

EARNSIDE ENERGY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

EARNSIDE ENERGY LIMITED

COMPANY INFORMATION

Directors	Robert James Etherson Paul Ellis Gill Itai Raanan Anthony Peter Sharpe (appointed 1 October 2021) Mary Bethan Czulowski (appointed 26 January 2022)
Registered number	07251939
Registered office	The Corn Store Hyde Hall Farm Buntingford Hertfordshire United Kingdom SG9 0RU
Independent auditors	EQ Accountants LLP Chartered Accountants & Statutory Auditors 14 City Quay Dundee DD1 3JA

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		2021	2020
		£	£
Fixed assets			
Intangible assets	4	9,115	17,030
Tangible assets	5	5,855,552	6,509,310
		5,864,667	6,526,340
Current assets			
Debtors: amounts falling due within one year	6	1,224,587	490,960
Bank and cash balances		532,836	583,115
		1,757,423	1,074,075
Creditors: amounts falling due within one year	7	(1,106,184)	(779,233)
Net current assets		651,239	294,842
Total assets less current liabilities		6,515,906	6,821,182
Creditors: amounts falling due after more than one year	8	(15,543,182)	(14,001,559)
Net liabilities		(9,027,276)	(7,180,377)
Capital and reserves			
Called up share capital	9	36,000	36,000
Share premium account		1,825,472	1,825,472
Revaluation reserve		159,114	188,718
Profit and loss account		(11,047,862)	(9,230,567)
		(9,027,276)	(7,180,377)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 May 2022.

Anthony Peter Sharpe
Director

The notes on pages 3 to 8 form part of these financial statements.

EARNSIDE ENERGY LIMITED
REGISTERED NUMBER: 07251939

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

Earnside Energy Limited is a private company, limited by shares, registered in England and Wales with the number 07251939. The registered office is The Corn Store, Hyde Hall Farm, Buntingford, Hertfordshire, SG9 0RU. The principal place of business is Binn EcoPark, Glenfarg, Perthshire, PH2 9PX.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

Due to continued losses in the current year, the company has reported a net liability position. The directors of the company's ultimate parent Bio Capital Limited have confirmed that they will financially support the company and ensure that there are sufficient funds available to allow it to meet its financial obligations for a period of at least 12 months following approval of these financial statements.

This will allow the company to continue in operational existence and therefore continue to adopt the going concern basis for the preparation of the financial statements.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.4 Turnover recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Pensions

The company operates a defined contribution pension fund. Contributions payable are charged to the Statement of Comprehensive Income in the year they are payable.

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold alterations AD facility	-	3 to 15 years
Leasehold alterations composting facility	-	3 to 15 years
P&M AD facility	-	3 to 25 years
P&M composting facility	-	2 to 10 years
Work in progress	-	not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

3. Employees

The average monthly number of employees, including directors, during the year was 11 (2020 - 10).

4. Intangible assets

	Computer software £
Cost	
At 1 January 2021	24,795
At 31 December 2021	<u>24,795</u>
Amortisation	
At 1 January 2021	7,765
Charge for the year on owned assets	7,915
At 31 December 2021	<u>15,680</u>
Net book value	
At 31 December 2021	<u>9,115</u>
At 31 December 2020	<u>17,030</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

5. Tangible fixed assets

	Leasehold alterations AD facility £	Leasehold alterations composting facility £	P&M AD facility £	P&M composting facility £	Work in progress £	Total £
Cost or valuation						
At 1 January 2021	86,861	1,036,372	9,426,237	801,989	35,707	11,387,166
Additions	-	-	20,352	-	-	20,352
Exchange adjustments	-	-	-	-	(2,201)	(2,201)
	<u>86,861</u>					<u>11,405,317</u>
At 31 December 2021	<u>86,861</u>	<u>1,036,372</u>	<u>9,446,589</u>	<u>801,989</u>	<u>33,506</u>	<u>11,405,317</u>
Depreciation						
At 1 January 2021	43,592	314,614	3,963,133	556,517	-	4,877,856
Charge for the year on owned assets	9,642	76,166	504,654	81,447	-	671,909
	<u>53,234</u>					<u>5,549,765</u>
At 31 December 2021	<u>53,234</u>	<u>390,780</u>	<u>4,467,787</u>	<u>637,964</u>	<u>-</u>	<u>5,549,765</u>
Net book value						
At 31 December 2021	<u>33,627</u>	<u>645,592</u>	<u>4,978,802</u>	<u>164,025</u>	<u>33,506</u>	<u>5,855,552</u>
At 31 December 2020	<u>43,269</u>	<u>721,758</u>	<u>5,463,104</u>	<u>245,472</u>	<u>35,707</u>	<u>6,509,310</u>

6. Debtors

	2021 £	2020 £
Trade debtors	619,128	222,375
Prepayments and accrued income	605,459	268,585
	<u>1,224,587</u>	<u>490,960</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	137,314	167,993
Other taxation and social security	96,720	19,782
Other creditors	1,357	1,743
Accruals and deferred income	870,793	589,715
	<u>1,106,184</u>	<u>779,233</u>

8. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Amounts owed to group undertakings	15,356,516	13,768,226
Accruals and deferred income	186,666	233,333
	<u>15,543,182</u>	<u>14,001,559</u>

9. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
3,600,000 (2020 - 3,600,000) Ordinary shares shares of £0.01 each	<u>36,000</u>	<u>36,000</u>

10. Controlling party

The ultimate parent undertaking is Bio Capital Limited with its registered office at The Corn Store, Hyde Hall Farm Buntingford, Hertfordshire, United Kingdom, SG9 0RU.

11. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2021 was unqualified.

The audit report was signed on 24 May 2022 by Douglas Rae (Senior statutory auditor) on behalf of EQ Accountants LLP.

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