

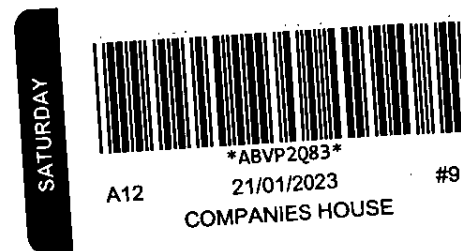


## **Whinney Hill Energy Limited**

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

for the year ended 30 June 2022

Registered number: 03466084



## Company information

### Directors

P S Latham  
M G Setchell  
E J Wilkinson

### Company secretary

Octopus Company Secretarial Services Limited  
6<sup>th</sup> Floor  
33 Holborn  
London  
England  
EC1N 2HT

### Bankers

Barclays Bank Plc  
1 Churchill Place  
London  
E14 5HP

### Registered office

6<sup>th</sup> Floor  
33 Holborn  
London  
England  
EC1N 2HT

## Directors' report for the year ended 30 June 2022

The directors present their annual report and the financial statements for the company for the year ended 30 June 2022. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

### Principal activities and business review

The principal activity of the company is the generation of electricity from landfill gas. Notwithstanding that Whinney Hill Energy Limited is loss making the results for the financial year, and financial position at the year end were in line with expectations. Royalties, operations and maintenance recharges, intra group finance lease charges and depreciation of fixed assets exceeded revenue generated resulting in a loss for the financial year.

In August 2021, following a competitive tender process, a new Power Purchase Agreement ("PPA") was signed with EDF Energy Limited covering the period 1 March 2022 to 31 March 2024. The PPA includes the sale of electricity, Renewable Obligation Certificates ("ROCs"), Renewable Energy Guarantees of Origin ("REGOs") and the receipt of embedded benefits. Under the terms of the new PPA, electricity prices for the summer (April to September) and winter (October to March) periods have been fixed for the duration of the contract. ROCs are sold at a market reflective discount to the ROC buy-out price. In May 2022, the PPA with EDF was extended for a further 12 months to 31 March 2025.

### Results and dividends

The loss for the financial year amounted to £297,569 (2021: £925,003 loss). The directors do not recommend the payment of a dividend (2021: £nil).

### Macroeconomic factors

The spread of Covid-19 and governmental responses to it resulted in an economic downturn in the United Kingdom and the global economy more widely during 2020, as well as causing initial declines and increased volatility in financial and electricity markets. The United Kingdom and global economies recovered during 2021, coinciding with a sharp rise in wholesale electricity prices. These effects and the increase in wholesale electricity prices continued at the start of 2022 and thereafter following Russia's invasion of the Ukraine and the imposition of economic sanctions.

Since the early part of 2022 the United Kingdom has seen a significant increase in inflation which has impacted businesses and the wider population. The company is not immune to these wider inflationary pressures particularly in terms of its operating costs.

Whilst the company has fixed the wholesale electricity price it receives to 31 March 2025, it will benefit from the annual indexation of its ROC buy out income. Further, as a generator of renewable electricity the company is somewhat protected from increasingly difficult consumer market conditions.

The Autumn Statement 2022 dated 17 November 2022 included an outline of the Electricity Generator Levy that will apply to certain electricity generators from 1 January 2023 to 31 March 2028. Those companies in scope will be subject to a 45% tax charge on electricity revenue above £75 per MWh, classified as "Exceptional Generation Receipts". We understand that entitlement to ROCs and associated revenue will remain unchanged. The supporting draft legislation is expected to be published in December 2022.

Based on information available currently and existing PPAs, we do not expect the Electricity Generator Levy to have a material impact on the company's results in the near term. We will continue to review and monitor the impact of the Electricity Generator Levy when the draft legislation is available and subsequently when it is enacted.

## Directors' report for the year ended 30 June 2022

### Directors

The directors of the company, who held office during the financial year and up to the date of signing the financial statements, are given below:

P S Latham  
M G Setchell  
E J Wilkinson

### Directors' third-party indemnity provision

A qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006 was in force throughout the financial year and at the date of approval of the financial statements for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, the company maintained a directors' and officers' liability insurance policy throughout the financial year and up to the date of approval of the financial statements.

### Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with those of the group and are not managed separately. The group has an agreed formal risk management policy and framework that covers identification, mitigation, control, monitoring and review of risks on a regular basis. Further discussion of group wide risks is provided within the directors' report of Melton Renewable Energy UK Limited which does not form part of this report.

### Financial risk management

Given that the status of the company is that of a small trading company, it is exposed to limited financial risks. The financial risks the group faces have been disclosed within the financial statements of Melton Renewable Energy UK Limited for the year ended 30 June 2022. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the finance department of Melton Renewable Energy UK Limited.

### Key performance indicators

Given the group wide approach to the management of operations, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Whinney Hill Energy Limited. The key performance indicators used by the group's directors to assess the development, performance and position of Melton Renewable Energy UK Limited which includes this wholly owned UK subsidiary, are discussed in the group's report and financial statements which does not form part of this report.

### Going concern

Notwithstanding the fact that the company is loss making, has net current liabilities and net liabilities the directors have prepared the financial statements on the going concern basis. The directors have received confirmation from Melton Renewable Energy UK Limited, an intermediate parent company, of its intention to financially support the company such that the company can meet those obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements.

## Directors' report for the year ended 30 June 2022

### Statement of directors' responsibilities

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

### Audit exemption

The company was entitled to exemption from audit under section 479A of the Companies Act 2006 ("the Act") and the members have not required the company to obtain an audit of its financial statements for the year ending 30 June 2022 in accordance with section 476 of the Act. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

### Small company exemption

In preparing this report, the directors have taken advantage of the small company exemptions provided by section 415A of the Act.

The directors have also taken advantage of the small company exemptions provided by section 414B of the Act and have not prepared a strategic report.

**The report was approved by the board on 9 December 2022 and signed on its behalf by:**



**E J Wilkinson**  
Director

## Statement of income and retained earnings

for the year ended 30 June 2022

	Note	2022 £	2021 £
<b>Turnover</b>	5	<b>6,020,882</b>	3,825,101
Cost of sales		<b>(6,238,826)</b>	(4,830,132)
<b>Gross loss</b>		<b>(217,944)</b>	(1,005,031)
Administrative expenses		<b>(148,480)</b>	(148,480)
<b>Loss on ordinary activities before taxation</b>	6	<b>(366,424)</b>	(1,153,511)
Tax on loss on ordinary activities	8	<b>68,855</b>	228,508
<b>Loss for the financial year</b>	13	<b>(297,569)</b>	(925,003)
<b>Accumulated losses brought forward</b>	13	<b>(2,075,183)</b>	(1,150,180)
<b>Accumulated losses carried forward</b>	13	<b>(2,372,752)</b>	(2,075,183)

All items dealt with in the statement of income and retained earnings above relate to continuing operations.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

The company has no other comprehensive income other than the results above and therefore no separate statement of comprehensive income has been prepared.

The notes on pages 7 to 15 form an integral part of these financial statements.

## Balance Sheet

as at 30 June 2022

		2022 £	2021 £
	<i>Note</i>		
<b>Fixed assets</b>			
Tangible assets	9	19,356	42,244
<b>Current assets</b>			
Debtors	10	1,642,556	1,448,367
<b>Creditors:</b> amounts falling due within one year	11	(4,024,664)	(3,555,794)
<b>Net current liabilities</b>		(2,382,108)	(2,107,427)
<b>Total assets less current liabilities</b>		(2,362,752)	(2,065,183)
<b>Net liabilities</b>		(2,362,752)	(2,065,183)
<b>Capital and reserves</b>			
Called up share capital	12	10,000	10,000
Accumulated losses	13	(2,372,752)	(2,075,183)
<b>Total shareholders' deficit</b>	14	(2,362,752)	(2,065,183)

For the year ending 30 June 2022 the directors consider that the company is entitled to exemption from audit under section 479A of the Companies Act 2006 ("the Act") and the members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The notes on pages 7 to 15 form an integral part of these financial statements.

The financial statements on pages 5 to 15 were approved by the board of directors on 9 December 2022 and were signed on its behalf by:



**E J Wilkinson**  
Director

**Registered number: 03466084**

## Notes to the financial statements

for the year ended 30 June 2022

### 1. General information

Whinney Hill Energy Limited ("the company") generates electricity from landfill methane gas.

The company is a private company limited by shares and is incorporated and registered in England, United Kingdom. The address of its registered office is at 6th Floor, 33 Holborn, London, England EC1N 2HT.

### 2. Statement of compliance

The financial statements of Whinney Hill Energy 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 years presented, unless otherwise stated.

#### ***Basis of preparation***

The financial statements have been prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable 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").

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 company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### ***Going concern***

Notwithstanding the fact that the company is loss making, has net current liabilities and net liabilities, the directors have prepared the financial statements on the going concern basis. The directors have received confirmation from Melton Renewable Energy UK Limited, an intermediate parent company, of its intention to financially support the company such that the company can meet those obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements.

#### ***Exemptions for qualifying entities under FRS 102***

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the consolidated financial statements of the group in which the entity is consolidated, includes the company's cash flows;
- (ii) from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.
- (iii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29 as the information is provided in the consolidated financial statement disclosures.



## Notes to the financial statements

for the year ended 30 June 2022

### 3. Accounting policies (continued)

#### **Related parties**

The company is exempt from disclosing transactions with related entities, these being other 100% owned subsidiaries of Fern Trading Limited, as required by FRS 102 paragraph 33.1.

#### **Turnover**

Turnover represents the invoiced value of goods and services for electricity supplied, net of value added tax and trade discounts. Turnover is derived from and recognised when electricity generated is exported to third party customers.

Income from recycled renewable obligation certificates ("Recycled ROC income") is recognised on an accruals basis and based on an estimate of the declared prices for each compliance period.

Accrued income comprises income relating to the current year, which has not been invoiced as at the balance sheet date.

#### **Tangible fixed assets**

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

Finance costs incurred during the development stage of a project are capitalised, along with site preparation costs, installation costs and connection costs. Once the project is commissioned, these costs are depreciated over the estimated useful economic life of the asset constructed.

Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives from commissioning using the straight-line basis. The expected useful lives of the assets to the business are reassessed periodically in the light of experience.

Straight line annual rates of depreciation most widely used are:

Plant and machinery	6.67% and 25%
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#### **Current tax**

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

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## Notes to the financial statements

for the year ended 30 June 2022

### 3. Accounting policies (continued)

#### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Leases**

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement and whether the lease should be classified as either a finance lease or an operating lease.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the fair value of the leased asset and depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of income and retained earnings on a straight line basis over the period of the lease.

#### **Share Capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Financial instruments**

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

#### **Financial assets**

Basic financial assets, including trade and other receivables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of income and retained earnings.

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

## Notes to the financial statements

for the year ended 30 June 2022

### 3. Accounting policies (continued)

#### *Financial liabilities*

Basic financial liabilities, including trade and other payables and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### *Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an 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 to liability simultaneously.

### 4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

#### (a) Critical judgements in applying the company's accounting policies

The directors consider that there are no critical judgements in the application of the company's accounting policies which would have a material impact on the financial statements.

#### (b) Key accounting estimates and assumptions

##### i) Useful economic life of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed periodically.

##### ii) Recycled ROC income

Recycled ROC income is recognised on an accruals basis using an estimate of the declared value per ROC for each compliance year ending 31 March. The company utilises the latest available external forecast information to derive its estimate of the value. The actual value per ROC for each compliance year is confirmed in arrears during the quarter ended 31 December.

### 5. Turnover

Turnover arises solely from the company's principal activities in the United Kingdom, net of value added tax.

## Notes to the financial statements

for the year ended 30 June 2022

### 6. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2022	2021
	£	£
Depreciation of tangible assets	22,888	66,867

### 7. Employee information

The company paid no remuneration or wages to its directors during the financial year (2021: £nil) and had no other employees during the financial year (2021: nil). The emoluments of E J Wilkinson are paid by other group companies and recharged to CLP Envirogas Limited as part of a management charge. This management charge also includes a recharge of administration costs borne by the parent companies on behalf of the company and it is not possible to identify separately the amount of directors' emoluments.

P S Latham and M G Setchell did not receive any payment for services to the Melton Renewable Energy UK Limited group.

### 8. Tax on loss on ordinary activities

a) Analysis of credit in the year

	2022	2021
	£	£
<b>Current tax</b>		
Group relief receivable	72,041	214,717
Total current tax	72,041	214,717
<b>Deferred tax</b>		
Origination and reversal of timing differences	(2,420)	4,450
Change in tax rate	(766)	9,341
Total deferred tax (note 8(c))	(3,186)	13,791
Tax on loss on ordinary activities	68,855	228,508

## Notes to the financial statements

for the year ended 30 June 2022

### 8. Tax on loss on ordinary activities (continued)

#### b) Reconciliation of tax credit

The tax assessed on the loss on ordinary activities before taxation for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before taxation	<b>(366,424)</b>	(1,153,511)
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax of 19% (2021: 19%)	<b>(69,621)</b>	(219,167)
Effect of:		
Change in tax rate	<b>766</b>	(9,341)
Tax credit for the year	<b>(68,855)</b>	(228,508)

#### c) Deferred tax

	2022 £	2021 £
Deferred tax asset comprises:		
Decelerated capital allowances	<b>35,735</b>	38,921
Total deferred tax asset	<b>35,735</b>	38,921
At 1 July	<b>38,921</b>	25,130
Deferred tax credit in statement of income and retained earnings for the year (note 8(a))	<b>(3,186)</b>	13,791
At 30 June	<b>35,735</b>	38,921

Deferred tax is calculated at 25% (2021: 25%). The company has no deferred tax provision as at 30 June 2022 (2021: £nil).

#### d) Factors that may affect future charges

The Finance Act 2021 enacted on 10 June 2021 increased the main rate of UK corporation tax from 19% to 25%, effective from 1 April 2023. Deferred taxes on the balance sheet have been measured at 25% (2021: 25%) which represents the future corporation tax rate that was enacted at the balance sheet date.

## Notes to the financial statements

for the year ended 30 June 2022

### 9. Tangible assets

	<i>Plant and machinery</i> £
Cost:	
At 1 July 2021 and 30 June 2022	<b>3,898,972</b>
Accumulated depreciation:	
At 1 July 2021	3,856,728
Charge for the year	22,888
<b>At 30 June 2022</b>	<b>3,879,616</b>
Net book value:	
<b>At 30 June 2022</b>	<b>19,356</b>
At 30 June 2021	42,244

The cost of assets included in the above which are held under finance lease agreements and wholly with group undertakings amounts to £1,801.175 (2021: £1,801.175) and the net book value of these assets is £nil (2021: £nil).

### 10. Debtors

	<i>2022</i> £	<i>2021</i> £
Trade debtors	<b>35,400</b>	245,696
Amounts owed by group undertakings for group relief	<b>457,029</b>	384,988
Deferred tax asset (note 8 (c))	<b>35,735</b>	38,921
Prepayments and accrued income	<b>1,114,392</b>	778,762
	<b>1,642,556</b>	1,448,367

The amounts owed by group undertakings are unsecured, do not bear interest, and are repayable on demand.

## Notes to the financial statements

for the year ended 30 June 2022

### 11. Creditors: amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings	3,156,579	2,907,219
Taxation and social security	5,900	40,949
Accruals and deferred income	862,185	607,626
	<b>4,024,664</b>	<b>3,555,794</b>

The amounts owed to group undertakings are unsecured, do not bear interest, and are repayable on demand.

### 12. Called up share capital

	2022 £	2021 £
<i>Allotted, called up and fully paid</i>		
10,000 (2021: 10,000) ordinary shares of £1 each	<b>10,000</b>	<b>10,000</b>

### 13. Accumulated losses

	£
At 1 July 2021	(2,075,183)
Loss for the financial year	(297,569)
<b>At 30 June 2022</b>	<b>(2,372,752)</b>

### 14. Reconciliation of movements in total shareholders' deficit

	2022 £	2021 £
Opening total shareholders' deficit	(2,065,183)	(1,140,180)
Loss for the financial year	(297,569)	(925,003)
<b>Closing total shareholders' deficit</b>	<b>(2,362,752)</b>	<b>(2,065,183)</b>

## Notes to the financial statements

for the year ended 30 June 2022

### 15. Contingent liabilities

At 30 June 2022 the company was guarantor with other group companies of a bank loan facility provided by the group's financiers. The outstanding loan balance as at 30 June 2022 was £88,422,000 (2021: £106,713,000).

The company has no other off balance sheet arrangements.

### 16. Ultimate parent undertaking

CLPE Projects 1 Limited is the immediate parent undertaking and is registered in England, United Kingdom. The ultimate parent undertaking as at the year ended 30 June 2022 was Fern Trading Limited, a limited company by shares incorporated in the United Kingdom with its registered office at 6th Floor, 33 Holborn, London, England EC1N 2HT.

Melton Renewable Energy UK Limited, registered in England, United Kingdom, is the holding company of the smallest group of undertakings for which group financial statements are drawn up and Fern Trading Limited is the holding company of the largest group of undertakings for which group financial statements are drawn up. Copies of the group financial statements may be obtained from the address above.