

Company registration number 07251939 (England and Wales)

EARNSIDE ENERGY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
PAGES FOR FILING WITH REGISTRAR

EARNSIDE ENERGY LIMITED

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EARNSIDE ENERGY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021 as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	4		2,412		9,115
Tangible assets	5		5,217,583		5,855,552
			<u>5,219,995</u>		<u>5,864,667</u>
Current assets					
Stocks		100,608		-	
Debtors	6	1,056,263		1,224,587	
Cash at bank and in hand		544,898		532,836	
		<u>1,701,769</u>		<u>1,757,423</u>	
Creditors: amounts falling due within one year	7	<u>(1,030,663)</u>		<u>(1,106,184)</u>	
Net current assets			671,106		651,239
Total assets less current liabilities			<u>5,891,101</u>		<u>6,515,906</u>
Creditors: amounts falling due after more than one year	8		<u>(15,912,167)</u>		<u>(15,543,182)</u>
Net liabilities			<u>(10,021,066)</u>		<u>(9,027,276)</u>
Capital and reserves					
Called up share capital			36,000		36,000
Share premium account			1,825,472		1,825,472
Revaluation reserve			129,510		159,114
Profit and loss reserves			<u>(12,012,048)</u>		<u>(11,047,862)</u>
Total equity			<u>(10,021,066)</u>		<u>(9,027,276)</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 30 June 2023 and are signed on its behalf by:

A Sharpe
Director

Company Registration No. 07251939

EARN SIDE ENERGY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium account	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£	£
As restated for the period ended 31 December 2021:					
Balance at 1 January 2021	36,000	1,825,472	188,718	(9,230,567)	(7,180,377)
Year ended 31 December 2021:					
Loss and total comprehensive income for the year	-	-	-	(1,846,899)	(1,846,899)
Transfers	-	-	(29,604)	29,604	-
Balance at 31 December 2021	36,000	1,825,472	159,114	(11,047,862)	(9,027,276)
Year ended 31 December 2022:					
Loss and total comprehensive income for the year	-	-	-	(993,790)	(993,790)
Transfers	-	-	(29,604)	29,604	-
Balance at 31 December 2022	36,000	1,825,472	129,510	(12,012,048)	(10,021,066)

EARNSIDE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Earnside Energy Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Corn Store, Hyde Hall Farm, Buntingford, Hertfordshire, United Kingdom, SG9 0RU. The principal place of business is Binn EcoPark, Glenfarg, Perth and Kinross, PH2 9PX.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The company has net liabilities as at the balance sheet date. Notwithstanding this, as part of the regular budgeting and forecast review process, the directors have prepared cash flow forecasts covering a period in excess of 12 months from the approval of the financial statements and are satisfied the company will have sufficient cash to meet its obligations as they fall due during this period. The company is also a member of a group whose financial position is closely linked to the status and continued support of other group undertakings. Each of these fellow group undertakings have committed to support each other as required for the foreseeable future.

The company has entered into certain fixed-price export contracts where the directors consider there to be minimal risk with respect to energy prices over the next 12-18 months and, furthermore, the directors have performed sensitivity analysis on key variables such as export prices and volumes, feedstock costs and yields on these forecasts and are satisfied as a result of this that there is no indication that the company will not be able to continue operating as a going concern.

The company additionally has a long-term financing arrangement with its parent company and any unpaid interest under this arrangement may be deferred until the final repayment date of April 2039, at the discretion of the company.

Having considered the information available at the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The directors have therefore continued to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of generation of power. Turnover is recognised as output is transferred.

EARN SIDE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.4 Intangible fixed assets other than goodwill

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.

Software	3-5 years
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The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

1.5 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	3-15 years
Leasehold alterations composting facility	3-15 years
Plant and Machinery AD facility	3-25 years
Plant and Machinery composting facility	2-10 years

Assets under construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

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.

Certain fixed assets were held at fair value up to 31 December 2016. However, as a reliable measure of the fair value of these assets was no longer available from 31 December 2017, the previous fair value has been treated as the new deemed cost and is being depreciated over its remaining useful life.

Subsequently, the part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to profit and loss reserves on an annual basis.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

EARNside ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.7 Stocks

Stocks represent spare parts and consumables held for use on site and are stated at the lower of cost and replacement value.

An assessment is made for impairment at each reporting date.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

EARN SIDE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

EARNside ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

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

1.13 Leases

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

1.14 Government grants

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

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

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.16 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.

1.17 Restatement

Comparative balances in certain notes in the financial statements have been aggregated to take advantage of the exemptions available under FRS 102 Section 1A - Small Entities.

EARN SIDE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.18 Related parties

The company has taken advantage of the exemption available under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' not to disclose related party transactions with wholly owned subsidiaries within the group.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Given the straightforward operations and financial position of the company, there are not considered to be any key sources of judgements or estimation uncertainty within these financial statements.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment of fixed assets

Factors which are taken into consideration to determine whether there are indicators of impairment in the company's fixed assets include the economic viability and expected future financial performance of the assets.

Recoverability of trade and other receivables

Trade and other receivables are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of provisions required for irrecoverable receivables. Provisions are made against receivables where recoverability is uncertain.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Total	5	11

EARNSIDE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Intangible fixed assets

	Software £
Cost	
At 1 January 2022 and 31 December 2022	24,795
Amortisation and impairment	
At 1 January 2022	15,680
Amortisation charged for the year	6,703
At 31 December 2022	22,383
Carrying amount	
At 31 December 2022	2,412
At 31 December 2021	9,115

5 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
Cost or valuation			
At 1 January 2022	1,123,233	10,282,084	11,405,317
Additions	-	5,835	5,835
Disposals	-	(29,419)	(29,419)
At 31 December 2022	1,123,233	10,258,500	11,381,733
Depreciation and impairment			
At 1 January 2022	444,014	5,105,751	5,549,765
Depreciation charged in the year	81,687	532,698	614,385
At 31 December 2022	525,701	5,638,449	6,164,150
Carrying amount			
At 31 December 2022	597,532	4,620,051	5,217,583
At 31 December 2021	679,219	5,176,333	5,855,552

Land and buildings includes: leasehold alterations AD facility and leasehold alterations composting facility.

Plant and machinery etc includes: P&M AD facility, P&M composting facility and assets under construction.

As referred to in note 1.5, certain fixed assets were held at fair value up to 31 December 2016. However, as a reliable measure of the fair value of these assets was no longer available from 31 December 2017, the previous fair value has been treated as the new deemed cost and is being depreciated over its remaining useful life.

EARNside ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Debtors

	20222021 as restated	
	£	£
Amounts falling due within one year:		
Trade debtors	229,618	619,128
Amounts owed by group undertakings	173,069	-
Other debtors	653,576	605,459
	<u>1,056,263</u>	<u>1,224,587</u>

7 Creditors: amounts falling due within one year

	20222021 as restated	
	£	£
Trade creditors	230,772	137,314
Amounts owed to group undertakings	13,530	-
Taxation and social security	72,633	96,720
Other creditors	713,728	872,150
	<u>1,030,663</u>	<u>1,106,184</u>

8 Creditors: amounts falling due after more than one year

	20222021 as restated	
	£	£
Amounts owed to group undertakings	15,772,167	15,356,516
Other creditors	140,000	186,666
	<u>15,912,167</u>	<u>15,543,182</u>

Amounts owed to group undertakings are unsecured, interest bearing at 11% per annum and have a final repayment date for capital and all accrued, unpaid interest of April 2039. Interest payable is calculated on a quarterly basis and compounded quarterly, where unpaid. Repayments of both unpaid interest and capital are at the discretion of the borrower, subject to the final repayment date of April 2039. At the balance sheet date, the capital outstanding was £11,417,729 (2021: £11,417,729).

Guarantee given

The company has given a guarantee over long-term bank loans in Bio Capital Finance Limited, and this guarantee is secured by fixed and floating charges over the undertaking and all property and assets present and future including land, shares and securities, intellectual property, monetary claims, plant and equipment, goodwill, uncalled capital, assigned contracts and assigned insurances of the company.

EARNSIDE ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Laura Pingree and the auditor was Azets Audit Services.

10 Financial commitments, guarantees and contingent liabilities

Refer to note 11 for details of operating lease commitments.

The company had no other financial commitments, guarantees or contingent liabilities as at the balance sheet date (2021: £Nil).

11 Operating lease commitments

At 31 December 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	20222021 as restated	
	£	£
Within one year	155,000	155,000
Between two and five years	620,000	620,000
In over five years	350,000	505,000
	<u>1,125,000</u>	<u>1,280,000</u>

12 Parent company

The company is wholly owned by Earnside Energy Holdings Ltd, a company registered in England and Wales. The registered office is The Corn Store, Hyde Hall Farm, Buntingford, Hertfordshire, United Kingdom, SG9 0RU.

At the year end, in the opinion of the directors, there was no one ultimate controlling party.

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.