

**EARNSIDE ENERGY LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

## **EARNSIDE ENERGY LIMITED**

### **COMPANY INFORMATION**

**Directors**

Robert James Etherson (appointed 16 March 2020)  
Paul Ellis Gill (appointed 9 June 2020)  
Itai Raanan (appointed 19 August 2020)  
Erez Gissin (resigned 19 August 2020)  
Ross Ashley Cooper (resigned 9 June 2020)  
Michael Fishwick (resigned 16 March 2020)

**Registered number**

07251939

**Registered office**

3rd Floor South Building  
200 Aldersgate Street  
London  
EC1A 4HD

**Independent auditors**

EQ Accountants LLP  
Chartered Accountants & Statutory Auditors  
14 City Quay  
Dundee  
DD1 3JA

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020

		2020 £	As restated 2019 £
<b>Fixed assets</b>			
Intangible assets	4	17,030	7,569
Tangible assets	5	6,509,310	6,975,409
		<u>6,526,340</u>	<u>6,982,978</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	490,960	1,016,033
Cash at bank and in hand		583,115	457,515
		<u>1,074,075</u>	<u>1,473,548</u>
Creditors: amounts falling due within one year	7	(779,233)	(785,950)
<b>Net current assets</b>		<u>294,842</u>	<u>687,598</u>
<b>Total assets less current liabilities</b>		<u>6,821,182</u>	<u>7,670,576</u>
Creditors: amounts falling due after more than one year	8	(14,001,559)	(12,608,258)
<b>Net liabilities</b>		<u>(7,180,377)</u>	<u>(4,937,682)</u>
<b>Capital and reserves</b>			
Called up share capital	9	36,000	36,000
Share premium account		1,825,472	1,825,472
Revaluation reserve		188,718	216,465
Profit and loss account		(9,230,567)	(7,015,619)
		<u>(7,180,377)</u>	<u>(4,937,682)</u>

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2020**

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 14 September 2021.

**Paul Ellis Gill**  
Director

The notes on pages 4 to 10 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
<b>At 1 January 2019</b>	<b>36,000</b>	<b>1,825,472</b>	<b>242,465</b>	<b>(4,868,198)</b>	<b>(2,764,261)</b>
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(2,173,421)	(2,173,421)
Transfer to/from profit and loss account	-	-	(26,000)	26,000	-
<b>At 1 January 2020</b>	<b>36,000</b>	<b>1,825,472</b>	<b>216,465</b>	<b>(7,015,619)</b>	<b>(4,937,682)</b>
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(2,242,695)	(2,242,695)
Transfer to/from profit and loss account	-	-	(27,747)	27,747	-
<b>At 31 December 2020</b>	<b>36,000</b>	<b>1,825,472</b>	<b>188,718</b>	<b>(9,230,567)</b>	<b>(7,180,377)</b>

The notes on pages 4 to 10 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**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 3rd Floor, South Building, 200 Aldersgate Street, London, England, EC1A 4HD. 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 financial statements are presented in Sterling (£).

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 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

**Rendering of services**

Revenue 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 revenue 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.

**2.4 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**2. Accounting policies (continued)**

**2.5 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.

**2.6 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.

**2.7 Taxation**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**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 2020**

**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**

The composting facility included within plant and machinery and the leasehold improvements relating to this site were held at fair value at 31 December 2016. A reliable measure of the fair value of this facility in isolation is no longer available and from 31 December 2017, the previous fair value has been treated as the new deemed cost, which is being depreciated over its remaining useful life.

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss reserve.

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 2020**

**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 10 (2019 - 7).

**4. Intangible assets**

	<b>Computer software £</b>
<b>Cost</b>	
At 1 January 2020	8,875
Additions	15,920
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At 31 December 2020	24,795
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<b>Amortisation</b>	
At 1 January 2020	1,306
Charge for the year on owned assets	6,459
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At 31 December 2020	7,765
	<hr/>
<b>Net book value</b>	
At 31 December 2020	17,030
	<hr/>
<i>At 31 December 2019</i>	7,569
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

5. Tangible fixed assets

	Leasehold alterations AD facility £	Leasehold alterations composting facility £	P&M AD facility £	P&M composting facility £	Work in progress £	Total £
<b>Cost or valuation</b>						
At 1 January 2020	84,160	1,036,372	9,272,696	799,971	-	11,193,199
Additions	2,701	-	153,541	2,018	35,707	193,967
At 31 December 2020	86,861	1,036,372	9,426,237	801,989	35,707	11,387,166
<b>Depreciation</b>						
At 1 January 2020	33,427	231,742	3,475,843	476,778	-	4,217,790
Charge for the year on owned assets	10,165	82,872	487,290	79,739	-	660,066
At 31 December 2020	43,592	314,614	3,963,133	556,517	-	4,877,856
<b>Net book value</b>						
At 31 December 2020	43,269	721,758	5,463,104	245,472	35,707	6,509,310
<b>At 31 December 2019</b>	50,733	804,630	5,796,853	323,193	-	6,975,409

6. Debtors

	2020 £	2019 £
Trade debtors	222,375	170,517
Amounts owed by group undertakings	-	27,335
Prepayments and accrued income	268,585	818,181
	490,960	1,016,033

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**7. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	167,993	347,546
Other taxation and social security	19,782	44,579
Other creditors	1,743	2,067
Accruals and deferred income	589,715	391,758
	<u>779,233</u>	<u>785,950</u>

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

	2020 £	2019 £
Amounts owed to group undertakings	13,768,226	12,328,258
Accruals and deferred income	233,333	280,000
	<u>14,001,559</u>	<u>12,608,258</u>

**9. Share capital**

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
3,600,000 (2019 - 3,600,000) Ordinary shares shares of £0.01 each	<u>36,000</u>	<u>36,000</u>

**10. Prior year adjustment**

Retained earnings have been restated to adjust the rate of depreciation applied to the composting and AD facility plant and machinery from reducing balance to straight line. The effect is to increase administration expenses within the Statement of Comprehensive Income by £17,322 for the year to 31 December 2019 and £1,002,299 for prior periods dating back to 2011. This in turn has reduced the net book value of assets by £1,019,621 within the Statement of Financial Position.

Reallocation of £552,766 from cost of sales to administration expenses within the Statement of Comprehensive Income has been completed in line with reconsideration of variable costs and has had no further impact on the net loss.

Reallocations within the Statement of Financial Position comprised stock of £80,069 moved to prepayments and accrued income, £345,089 of other creditors moved, along with £46,667 of creditor amounts falling due after more than one year to accruals and deferred income. All reallocations were done to more accurately reflect balances held.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**11. Controlling party**

The ultimate parent undertaking is Bio Capital Limited with its registered office at 3rd Floor South Building, 200 Aldersgate Street, London, England, EC1A 4HD.

**12. Auditors' information**

The auditors' report on the financial statements for the year ended 31 December 2020 was unqualified.

The audit report was signed on 15 September 2021 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.