

**Company Registration No. 10697290**

**Ancala Bioenergy Midco Limited**

**Annual report and financial statements**

**For the year ended 31 March 2019**



# **Ancala Bioenergy Midco Limited**

## **Annual report and financial statements 2019**

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# **Ancala Bioenergy Midco Limited**

## **Annual report and financial statements 2019**

### **Officers and professional advisers**

#### **DIRECTORS**

A Ajmera  
SM Clunie  
DW Owens

#### **REGISTERED OFFICE**

C/O Ancala Partners LLP  
40 Gracechurch Street  
London  
EC3V 0BT

#### **BANKERS**

National Westminster Bank Plc  
PO Box 423  
Bedford MK40 1ND

#### **SOLICITORS**

Hewitsons LLP  
Shakespeare House  
42 Newmarket Road  
Cambridge  
CB5 8EP

#### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditor  
The Maurice Wilkes Building  
St. John's Innovation Park  
Cowley Road  
Cambridge CB4 0DS

# Ancala Bioenergy Midco Limited

## Strategic Report

### BUSINESS REVIEW

The company, which is ultimately controlled by funds managed by Ancala Partners LLP, has a mandate to invest in the renewable energy sector in the United Kingdom.

The Company owns Ancala Bioenergy Limited who acquired in recent years Biogen Holdings Limited (acquired on 13 April 2017), Alauna Renewable Energy Limited and Biogen OpCo Ltd (acquired on 16 January 2018) and Tamar Energy Limited (acquired on 6 February 2018). This year has therefore been one of integration and consolidation. The integration of multiple operational and reporting systems has been successful, enabling the business to benefit from the foreseen synergies.

Operationally, the Group has continued to ensure it delivers best in class service, with all operational AD plants maintaining PAS110 in addition to the organics business maintaining PAS100. The Group has maintained its ISO9001, ISO14001 and OHSAS18001 accreditations, demonstrating the Groups dedication to operating at the highest standards.

The Company is exempt from preparing Consolidated financial statements under s460 of the Companies Act 2006 by virtue of its parent, Ancala Bioenergy Holdco Limited, preparing consolidated financial statements including those of the Company.

### PRINCIPAL RISKS AND UNCERTAINTIES

The Company faces the following risks during the normal course of operations:

#### *Regulatory compliance risk*

The Company has debt listed on The International Stock Exchange so must adhere to the regulatory standards and compliance required.

#### *Liquidity risk*

The Group monitors and manages the cash flow requirements of the business with annual/rolling forecasts that are reviewed regularly by the directors. The capital requirements of the Group are met through cash reserves and shareholder loans.

Overall, the directors and shareholders are pleased with the progress made in 2019 and are confident that the business is on the right trajectory to deliver on the underlying business plan.

Approved by the Board of Directors and signed on behalf of the Board



A Ajmera

Director

Date 29 / 7 / 19

# **Ancala Bioenergy Midco Limited**

## **Directors' report (continued)**

Ancala Bioenergy Midco Limited is a private company limited by shares and was incorporated on 29 March 2017.

The directors present their annual report on the affairs of the Company, together with the audited financial statements and independent auditors' report, for the year ended 31 March 2019.

### **Principal activities**

The principal activity of Ancala Bioenergy Midco Limited is of an intermediate holding company of a group which owns and operates anaerobic digestion plants generating renewable energy and bio-fertiliser from the processing of food waste and the ownership and operation of composting sites in the United Kingdom.

### **Directors**

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

A Ajmera  
SM Clunie  
DW Owens  
CWG Herriott (resigned 2 November 2018)

### **Directors' indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which remained in place during the year and at the date of approval of the financial statements.

### **Statement of disclosure of information to auditors**

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### **Statement of directors' responsibilities in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;

## **Ancala Bioenergy Midco Limited**

### **Directors' report (continued)**

#### **Statement of directors' responsibilities in respect of the financial statements (continued)**

- 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 company will continue in business.

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

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

#### **Independent auditors**

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



A Ajmera

Director

Date: 29 / 7 / 19

Ancala Bioenergy Midco Limited Company Registration No. 10697290

# Ancala Bioenergy Midco Limited

## Independent auditors' report to the members of Ancala Bioenergy Midco Limited

### Report on the audit of the financial statements

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#### Opinion

In our opinion, Ancala Bioenergy Midco Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit 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 Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2019; the statement of comprehensive income for the year ended 31 March 2019, the statement of changes in equity for the year ended 31 March 2019; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### 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.

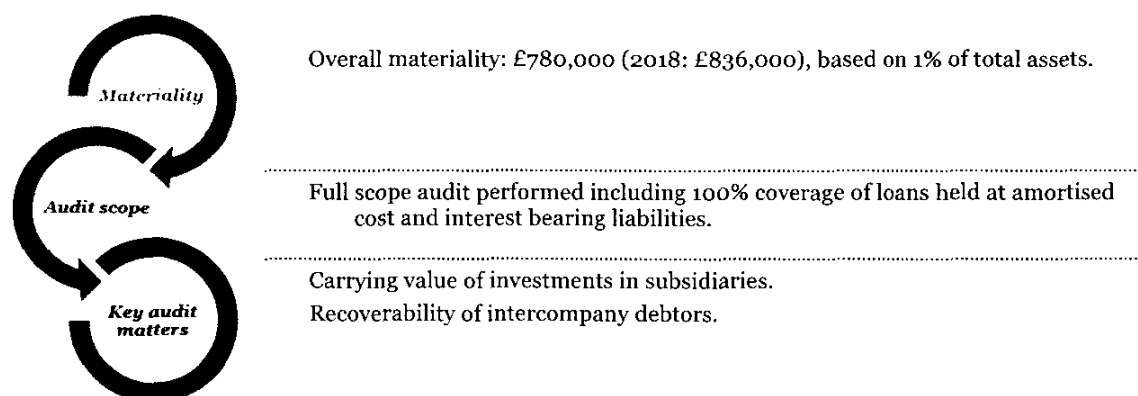
#### Independence

We remained independent of the company 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, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### Our audit approach

##### Overview



#### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

## Ancala Bioenergy Midco Limited

### Independent auditors' report to the members of Ancala Bioenergy Midco Limited

#### *Key audit matters*

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

| <b>Key audit matter</b>   | <b>How our audit addressed the key audit matter</b>   |
|---|---|
| <i>Carrying value of investments in subsidiaries</i><br>The company holds an investment of £3,417,000 in a subsidiary undertaking. In assessing whether this asset is impaired, and the amount of any impairment, the directors determine its value in use, which involves complex and subjective judgements in relation to the future results and prospects of the business. | We evaluated the process by which the directors prepared their impairment assessment.<br>As a result of our work, we concurred with the directors' conclusion that no impairment charge was required in relation to investments.  |
| <i>Recoverability of intercompany debtors</i><br>In line with the key audit matter above, the recoverability of intercompany debtors is also dependent upon the future cash flows of subsidiaries to which funds have been loaned.  | We assessed the recoverability of the intercompany debtors, evaluating the liquid cash available within the subsidiaries compared to the total loan receivable, and the forecasts of future cash flows prepared by the directors.<br>As a result of our work, we concurred with the directors' conclusion that no impairment charges were required in relation to intercompany debtors. |

#### *How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

#### *Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:



## Ancala Bioenergy Midco Limited

### Independent auditors' report to the members of Ancala Bioenergy Midco Limited

|  |  |
|--|--|
| <b>Overall materiality</b>             | £780,000 (2018: £836,000).   |
| <b>How we determined it</b>            | 1% of total assets.  |
| <b>Rationale for benchmark applied</b> | We believe that total assets is the primary measure used by the users of the financial statements in assessing the performance of the company, and is a generally accepted auditing benchmark. |

We agreed with the Directors that we would report to them misstatements identified during our audit above £39,000 (2018: £83,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

#### Conclusions relating to going concern

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 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

#### 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 March 2019 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 company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

## **Ancala Bioenergy Midco Limited**

### **Independent auditors' report to the members of Ancala Bioenergy Midco Limited**

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#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, 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 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.

##### *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](http://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.

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### **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 financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Miles Saunders (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cambridge

31 July 2019

## Ancala Bioenergy Midco Limited

### STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 March 2019


|  | Note | 2019<br>£'000 | 2018<br>£'000 |
|--|------|---------------|---------------|
| Administrative expenses                        |      | (11)          | (8)           |
| <b>LOSS BEFORE INTEREST AND TAXATION</b>       |      | <b>(11)</b>   | <b>(8)</b>    |
| Interest receivable and similar income         | 5    | 7,751         | 4,264         |
| Interest payable and similar expenses          | 5    | (7,590)       | (2,872)       |
| <b>PROFIT BEFORE TAXATION</b>                  |      | <b>150</b>    | <b>1,384</b>  |
| Tax on profit                                  | 6    | 429           | (429)         |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>           |      | <b>579</b>    | <b>955</b>    |
| Other comprehensive income                     |      | -             | -             |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b> |      | <b>579</b>    | <b>955</b>    |

# Ancala Bioenergy Midco Limited

## STATEMENT OF FINANCIAL POSITION As at 31 March 2019

|  | Note | 2019<br>£'000 | 2018<br>£'000 |
|--|------|---------------|---------------|
| <b>FIXED ASSETS</b>  |      |               |               |
| Investments  | 8    | 3,417         | 3,417         |
|  |      | <u>3,417</u>  | <u>3,417</u>  |
| <b>CURRENT ASSETS</b>  |      |               |               |
| DEBTORS: amounts falling due after more than one year          | 9    | 74,541        | 80,210        |
|  |      | <u>74,541</u> | <u>80,210</u> |
| <b>CREDITORS: amounts falling due within one year</b>          | 10   | -             | (429)         |
| <b>NET CURRENT ASSETS</b>                                      |      | <u>74,541</u> | <u>79,781</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      | 77,958        | 83,198        |
| <b>CREDITORS: amounts falling due after more than one year</b> | 11   | (73,007)      | (78,826)      |
| <b>NET ASSETS</b>  |      | <u>4,951</u>  | <u>4,372</u>  |
| <b>CAPITAL AND RESERVES</b>                                    |      |               |               |
| Called up share capital  |      | 34            | 34            |
| Share Premium account  |      | 3,383         | 3,383         |
| Profit and loss account  |      | 1,534         | 955           |
| <b>TOTAL SHAREHOLDERS' FUNDS</b>                               |      | <u>4,951</u>  | <u>4,372</u>  |

The financial statements on pages 9 to 19 were approved by the Board of Directors on 29 July 2019 and signed on its behalf by:



A Ajmera  
Director

Ancala Bioenergy Midco Limited Company Registration No. 10697290

## Ancala Bioenergy Midco Limited

### STATEMENTS OF CHANGES IN EQUITY For the year ended 31 March 2019

|   | Called up<br>share<br>capital<br>£'000 | Share<br>premium<br>account<br>£'000 | Profit<br>and loss<br>account<br>£'000 | Total<br>shareholders<br>' funds<br>£'000 |
|---|--|--------------------------------------|--|---|
| Balance on incorporation  | -                                      | -                                    | -                                      | -   |
| Shares issued in the period                                       | 34                                     | 3,383                                | -                                      | 3,417                                     |
| Profit for the financial period and total<br>comprehensive income | -                                      | -                                    | 955                                    | 955                                       |
| Balance as at 31 March 2018 and 1 April 2018                      | 34                                     | 3,383                                | 955                                    | 4,372                                     |
| Profit for the financial year and total<br>comprehensive income   | -                                      | -                                    | 579                                    | 579                                       |
| Balance as at 31 March 2019                                       | 34                                     | 3,383                                | 1,534                                  | 4,951                                     |

# Ancala Bioenergy Midco Limited

## Notes to the financial statements (continued) For the year ended 31 March 2019

### 1. STATUTORY INFORMATION

Ancala Bioenergy Midco Limited is an intermediate holding company for a group which runs and operates Anaerobic Digestion plants and Composting sites in England, Scotland and Wales.

The Company is a private company limited by shares and is incorporated in England. The address of its registered office is C/O Ancala Partners LLP, 40 Gracechurch Street, London, England, EC3V 0BT.

### 2. COMPLIANCE WITH ACCOUNTING STANDARDS

The financial statements of Ancala Bioenergy Midco Limited 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. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. These are disclosed later in this note.

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the following exemptions, given its results are included in the consolidated financial statements of its ultimate parent company Ancala Bioenergy Holdco Limited (these financial statements can be obtained from the address given in note 13):

- under FRS 102 paragraph 1.12(b), exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Ancala Bioenergy Holdco Limited, includes the Company's cash flow in its own consolidated financial statements
- under FRS 102 paragraph 33.7, from disclosing key management personnel compensation in total
- under FRS 102 paragraph 4.12a(iv), from disclosing a reconciliation of the number of shares outstanding at the beginning and end of the year
- from the financial instrument disclosures, required under FRS102 paragraphs 11.41(b), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures.

#### Going concern

The directors regularly review and update trading and cash forecasts and capital expenditure plans, monitoring actual results against previous forecasts, to ensure that Ancala Bioenergy Midco Limited has adequate resources and facilities in place to enable it to meet its commitments and fulfil its future plans for the foreseeable future.

In forming their conclusion on the appropriateness of preparing these financial statements on the going concern basis, the directors have considered these forecasts to 31 March 2021. Accordingly the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

# **Ancala Bioenergy Midco Limited**

## **Notes to the financial statements (continued) For the year ended 31 March 2019**

### **3. ACCOUNTING POLICIES (Continued)**

#### **Consolidation**

The company is exempt from preparing consolidated financial statements under s400 of the Companies Act 2006 by virtue of its parent, Ancala Bioenergy Holdco Limited, preparing consolidated financial statements including those of the company.

#### **Investments**

Investments held as fixed assets are stated at cost less provision for any impairment in value.

#### **Deferred taxation**

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes.

Tax deferred or accelerated is accounted for in respect of all material timing differences. 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 of 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.

#### **Financial instruments**

##### *Financial assets*

Subsequent to initial measurement, trade and other receivables and cash and cash equivalents are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in income when the receivables are derecognised or impaired, as well as through the amortisation process.

The company's financial assets are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether or not there is any indication of impairment.

Trade and other receivables are stated net of an allowance for uncollectible amounts.

##### *Financial liabilities*

Loans and trade and other payables are classified as financial liabilities and are subsequently measured at amortised cost. Gains and losses are recognised in income when the financial liabilities are derecognised or impaired as well as through the amortisation process. 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. Any instrument that includes a repayment obligation is classified as a liability.

#### **Critical accounting policies, judgements/estimates**

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 Company's accounting policies. The main area of estimates are the carrying value of the investments and the recoverability of the intercompany loan. However, these are not considered critical estimates.

# Ancala Bioenergy Midco Limited

## Notes to the financial statements (continued) For the year ended 31 March 2019

### 4. EMPLOYEE COSTS

The company did not have any employees in the year (2018: none).

### 5. NET INTEREST EXPENSE

| <b>Interest receivable and similar income</b>    | <b>2019<br/>£'000</b> | <b>2018<br/>£'000</b> |
|--|-----------------------|-----------------------|
| On loans from Group undertakings                 | 7,751                 | 4,264                 |
| Total interest receivable                        | <u>7,751</u>          | <u>4,264</u>          |
| <br><b>Interest payable and similar expenses</b> |                       |                       |
|  | <b>2019<br/>£'000</b> | <b>2018<br/>£'000</b> |
| Listed loan notes                                | 7,590                 | 2,862                 |
| On loans from Group undertakings                 | -                     | 10                    |
| Total interest payable and similar expenses      | <u>7,590</u>          | <u>2,872</u>          |
| <br><b>Net interest income</b>                   |                       |                       |
|  | <b>2019<br/>£'000</b> | <b>2018<br/>£'000</b> |
| Interest receivable and similar income           | 7,751                 | 4,264                 |
| Interest payable and similar expenses            | (7,590)               | (2,872)               |
| Net interest income                              | <u>161</u>            | <u>1,392</u>          |



# Ancala Bioenergy Midco Limited

## Notes to the financial statements (continued) For the year ended 31 March 2019

### 6. TAX ON PROFIT

| (a) Tax expense included in profit and loss | 2019<br>£'000 | 2018<br>£'000 |
|---|---------------|---------------|
|---|---------------|---------------|

#### Current tax:

|  |       |     |
|--|-------|-----|
| - Corporation tax on profits for the year    | -     | 429 |
| - Group relief written off from prior period | (429) | -   |
| Total current tax                            | (429) | 429 |

Tax assessed for the year is lower than the standard rate of corporation tax in the UK for the year ended 31 March 2019 of 19% (2018: 19.01%). The differences are explained below:

| (b) Tax expense/(income) included in other comprehensive income | 2019<br>£'000 | 2018<br>£'000 |
|---|---------------|---------------|
|---|---------------|---------------|

#### Deferred tax:

|   |   |   |
|---|---|---|
| - Origination and reversal of timing differences                | - | - |
| - Adjustment in respect of prior periods                        | - | - |
| - Impact of change in tax rate                                  | - | - |
| Total tax income/expense included in other comprehensive income | - | - |

|  | 2019<br>£'000 | 2018<br>£'000 |
|--|---------------|---------------|
| Profit before tax  | 150           | 1,384         |
| Profit multiplied by the standard rate of tax in the UK of 19%. The differences are explained below: | 29            | 263           |
| - Expenses not deductible for tax purposes   | 412           | 166           |
| - Group relief utilised in the year  | (441)         | -             |
| - Adjustment in relation to prior periods  | (429)         | -             |
| Total tax(credit)/charge for the year  | (429)         | 429           |

The Finance (No 2) Act 2016, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2016. Subsequently, the Finance Act 2018, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 15 March 2018. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

# Ancala Bioenergy Midco Limited

## Notes to the financial statements (continued) For the year ended 31 March 2019

### 7. AUDITORS REMUNERATION

Auditors' remuneration of £3k (2018: £3k) is paid by Ancala Bioenergy Limited on behalf of the Company for the audit of the Company's annual financial statements.

### 8. INVESTMENTS

|  | 2019         | 2018         |
|--|--------------|--------------|
|  | £'000        | £'000        |
| <b>Subsidiary undertakings:</b>        |              |              |
| Investment in Ancala Bioenergy Limited | 3,417        | 3,417        |
|  | <u>3,417</u> | <u>3,417</u> |

The directors believe that the carrying value of the investments is supported by their underlying cashflow.

#### Principal investments

The company and the group have investments in the following subsidiary undertakings.

| Subsidiary undertaking                        | Nature of Business  | Type     | Percentage owned by           |         |
|---|---------------------|----------|-------------------------------|---------|
|   |                     |          | Other subsidiary undertakings | Company |
| Ancala Bioenergy Limited                      | Holding Company     |          | -                             | 100     |
| Biogen Holdings Limited                       | Holding Company     | Ordinary | -                             | -       |
| Biogen (UK) Limited                           | Anaerobic Digestion | Ordinary | 100                           | -       |
| Greenfinch Limited*                           | Plant Construction  | Ordinary | 100                           | -       |
| Biogen Bryn Pica Limited                      | Anaerobic Digestion | Ordinary | 100                           | -       |
| Biogen EM Top Co Limited*                     | Holding Company     | Ordinary | -                             | -       |
| Biogen EM Mid Co Limited*                     | Holding Company     | Ordinary | 100                           | -       |
| Biogen EM Hold Co Limited*                    | Holding Company     | Ordinary | 100                           | -       |
| Biogen EM Limited*                            | Holding Company     | Ordinary | 100                           | -       |
| Alauna Renewable Energy Limited               | Anaerobic Digestion | Ordinary | 100                           | -       |
| Biogen EM OpCo Limited                        | Anaerobic Digestion | Ordinary | 100                           | -       |
| Tamar Energy Limited                          | Holding Company     | Ordinary | -                             | -       |
| Tamar Energy Development Company Limited*     | Non-trading         | Ordinary | 100                           | -       |
| Tamar Energy (Holdings) Limited*              | Management Services | Ordinary | 100                           | -       |
| Tamar Renewable Power (Hoddesdon) Limited*    | Anaerobic Digestion | Ordinary | 100                           | -       |
| Tamar Energy (Hermes Holdings) Limited*       | Holding Company     | Ordinary | 100                           | -       |
| Tamar Energy Operating Company (one) Limited* | Holding Company     | Ordinary | 100                           | -       |
| Holbeach Biogas Limited                       | Anaerobic Digestion | Ordinary | 95                            | -       |
| Sutton Grange AD Limited                      | Anaerobic Digestion | Ordinary | 80                            | -       |

# Ancala Bioenergy Midco Limited

## Notes to the financial statements (continued) For the year ended 31 March 2019

### 8. INVESTMENTS (Continued)

| Subsidiary undertaking                       | Nature of Business         | Type     | Percentage owned by           |         |
|--|----------------------------|----------|-------------------------------|---------|
|  |                            |          | Other subsidiary undertakings | Company |
| Tamar Renewable Power (Essex) Limited *      | Anaerobic Digestion        | Ordinary | 100                           | -       |
| Tamar Renewable Power (Basingstoke) Limited* | Anaerobic Digestion        | Ordinary | 100                           | -       |
| Tamar Organics Limited*                      | Waste recycling & disposal | Ordinary | 100                           | -       |
| Tamar Recycling (Suffolk) Limited*           | Waste recycling & disposal | Ordinary | 100                           | -       |
| Tamar Composting (East Anglia) Limited*      | Waste recycling & disposal | Ordinary | 100                           | -       |
| TJ Composting Group Limited*                 | Holding Company            | Ordinary | 100                           | -       |
| TJ Composting Services Limited*              | Dormant                    | Ordinary | 100                           | -       |
| The Beddingham Compost Company Limited*      | Dormant                    | Ordinary | 100                           | -       |
| Tamar Organic Waste Limited*                 | Waste recycling & disposal | Ordinary | 100                           | -       |

\* Audit exemption claimed under s479C CA 2006

#### Joint ventures

|                        |                     |          |    |   |
|------------------------|---------------------|----------|----|---|
| Biogen Gwyriad Limited | Anaerobic Digestion | Ordinary | 52 | - |
| Biogen Waen Limited    | Anaerobic Digestion | Ordinary | 55 | - |

The Company and Ancala Bioenergy Limited are registered in England and Wales at the following address: C/O Ancala Partners LLP, 40 Gracechurch Street, London, England, EC3V 0BT. The registered address of all the other companies is Milton Parc, Milton Ernest, Bedfordshire, MK44 1YU.

The Company financial statements have been consolidated in the Group financial statements of Ancala Bioenergy Holdco Limited, the ultimate parent company.

# Ancala Bioenergy Midco Limited

## Notes to the financial statements (continued) For the year ended 31 March 2019

### 9. DEBTORS

|  | 2019<br>£'000 | 2018<br>£'000 |
|--|---------------|---------------|
| <b>Amounts falling due after more than one year:</b> |               |               |
| Amounts owed by group undertakings                   | 74,541        | 80,210        |
|  | <u>74,541</u> | <u>80,210</u> |

The amounts owed by group undertakings is an unsecured loan with Ancala Bioenergy Limited which attracts interest at 10.5%. The interest is rolled into the balance on a six monthly basis.

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                       | 2019<br>£'000 | 2018<br>£'000 |
|-----------------------|---------------|---------------|
| Group Relief creditor | -             | 429           |
|                       | <u>-</u>      | <u>429</u>    |

Group relief was provided by another group company and utilised by Ancala Bioenergy Midco Limited in the prior period, in 2019 the policy of charging group relief was amended and it is no longer charged across the group.

### 11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|                                    | 2019<br>£'000 | 2018<br>£'000 |
|------------------------------------|---------------|---------------|
| Loan Notes                         | 72,302        | 78,181        |
| Amounts owed to group undertakings | 705           | 645           |
|                                    | <u>73,007</u> | <u>78,826</u> |

The unsecured loan notes are listed on The International Stock Exchange at a fixed rate of 10.5% with a maturity date of 13 April 2047, and are held by the shareholders of Ancala Bioenergy Holdco Limited, the company's parent company. The balance outstanding includes accrued interest of £7,051k (2018: £1,195k). During the year loan notes, inclusive of interest amounting to £13m were repaid.

The amount owed to group undertakings is a loan from Ancala Bioenergy Holdco Limited which incurs interest at 10.5%. The interest is rolled on a six monthly basis.

### 12. PAYMENTS TO DIRECTORS

Directors received no remuneration for services in the year (2018: £nil).

No advances have been made to directors and there are no outstanding balances directors.

The company has no employees (2018: none).

## **Ancala Bioenergy Midco Limited**

### **Notes to the financial statements (continued) For the year ended 31 March 2019**

#### **13. ULTIMATE CONTROLLING PARTY**

The immediate and ultimate parent company is Ancala Bioenergy Holdco Limited, in whose consolidated financial statements the results of the Company are included. The financial statements of Ancala Bioenergy Holdco Limited are publicly available from C/O Ancala Partners LLP, 40 Gracechurch Street, London, England, EC3V 0BT.

The ultimate controlling party are funds managed by Ancala Partners LLP.

#### **14. RELATED PARTY TRANSACTIONS**

The Company is exempt from disclosing related party transactions which are with other group companies that are wholly owned within the Group.

#### **15. POST BALANCE SHEET EVENT**

On 18 April 2019 £4m of the loan notes were redeemed, funded by amounts received from group undertakings.