accounted for as if they were held by the company, as a debit reserve representing the cost paid by the EBT for the shares. Gains and losses on own shares transactions are accounted for as transfers between own shares reserve and retained earnings.



Celtic Renewables Limited

Notes to the financial statements

3. Employee information

	Year to 31 Dec 2020	Year to 31 Dec 2019
	Number	Number
Average number of executive directors and staff	16	12

Share based payments

The Company has adopted share option award schemes, including an Enterprise Management Incentive (EMI) scheme. The share option schemes are granted over the £0.0001 ordinary shares of the Company and can be exercised only at the disposal or sale of the Company or within 10 years of grant of the option.

As at 31 December 2020 share options over 486,000 £0.0001 ordinary shares (31 December 2019 RESTATED: 281,000 shares) had been granted and have a weighted average exercise price of £2.52. A charge to profit or loss in 2020 has been recognised in respect of share based payments and included an immaterial element of charge in respect of prior years where no charge has been recognised. The value of the charge applied in 2020 was £91,000, of which £33,000 related to prior years (2019: £nil). The following table provides analysis of all awards granted by the Company and outstanding at the year ended 31 December 2020:

Award	2013	2015 (1)	2015 (2)	2018	2020 (1)	2020 (2)
Award date	18 January 2013	21 January 2015	24 August 2015	17 September 2018	1 June 2020	1 June 2020
No. of options granted	100,000*	50,000	56,000	75,000	10,000	195,000
Option price (£)	£0.3470	£0.3470	£0.3470	£0.0001	£1.4493	£5.8385
Vesting date	18 January 2013	21 January 2015	24 August 2015	On completion of Demo plant at Grangemouth	1 June 2020	12-48 months from date of grant
Expiry date	16 January 2023	18 January 2025	22 August 2028	14 September 2028	1 June 2030	1 June 2030
Expected attrition rate (%)	0%	0%	0%	0%	0%	0%
Fair value per award at measurement date	£0.28	£0.28	£0.28	£0.00008	£5.07	£4.29
Valuation basis	Black-Scholes					
Unexpired period (yrs) at 31 December 2020	2.04	4.05	4.64	7.71	9.42	9.42

* Held in EBT



Celtic Renewables Limited

Notes to the financial statements

Share based payments outstanding at 31 December 2020

	2020	2019
Outstanding at 1 January	281,000	281,000
Granted during the year	205,000	-
Exercised during the year	-	-
Forfeited during the year	-	-
Outstanding at 31 December	486,000	281,000
Exercisable at 31 December	-	-
Vested at 31 December	216,000	206,000
Weighted average exercise price (WAEP)	£2.61	£0.25
Weighted average remaining contractual life (WARCL)	6.54 years	5.43 years

4. Other Income

	2020	2019
	£	£
Grant income	60,000	1,000
Recharges to CRG for Direct Staff costs	773,055	647,754
	833,055	648,754

5. Operating Loss

	2020	2019
	£	£
Operating loss is stated after charging (crediting):		
Fees payable to the Company's auditor and its associates:		
- for the audit of the Company's financial statements	9,000	9,000
- for other services	-	-
Depreciation	18,733	13,886
Net foreign exchange (gains)/ losses	(920)	140



Celtic Renewables Limited

Notes to the financial statements

6. Intangible assets

	£
Cost	
At 1 January 2020 and 31 December 2020	233,340
Amortisation and impairment	
At 1 January 2020 and 31 December 2020	-
Carrying amount	
At 1 January 2020 and 31 December 2020	233,340

Intangible assets represent the cost of patents held by the Company over the fermentation technology to produce organic chemicals and other products by converting residues and wastes from other industries.

7. Tangible assets

	Plant, machinery, computer equipment £
Cost	
At 1 January 2020	94,543
Additions	18,271
At 31 December 2020	112,814
Depreciation	
At 1 January 2020	65,875
Depreciation charge for the year	18,733
At 31 December 2020	84,608
Net book value	
At 31 December 2020	28,206
At 31 December 2019	28,668



Celtic Renewables Limited

Notes to the financial statements

8. Investment in subsidiary undertaking

	31 Dec 2020	31 Dec 2019
	£	£
Ordinary shares of £1 each		
At 1 January	12,500	-
Issued and paid up	37,500	12,500
	<hr/>	<hr/>
At 31 December	50,000	12,500
	<hr/>	<hr/>
Balance issued but unpaid at 31 December	-	37,500
	<hr/>	<hr/>

The investment represents 100% of the ordinary share capital of Celtic Renewables Grangemouth plc, a company limited by shares and incorporated in Scotland. The Company's registered office is 5th Floor, 125 Princes Street, Edinburgh, EH2 4AD.

The principal activity of Celtic Renewables Grangemouth plc is the construction and commercial operation of a demonstrator plant for the ABE fermentation technology to sustainably produce high value solvents and animal feeds using the intellectual property and know-how licenced to it by the Company.

The Company has pledged the shareholding in the subsidiary as security for the borrowings of the subsidiary.

9. Debtors

	31 Dec 2020	31 Dec 2019
	£	£
Amounts due from subsidiary undertaking	-	1,733,257
Other debtors	4,640	25,386
Corporation tax recoverable in respect of research and development costs	(84)	229,064
Prepayments	28,786	-
	<hr/>	<hr/>
	33,342	1,987,707
	<hr/>	<hr/>

10. Trade and other creditors

	31 Dec 2020	31 Dec 2019
	£	£
Amounts due to subsidiary undertaking	323,911	-
Trade creditors	27,057	139,999
Other taxation and social security	49,092	29,456
Other creditors	2,095	2,113
Accruals and deferred income	114,841	131,107
	<hr/>	<hr/>
	516,997	302,675
	<hr/>	<hr/>

The amounts due to the subsidiary undertaking are unsecured, interest free and have no fixed terms for repayment.



Celtic Renewables Limited

Notes to the financial statements

11. Non-current assets

	31 Dec 2020 £	31 Dec 2019 £
Intercompany loan		
Balance at start of year	-	-
Amounts drawn down 2020	5,518,790	-
	<hr/>	<hr/>
Balance at end of year	5,518,790	
	<hr/>	<hr/>

The loan to the subsidiary company, Celtic Renewables Grangemouth plc, is unsecured, interest free and has no fixed terms for repayment.

12. Loans and other borrowings*

	31 Dec 2020 £	31 Dec 2019 £
Short term loans	-	88,008
Convertible loans	209,315	5,544,219
	<hr/>	<hr/>
	209,315	5,632,227
	<hr/>	<hr/>

Convertible Loans	31 Dec 2020 £	31 Dec 2019 £
Balance at 1 January	5,544,220	2,209,453
Loans drawn down during year	440,000	2,950,000
Loans converted to equity during the year	(4,910,000)	-
Interest converted to equity during the year	(1,003,728)	-
Interest during year	138,823	384,766
	<hr/>	<hr/>
Balance as at 31 December	209,315	5,544,219
	<hr/>	<hr/>

The convertible loans bear interest at rates between 8% and 20% and all interest is rolled up. The loans are secured by floating charges over the assets of the company.

As part of the refinancing package completed on 28 February 2020 all the above convertible loans plus all interest accrued and rolled up, with the exception of one, were converted into ordinary share capital of the Company. The remaining convertible loan will be converted into ordinary share capital of the Company as part of the new equity investment round in May 2021.



Celtic Renewables Limited

Notes to the financial statements

13. Called-up share capital

Ordinary shares – issued and fully paid	Number	£
At 1 January 2020 - Ordinary shares of £0.01 each	12,470	128
February 2020 investment and conversion of loans – issued shares	11,065	60
	<hr/> 23,535	<hr/> 188
Conversion of shares from £0.01 to £0.0001	2,353,500	-
December 2020 investment and conversion of loans – issued shares	460,065	46
	<hr/> 2,813,565	<hr/> 234
	<hr/> <hr/>	<hr/> <hr/>
Preference shares – issued and fully paid	Number	£
At 1 January 2020 Preference shares of £0.01 each	-	-
February 2020 issue of shares	8,866	89
	<hr/> 8,866	<hr/> 89
Conversion of shares from £0.01 to £0.0001	886,600	-
	<hr/> 886,600	<hr/> 89
	<hr/> <hr/>	<hr/> <hr/>

Preference shares have no coupon or rights regarding preference dividends and as such are not treated as debt within the financial statements.

Ordinary shares issued during the year had a total consideration of £3,494,725.98. Preference shares issued during the year had a total consideration of £6,779,562.

In anticipation of the December 2020 equity raise, all issued share capital of Celtic Renewables Ltd being both Ordinary shares and Preference shares were converted from £0.01 shares to £0.0001. There were no other changes to the rights of the share capital as part of this conversion.

14. Other reserves

Share premium account

This account records the premium where the consideration received for the issue of share capital exceeds the nominal value of shares issued less the costs relating to the issue.

Share based payment reserve

This account records the equity impact anticipated in relation to the grant of options over the ordinary shares and corresponds with the charge made to profit or loss to recognise the cost to the company over the life of the options.



Celtic Renewables Limited

Notes to the financial statements

Profit & loss reserves

This reserve records retained earnings and accumulated losses.

Own shares reserves

The balance represents 100,000 £0.0001 ordinary shares in the Company held by the Celtic Renewables Employee Benefit Trust (EBT) which was established in 2011 to provide a mechanism to hold shares in the Company to be used in the future to settle the exercise of share options and other share transactions with employees.

The Company's ordinary shares held by the EBT are accounted for as if they were the Company's own shares and are treated as treasury shares.

15. Financial commitments, guarantees and contingent liabilities

The Company has provided an unlimited guarantee in respect of the borrowings of its subsidiary undertaking, Celtic Renewables Grangemouth plc.

16. Related party transactions

During the year D Houston, a director, made loans of £200,000 to the Company. As at 31 December 2020 the aggregate of short term and convertible loans due to D Houston or companies controlled by him was £200,000 (2019: £620,000) plus accrued interest rolled up of £9,315 (2019: £242,329). The £620,000 convertible loans due to D Houston or companies controlled by him at end 2019 were converted to equity as stated in note 13 above.

During the year, the Company recharged staff costs totalling £773,055 (2018: £647,754) to its subsidiary undertaking, Celtic Renewables Grangemouth plc being the costs of the employees of the Company who are directly engaged in the construction and commissioning of the demonstrator plant at Grangemouth.