



CLPE Projects 2 Limited

Annual report and financial statements

for the year ended 30 June 2022

Registered number: 03966429

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Company information

Directors

P S Latham
M G Setchell
E J Wilkinson

Company secretary

Octopus Company Secretarial Services Limited
6th Floor
33 Holborn
London
England
EC1N 2HT

Bankers

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Registered office

6th 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.

Principal activities

The sole activity of CLPE Projects 2 Limited is that of a holding company, the principal activity of the group is the generation of electricity from landfill methane gas together with the associated operations and maintenance activity. The group operates from 19 sites across the United Kingdom.

Results

The loss for the financial year amounted to £82,248 (2021: £6,257 loss). The directors do not recommend 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.

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 Renewable Obligation Certificates ("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 Power Purchase Agreements ("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

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.

Directors' report for the year ended 30 June 2022

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 holding company, it is exposed to limited financial risks. Those 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 CLPE Projects 1 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 and has net current 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 £
Administrative expenses		(731)	(683)
Operating loss		(731)	(683)
Interest receivable and similar income	6	-	634
Interest payable and similar charges	7	(58,858)	(5,918)
Loss on ordinary activities before taxation		(59,589)	(5,967)
Tax on loss on ordinary activities	8	(22,659)	(290)
Loss for the financial year	13	(82,248)	(6,257)
Retained earnings brought forward	13	171,512	177,769
Retained earnings carried forward	13	89,264	171,512

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 6 to 14 form an integral part of these financial statements.

Balance sheet**as at 30 June 2022**

		2022 £	2021 £
	<i>Note</i>		
Fixed assets			
Investments	9	5,968,505	5,968,505
Current assets			
Debtors	10	13,122,410	14,825,093
Cash at bank and in hand		2,063,677	1,640,648
		15,186,087	16,465,741
Creditors: amounts falling due within one year	11	(21,065,326)	(22,262,732)
Net current liabilities		(5,879,239)	(5,796,991)
Total assets less current liabilities		89,266	171,514
Net assets		89,266	171,514
Capital and reserves			
Called up share capital	12	2	2
Retained earnings	13	89,264	171,512
Total shareholders' funds	14	89,266	171,514

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 6 to 14 form an integral part of these financial statements.

The financial statements on pages 4 to 14 were approved by the board of directors on 9 December 2022 and were signed on its behalf by:



E J Wilkinson
Director

Registered number: 03966429

Notes to the financial statements

for the year ended 30 June 2022

1. General information

The sole activity of CLPE Projects 2 Limited is that of a holding company, the principal activity of the group is the generation of electricity from landfill methane gas together with the associated operations and maintenance activity. The group operates from 19 sites across the United Kingdom.

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 CLPE Projects 2 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 are 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 and has net current 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.

Group financial statements

The company has taken advantage of the exemption available under section 400 of the Companies Act 2006 not to prepare consolidated financial statements, on the basis that the company's holding company is Melton Renewable Energy UK Limited, a company established under UK law that prepares consolidated financial statements.

Notes to the financial statements

for the year ended 30 June 2022

3. Accounting policies (continued)

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 parent company financial statements, 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.

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.

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.

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 substantially enacted at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Group relief

Amounts receivable/payable in respect of tax losses surrendered to/by group companies are recognised in the year in which the losses are surrendered.

Notes to the financial statements

for the year ended 30 June 2022

3. Accounting policies (continued)

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 Group 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 and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market 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.

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.

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

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

Notes to the financial statements

for the year ended 30 June 2022

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

The directors consider that there are no significant accounting estimates or assumptions which would have a material impact on the financial statements.

5. 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.

6. Interest receivable and similar income

	2022 £	2021 £
Interest receivable	-	634

7. Interest payable and similar charges

	2022 £	2021 £
Interest payable to parent company	58,858	5,918

Notes to the financial statements

for the year ended 30 June 2022

8. Tax on loss on ordinary activities

a) Analysis of charge in the year

	2022 £	2021 £
Deferred tax		
Origination and reversal of timing differences	17,221	23,063
Change in tax rate	5,438	(22,773)
Total deferred tax (note 8(c))	22,659	290
Tax on loss on ordinary activities	22,659	290

b) Reconciliation of tax charge

The tax assessed on the loss on ordinary activities before taxation for the year is higher than (2021: higher 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	(59,589)	(5,967)
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax of 19% (2021: 19%)	(11,322)	(1,134)
Effect of:		
Transfer pricing adjustment	28,543	24,197
Change in tax rate	5,438	(22,773)
Tax charge for the year	22,659	290

Notes to the financial statements

for the year ended 30 June 2022

8. Tax on loss on ordinary activities (continued)

c) Deferred tax

	2022	2021
	£	£
Deferred tax asset comprises:		
Tax losses	72,227	94,886
At 1 July	94,886	95,176
Deferred tax charge in statement of income and retained earnings for the year (note 8(a))	(22,659)	(290)
At 30 June	72,227	94,886

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. Investments

	<i>Subsidiary undertakings £</i>
Cost:	
At 1 July 2021 and 30 June 2022	6,027,358
Impairment:	
At 1 July 2021 and 30 June 2022	58,853
Net book value:	
At 30 June 2022	5,968,505
At 30 June 2021	5,968,505

The subsidiary companies as at 30 June 2022, which are all wholly owned and incorporated in the United Kingdom are listed below.

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
CLPE Projects 1 Limited	Ordinary shares	100%	Holding company
CLPE ROC – 1 Limited	Ordinary shares	100%	Generation of electricity from landfill gas
CLPE ROC – 2 Limited	Ordinary shares	100%	Generation of electricity from landfill gas
CLPE ROC – 3 Limited	Ordinary shares	100%	Generation of electricity from landfill gas
CLPE ROC – 4 Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Auchencarroch Energy Limited *	Ordinary shares	100%	Generation of electricity from landfill gas
Bellhouse Energy Limited +	Ordinary shares	100%	Generation of electricity from landfill gas
Beighton Energy Limited	Ordinary shares	100%	Dormant company
Bolam Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Chelson Meadow Energy Limited +	Ordinary shares	100%	Generation of electricity from landfill gas
Colsterworth Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Connon Bridge Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Cotesbach Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Feltwell Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Garlaff Energy Limited *	Ordinary shares	100%	Dormant company
Jameson Road Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
March Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Queens Park Road Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Skelbrooke Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Summerston Energy Limited* +	Ordinary shares	100%	Generation of electricity from landfill gas
Todhills Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
United Mines Energy Limited +	Ordinary shares	100%	Generation of electricity from landfill gas
Wetherden Energy Limited	Ordinary shares	100%	Generation of electricity from landfill gas
Whinney Hill Energy Limited +	Ordinary shares	100%	Generation of electricity from landfill gas

+ not directly owned by CLPE Projects 2 Limited

The registered office of the companies listed above is at 6th Floor, 33 Holborn, London, England EC1N 2HT, except

* which are incorporated in Scotland, United Kingdom, with the registered office as Pinsent Masons LLP, Capital Square, 58 Morrison Street, Edinburgh, Scotland EH3 8BP.

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

Notes to the financial statements

for the year ended 30 June 2022

10. Debtors

	2022 £	2021 £
Amounts owed by group undertakings	7,781,513	8,614,755
Amounts owed by parent undertaking	5,268,670	6,115,452
Deferred tax asset (note 8(c))	72,227	94,886
	13,122,410	14,825,093

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

11. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	305,473	278,771
Amounts owed to group undertakings	19,722,064	21,536,593
Corporation tax	-	1
Taxation and social security	1,037,789	447,367
	21,065,326	22,262,732

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>		
2 (2021: 2) ordinary shares of £1 each	2	2

13. Retained earnings

	£
At 1 July 2021	171,512
Loss for the financial year	(82,248)
At 30 June 2022	89,264

Notes to the financial statements

for the year ended 30 June 2022

14. Reconciliation of movements in total shareholders' funds

	2022 £	2021 £
Opening total shareholders' funds	171,514	177,771
Loss for the financial year	(82,248)	(6,257)
Closing total shareholders' funds	89,266	171,514

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 1999 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.