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Margam Green Energy Limited

Directors' Report and Financial Statements

For the year ended 31 December 2020

Company Registered No. 08441850

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Company information

Directors
J Bergsma
P Dickson

Secretary
LDC Nominee Secretary Limited

Independent Auditors
Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

Bankers
Deutsche Bank AG
1 Great Winchester St
London
EC2N 2DB

Solicitors
Orrick, Herrington & Sutcliffe (UK) LLP
107 Cheapside
London
EC2V 6DN

Registered office
Eversheds House
70 Great Bridgewater Street
Manchester
United Kingdom
M1 5ES

Strategic report

The directors present their Strategic report for the year ended 31 December 2020.

Review of the business

The principal activity of the Company continues to be the operation of a biomass energy plant for the generation of electricity.

The key financial and other performance indicators during the year were as follows:

	2020	2019
	£	£
Revenue	25,908,916	16,682,482
Operating loss	(6,487,592)	(559,409)
Earnings before interest, tax, and depreciation	1,211,883	4,329,488
Electricity generated	233,093MWh	209,161MWh*

* Inclusive of that generated during commissioning period 63,519MWh.

Revenue increased in the year by £9,266,434 (55%). While revenue has increased on the prior year, operations were curtailed during the financial year ended 31 December 2020 due to the impact of Covid-19 on fuel availability.

Future outlook

The company intends to continue operation as a biomass energy plant, generating electricity from waste wood supply. Management have implemented measures to secure sufficient fuel supply going forward.

Principal risks and uncertainties

In the ordinary course of business, the company is exposed to and manages a variety or risks in relation to its operating activities. The management of risk is fundamental to the company, with the board of directors having responsibility for the overall system of internal control and for reviewing its effectiveness.

The principal risks and uncertainties facing the company are broadly grouped as such as regulatory, fuel, technical and financial instrument risk.

Regulatory risk

Regulatory risk may arise from a change in regulations and law that might affect industry or business. Renewable energy projects are dependent for their commercial viability on a suitable regulatory regime. There is a risk that the government may introduce retrospective changes to the regime that was agreed at the time the project commenced. This is unusual in the market and changes to the regulatory regime are more typically for future projects.

Both legislative and regulatory risk are managed by awareness of industry news and publications.

Fuel risk

The availability of woodchip in the market is subject to the ongoing operations of the UK construction industry and Household Waste Recycling Centres (HWRC). The company has mechanisms and processes in place that seek to mitigate the risk of insufficient volumes being available by ensuring buffer stocks are held by the fuel supplier and maintaining the ability to source fuel from European markets.

Technical risks

The company is exposed to technical risks with the operation of its biomass plant that could reduce availability for electricity generation, particularly with long lead times for certain components. To mitigate against this technical risk the company has contracted a team of experienced engineers who are responsible for monitoring and managing performance. Additionally, a store of key spare parts for the plant is maintained.

Strategic report (continued)

COVID-19

The Directors have actively managed the prevailing impact of COVID-19 during the year and in the post year end period. Social distancing measures have been implemented on site and contingency plans assessed to manage any cases that emerge. The site, service providers and liquidity are being closely monitored during this period.

Financial instrument risks

Financial instrument risks are described in Note 12.

On behalf of the Board

DocuSigned by:	DocuSigned by:
	Peter Dickson
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J Bergsma	P Dickson
Director	Director

24 May 2021

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

Results and dividends

The loss for the year after taxation amounted to £20,170,246 (2019 loss – £11,077,544). The Directors do not recommend the payment of a final dividend (2019 – £nil).

Principal activity and business review

The principal activity of the Company continues to be the operation of a biomass energy plant for the generation of electricity.

Directors

The Directors who served the Company during the year and up to the date of signing were as follows:

J Bergsma
P Dickson

Going concern

On 31 December 2020 the Company agreed amended bank facility terms with the Lender. The amendments to the bank facility included inter alia the waiver of past covenant breaches and repayment defaults, a new minimum liquidity covenant of £3m at each six-monthly measurement date and the reprofiling of capital repayments to align to the revised final repayment date of 30 June 2022. As part of the agreement of the revised bank facility terms, the Company's shareholders provided further equity funding of £3m on each of 31 December 2020 and 31 March 2021.

The Directors have prepared cash flow forecasts for the period to 30 June 2022, including undertaking plausible sensitivity analysis to those forecasts considering both the risk of reductions in revenues due to reduced output from the plant and lower energy prices. These forecasts and sensitivities indicate that the Company will generate sufficient cash to meet its obligations, including those under the amended bank facility, in the period up to and immediately preceding the final repayment of the bank facility on 30 June 2022. While the Directors plan and expect to refinance the Company's bank facility on or before 30 June 2022, there can be no certainty that this refinancing will occur and on terms that will enable the full repayment of the existing facility by 30 June 2022. If an adequate refinancing is not completed on or before 30 June 2022, the Company would be in default of its bank facilities.

The Directors have concluded this constitutes a material uncertainty which may cast significant doubt over the ability of the Company to continue as a going concern for the period to 30 June 2022. At this time the Directors have a reasonable expectation that the Company's bank facilities will be fully refinanced, hence they have concluded that the Company will be able to continue in operational existence for the foreseeable future. Consequently, the Directors have concluded that it is appropriate to prepare these financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company was unable to continue as a going concern.

Financial instruments

The company has chosen to present information on its financial risk management policies in the Strategic report in accordance with Section 414 C (11) of the Companies Act 2006.

Events since the balance sheet date

In the period subsequent to the balance sheet date the following events have taken place:

- On 23 March 2021 the company increased its share capital by 100 ordinary £0.01 shares for a total consideration of £3,000,000.

Directors' report (continued)

Directors' liabilities

The company maintains liability and indemnity insurance for its directors and officers. The provision has been in place throughout the year and remain in place as of the date of signing.

Disclosure of information to the auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Each Director has taken all the steps that he is obliged to take as a Director in order to made himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

DocuSigned by:

Peter Dickson

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On behalf of the Directors

P Dickson
Director
24 May 2021

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the 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 these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- in respect of the group financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company and/ or the group will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the company and the group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent auditors' report

to the members of Margam Green Energy Limited

We have audited the financial statements of Margam Green Energy Limited for the year ended 31 December 2020 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows, and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Company needs to refinance its bank facilities on or before 30 June 2022. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Directors' report and financial statements, other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent auditors' report (continued)

to the members of Margam Green Energy Limited

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Independent auditors' report (continued)

to the members of Margam Green Energy Limited

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are IFRS and Companies Act 2006.
- We understood how Margam Green Energy Limited is complying with those frameworks by enquiring of management and those charged with governance. We corroborated our enquires through review of board minutes and noted that there was no contradictory evidence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override of controls and assuming revenue in respect of RoCs income to be a fraud risk. We tested manual journals related to such revenue, assessed the assumptions made by management of any accrued income and, where possible, vouched receipt of this revenue to post year end receipts.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journals identified by specific risk criteria. We read the minutes of Directors' meetings to identify any non-compliance with laws and regulations. We also made enquiries with the Directors and of management of the Company regarding compliance with laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst + Young LLP

Michael Christie (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
Date: 26 May 2021

Statement of comprehensive income

for the year ended 31 December 2020

	Notes	2020 £	2019 £
Revenue	4	25,908,916	16,682,482
Cost of sales		(27,385,081)	(13,721,701)
Gross (loss)/profit		**(1,476,165)**	**2,960,781**
Administrative expenses		(5,011,427)	(3,520,190)
Operating loss	6	**(6,487,592)**	**(559,409)**
Fair value movement on interest rate swap		(1,675,025)	(1,177,758)
Loss on foreign exchange		(74,871)	(26,458)
Interest receivable and similar income		8,198	45,272
Interest payable and similar expenses	7	(12,855,044)	(6,024,186)
Loss before tax		**(21,084,334)**	**(7,742,539)**
Income tax (credit)/expense	8	914,088	(3,335,005)
Loss for the year		**(20,170,246)**	**(11,077,544)**
Total comprehensive expense for the year		**(20,170,246)**	**(11,077,544)**

Statement of changes in equity

for the year ended 31 December 2020

	Issued share capital	*Share premium account*	*Retained losses*	*Total equity / (debt)*
	£	*£*	*£*	*£*
Balance at 1 January 2019	200	9,999,900	(3,578,600)	6,421,500
Total comprehensive expense for the year	–	–	(11,077,544)	(11,077,544)
Balance at 31 December 2019	200	9,999,900	(14,656,144)	(4,656,044)
Total comprehensive expense for the year	–	–	(20,170,246)	(20,170,246)
Share capital issued	1	4,142,137	–	4,142,138
Balance at 31 December 2020	**201**	**14,142,037**	**(34,826,390)**	**(20,684,152)**

Registered No. 08441850

Statement of financial position

at 31 December 2020

	Notes	*2020* £	*2019* £
Non-current assets			
Property, plant and equipment	9	119,764,773	126,709,801
Total non-current assets		119,764,773	126,709,801
Current assets			
Trade and other receivables	10	12,160,932	7,377,498
Cash and short-term deposits	11	8,427,612	11,180,383
Total current assets		20,588,544	18,557,881
Total assets		140,353,317	145,267,682
Equity and liabilities			
Equity			
Share capital	17	201	200
Share premium		14,142,037	9,999,900
Retained losses		(34,826,390)	(14,656,144)
Total deficit		(20,684,152)	(4,656,044)
Non-current liabilities			
Interest bearing loans and borrowings	15	77,124,419	–
Interest rate swap		4,498,535	3,332,201
Amounts owed to group undertakings	15	52,245,039	47,032,998
Deferred tax liability	8	4,147,837	5,061,925
		138,015,830	55,427,124
Current liabilities			
Trade and other payables	13	11,049,124	4,727,442
Interest rate swap		1,451,861	943,170
Interest bearing loans and borrowings	14	10,520,654	88,825,990
Total current liabilities		23,021,639	94,496,602
Total equity and liabilities		140,353,317	145,267,682

The financial statements were approved by the Board on 24 May 2021 and are signed on its behalf by:

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J Bergsma

Director

DocuSigned by:
Peter Dickson
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P Dickson

Director

The accompanying notes are an integral part of these financial statements.

Statement of cash flows

for the year ended 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Loss for the period		(20,170,246)	(11,077,544)
Non-cash adjustments to reconcile loss for the period to net cash flows from operating activities			
Fair value movement on interest rate swap		1,675,026	1,177,758
Tax (credit)/charge		(914,088)	3,335,005
Foreign exchange loss		74,871	26,458
Interest payable		12,834,333	6,050,644
Depreciation		7,699,425	4,888,897
Working capital adjustments:			
Increase in trade and other receivables		(4,783,434)	(7,374,022)
Increase in trade and other payables		10,301,253	4,566,104
Net cash inflow generated from operating activities		6,717,139	1,593,300
Cash flows from investing activities:			
Cash paid to acquire property, plant and equipment		(591,830)	(13,318,060)
Receipt of liquidated damages		–	10,000,000
Commissioning income		–	13,468,169
Interest payments capitalised		–	(4,991,356)
Net cash (outflow)/inflow from investing activities		(591,830)	8,454,195
Cash flows from financing activities:			
Repayment of principal element of bank borrowings		(4,422,257)	(11,076,975)
Interest paid		(4,380,952)	(3,062,795)
Net cash outflow from financing activities		(8,803,209)	(14,139,770)
Net decrease in cash and cash equivalents		(2,677,900)	(4,092,275)
Cash at 1 January		11,180,383	15,299,116
Foreign exchange movement		(74,871)	(26,458)
Cash at 31 December		8,427,612	11,180,383

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

at 31 December 2020

1. Corporate information

Margam Green Energy Limited ("the Company") is a private company with limited liability, incorporated on 12 March 2013 under the laws of the United Kingdom. The company is domiciled in England having its registered address at Eversheds House, 70 Great Bridgewater Street, Manchester, M1 5ES. The company in incorporated in England and Wales and registered under number: 08441850.
The company's financial statements are presented in Sterling which is the functional and presentational currency of the company and rounded to the nearest £1 unless otherwise stated.

2. Accounting policies

Basis of preparation
The financial statements have been prepared in in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements are prepared on a historical cost basis except for derivative financial instruments that have been measured at fair value.

Changes in accounting policies and disclosures

New and amended standards and interpretations
Certain first time standards and amendments apply for annual periods beginning on or after 1 January 2020, but do not have an impact on the financial statements of the Company. These include:

- Amendments to IFRS 3: Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8 Definition of Material
- Conceptual Framework for Financial Reporting issued on 29 March 2018
- Amendments to IFRS 16 Covid-19 Related Rent Concessions

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Standards issued but not yet effective
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice.

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. This is not expected to have any impact on the company as the biomass plant was brought into first use in May 2019.

Notes to the financial statements

at 31 December 2020

2. Accounting policies (continued)

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

Other new standards are noted below, however the Directors have assessed these to be non-applicable to the Company:

- IFRS 17 Insurance Contracts
- Reference to the Conceptual Framework – Amendments to IFRS 3
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IAS 41 Agriculture – Taxation in fair value measurements

Going concern

On 31 December 2020 the Company agreed amended bank facility terms with the Lender. The amendments to the bank facility included inter alia the waiver of past covenant breaches and repayment defaults, a new minimum liquidity covenant of £3m at each six-monthly measurement date and the reprofiling of capital repayments to align to the revised final repayment date of 30 June 2022. As part of the agreement of the revised bank facility terms, the Company's shareholders provided further equity funding of £3m on each of 31 December 2020 and 31 March 2021.

The Directors have prepared cash flow forecasts for the period to 30 June 2022, including undertaking plausible sensitivity analysis to those forecasts considering both the risk of reductions in revenues due to reduced output from the plant and lower energy prices. These forecasts and sensitivities indicate that the Company will generate sufficient cash to meet its obligations, including those under the amended bank facility, in the period up to and immediately preceding the final repayment of the bank facility on 30 June 2022. While the Directors plan and expect to refinance the Company's bank facility on or before 30 June 2022, there can be no certainty that this refinancing will occur and on terms that will enable the full repayment of the existing facility by 30 June 2022. If an adequate refinancing is not completed on or before 30 June 2022, the Company would be in default of its bank facilities.

The Directors have concluded this constitutes a material uncertainty which may cast significant doubt over the ability of the Company to continue as a going concern for the period to 30 June 2022. At this time the Directors have a reasonable expectation that the Company's bank facilities will be fully refinanced, hence they have concluded that the Company will be able to continue in operational existence for the foreseeable future. Consequently, the Directors have concluded that it is appropriate to prepare these financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying

Notes to the financial statements

at 31 December 2020

2. Accounting policies (continued)

amount or classification of assets and liabilities that would result if the Company was unable to continue as a going concern.

Foreign currency transactions and balances

The company's financial statements are presented in Sterling which is also the functional currency. Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at that date. The translation differences are included in the Income Statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Restricted cash and cash equivalents relate to balances held by the company that are not available for use.

Revenue from contracts with customers

Revenue comprises amounts received and receivable in respect of generated electricity and Renewable Obligation Certificates (ROCs). Revenue in respect of both energy generation and ROCs is recognised over time. Under the terms of its Power Purchase Agreements (PPA) with customers, ROCs are immediately transferable to the customer.

Revenue from PPAs with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods. Revenue on the generation of energy is recognised based upon the value of units supplied during the year at the price under the PPA, with the number of units determined by energy volumes recorded on the plant meters and market settlement systems. The company has concluded that it is the principle in its revenue arrangements because it typically controls the goods before they are transferred to the PPA counterparty.

All revenue recognised in the year relates to performance obligations satisfied in the year. There are no significant judgements taken in respect of the recognition of revenues.

While the performance obligation is satisfied as the electricity is generated, payment is generally invoiced within 30 days from supply of the energy or 90 days from transfer of the ROCs, with the related amount recognised as a trade receivable or accrued income until payment is received from the customer. Payment terms under the Power Purchase Agreement are 10 business days from invoice date.

The company has no material contract assets or liabilities other than trade debtors and accrued income as disclosed in note 10. There is only one operating activity and all revenue is generated within the United Kingdom.

Bank borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Interest-bearing bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset.

Notes to the financial statements

at 31 December 2020

2. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment, and borrowing costs for long-term construction projects, if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Land is not depreciated. Depreciation is provided on property, plant and equipment at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Plant and equipment – 6% per annum straight-line

Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Notes to the financial statements

at 31 December 2020

2. Accounting policies (continued)

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity assets, available for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and trade receivables

At 31 December 2020 all financial assets are loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less allowances for expected credit losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement.

The company measures the loss of allowance for its trade receivables at an amount equal to the lifetime expected credit losses. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to its recognised amount is recognised in profit or loss, as an impairment loss or a reversal of an impairment loss. Trade and other receivables are written off (either partially or in full) when there is no reasonable expectation of recovery.

De-recognition

Financial assets are derecognised when the rights to the cash flows from the asset expire or are settled, or the company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' agreement and either (a) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (b) the company has neither transferred not retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the financial statements

at 31 December 2020

2. Accounting policies (continued)

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships.

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition. The company has designated its interest rate swaps as fair value through profit or loss.

Trade payables

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 (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the financial statements

at 31 December 2020

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the company's financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. In the course of preparing the company's financial statements no judgements have been made in the process of applying the company's accounting policies.

In the course of preparation of these financial statements, no judgements or estimates have been made in the application of accounting policies.

4. Revenue

	2020	*2019*
	£	*£*
Sale of electricity	8,536,407	5,287,575
ROCs and associated income	16,784,998	11,394,907
Other income	587,511	-
	25,908,916	16,682,482

5. Information regarding Directors and employees

No remuneration was paid out to Directors of the company as they provided negligible qualifying services to the company (2019: £nil). The company has no employees other than the Directors (2019: none).

6. Operating profit

Operating profit is stated after charging:	*2020*	*2019*
	£	*£*
Depreciation	7,699,425	4,888,897
Auditors' renumeration – statutory audit fees	17,305	14,655
Auditors' renumeration – non-audit fees	59,200	2,050

7. Interest payable and similar expenses

	2020	*2019*
	£	*£*
Interest on bank borrowings	3,264,226	3,800,188
Interest rate swap payments	1,137,438	932,063
Loss on modification of bank borrowings	3,241,340	-
Interest on intercompany loans	5,212,040	4,680,536
Less: amounts capitalised on qualifying assets	–	(3,388,601)
	12,855,044	6,024,186

Notes to the financial statements

at 31 December 2020

8. Income tax (credit)/expense

(a) Tax on loss

The tax charge is comprised as follows:

	2020	*2019*
	£	*£*
Current tax	–	–
Deferred tax		
Deferred tax charge current year	(1,333,185)	2,842,944
Impact of change in rate	595,521	-
Adjustment in respect of prior period	(176,424)	492,061
Total taxation (credit)/charge	(914,088)	3,335,005

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2019 – 19%). The differences are explained below:

	2020	*2019*
	£	*£*
Loss before tax	(21,084,334)	(7,742,539)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19%)	(4,006,023)	(1,471,082)
Effects of:		
Disallowed expenses and non-taxable income	2,313,070	1,889,194
Adjustment in respect of prior period	(176,424)	492,061
Group relief surrendered	359,768	323,790
Difference in tax rates	595,521	(78,095)
Movement in unprovided deferred tax	-	2,179,137
Total tax (credit)/charge	(914,088)	3,335,005

Deferred tax provision	£
At 1 January 2020	5,061,925
Profit and loss account	(914,088)
At 31 December 2020	4,147,837

	2020	*2019*
The provision for deferred taxation comprises:	*£*	*£*
Capitalised interest	5,814,639	5,531,468
Accelerated capital allowances	3,285,382	976,184
Interest rate swaps	(1,130,575)	(726,813)
Commissioning fuel	(571,647)	-
Losses	(3,249,962)	(718,914)
	4,147,837	5,061,925

Notes to the financial statements

at 31 December 2020

8. Income tax expense (continued)

(c) Deferred tax provision (continued)

Deferred tax has not been recognised on restricted interest of £42,342,114 (2019: £31,495,268) under Corporate Interest Restriction rules. This has not been recognised as the current criteria have not been met but may be in the future.

(d) Factors that may affect future tax charges

Finance Bill 2016 enacted a reduction in corporation tax rate to 17% with effect from 1 April 2020, this was the rate at which deferred tax was provided in the 2019 accounts. Finance Bill 2020 confirmed that the rate of corporation tax will remain at the rate of 19% from 1 April 2020 (cancelling the enacted cut to 17%). As this change was enacted before year end by the passing of Budget Resolution on 17 March 2020, deferred tax is now provided at 19%. Further an increase to the main UK corporation tax rate from 19% to 25% from 1 April 2023 was announced in the March 2021 budget. This was substantively enacted on 24 May 2021 and would result in a deferred tax liability of £5,457,680 (increase of £1,309,843).

9. Property, Plant and Equipment

	Land	Assets under construction	Plant and machinery	Total
	£	£	£	£
Cost				
At 1 January 2019	1,200,000	129,653,992	–	130,853,992
Additions	–	5,939,656	–	5,939,656
Commissioning activity	–	(5,194,950)	–	(5,194,950)
Transfers	–	(130,398,698)	130,398,698	–
At 31 December 2019	1,200,000	–	130,398,698	131,598,698
Additions	–	–	754,397	754,397
At 31 December 2020	1,200,000	–	131,153,095	132,353,095
Accumulated depreciation				
At 1 January 2019	–	–	–	–
Charge for year	–	–	4,888,897	4,888,897
At 31 December 2019	–	–	4,888,897	4,888,897
Charge for year	–	–	7,699,425	7,699,425
At 31 December 2020	–	–	12,588,322	12,588,322
Carrying amount				
At 31 December 2020	1,200,000	–	118,564,773	119,764,773
At 31 December 2019	1,200,000	–	125,509,801	126,709,801

Included within Property, Plant and Equipment is a total of £33,805,480 (2019: £33,805,480) of interest capitalised, of which £17,760,330 (2019: £17,760,330) relates to the bank loan and facility charges and £16,045,150 (2019: £16,045,150) relates to intercompany loan interest.

Notes to the financial statements

at 31 December 2020

10. Trade and other receivables

	2020	*2019*
	£	*£*
Trade receivables	209,531	1,145,921
Accrued income	8,100,356	5,804,646
Prepayments	850,945	426,831
Amounts owed by parent undertaking	3,000,100	100
	12,160,932	7,377,498

Trade receivables are current, non-interest bearing and have either payment terms under the Power Purchase Agreement of 10 business days from invoice date, or for other debtors, 30 days.

	2020	2019
	£	£
Trade receivables within credit terms	982	1,145,921
Trade receivables 30 – 90 days past due	16,718	-
Trade receivables 90 - 180 days past due	19,937	-
Trade receivables 180 - 270 days past due	171,902	-
Trade receivables 270 - 360 days past due	250,102	-

A provision for doubtful debts of £250,110 (2019: £nil) is included in the above.

11. Cash and short-term deposits

	2020	*2019*
	£	*£*
Cash and cash equivalents	3,256,719	1,196,562
Restricted cash and cash equivalents	5,170,893	9,983,821
	8,427,612	11,180,383

Restricted cash and cash equivalents relate to project bank accounts that have restrictions put in place by the company's lender with regard to the nature of proceeds and payments that can be lodged or withdrawn.

12. Financial instruments

Fair value

The company uses the hierarchy as set out in IFRS 7 Financial Instruments: Disclosure for determining the fair value of derivatives by valuation technique. Assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Notes to the financial statements

at 31 December 2020

12. Financial instruments (continued)

Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is not observable.

The fair value of all financial assets and liabilities is based on the present value of the cash flows discounted at prevailing market rates at each balance sheet date and are considered to fall within the level 2 techniques of IFRS 13 "Fair Value Measurement".

Financial assets

Financial assets that are debt instruments measured at amortised cost

	Carrying value		Fair value	
	2020	2019	2020	2019
	£	£	£	£
Cash and cash equivalents	3,256,719	1,196,562	3,256,719	1,196,562
Restricted cash and cash equivalents	5,170,893	9,983,821	5,170,893	9,983,821
Trade and other receivables	11,309,987	6,950,667	11,309,987	6,950,667
Total	19,737,599	18,131,050	19,737,599	18,131,050

Current receivables which are level 2 assets, all due within one year, and have been provided for where impaired, have a carrying value that is considered to be materiality in line with their fair value due to the short-term maturity of these items.

Financial liabilities

Derivative financial liabilities

	Carrying value		Fair value	
	2020	2019	2020	2019
	£	£	£	£
Interest rate swap	5,950,396	4,275,371	5,950,396	4,275,371
Total	5,950,396	4,275,371	5,950,396	4,275,371

The fair value of interest rate swaps has been valued calculating the present value of future cash flows estimated using forward rates from third part market price quotations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves. As at 31 December 2020, the marked-to-market value of the derivatives has been calculated, using significant variable inputs.

Notes to the financial statements
at 31 December 2020

12. Financial instruments (continued)

Financial liabilities at amortised cost

	Carrying value		Fair value	
	2020	2019	2020	2019
	£	£	£	£
Trade and other payables	4,411,028	3,456,753	4,411,028	3,456,753
Borrowings	87,645,073	88,825,990	87,645,073	88,825,990
Amounts owed to group undertakings	57,909,755	47,032,998	57,909,755	47,032,998
Total	149,965,856	139,315,741	149,965,856	139,315,741

The carrying value of trade and other payables which are level 2 liabilities, all due within one year, is considered to equate to fair value due to the short-term nature of these borrowings. The primary valuation technique used for borrowings and other debt classified as level 2 is discounting of the future associated cash flows using the market rate at each balance sheet date. The Directors have assessed this as equal to the current market rate for equivalent borrowing.

At 31 December 2020, the company had an interest rate swap agreement in place with a notional amount of £1,830,559, whereby the company pays fixed rates of interest of 2.009% and receives a variable rate based on LIBOR on the notional amount. The swap is being used to hedge the exposure to changes in the fair value of its secured loans which had a rate during the financial year of LIBOR plus 1.4% and 3.0% respectively.

The changes in fair value of the interest rate swap have been recognised in the Income Statement.

Disclosures in respect of interest-bearing loans and borrowings are included in notes 14 and 15.

Financial instruments and other risk management policies and objectives
The company's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The company's principal financial assets are trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The company is exposed to market risk, credit risk and liquidity risk. The company's senior management oversees the management of these risks, and the Directors review and agree policies for managing each of these risks, which are summarised below.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise a number of types of risk, the following are discussed below: interest rate risk and currency risk. Financial instruments affected by market risk include: loans and borrowings, deposits and derivative financial instruments.

Notes to the financial statements

at 31 December 2020

12. Financial instruments (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the company's long-term debt obligations with floating interest rates. To manage this, the company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. As at 31 December 2020, after taking into account the effect of interest rate swaps, the vast majority of the company's borrowings were at a fixed rate of interest.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company manage this exposure through active monitoring of exchange rate movements.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily for other receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments. The maximum exposure to credit risk, in the event that counterparties' fail to perform their obligations as at period end (in relation to each class of recognised financial assets), is the carrying amount of those assets as indicated in the Statement of Financial Position.

Liquidity risk

Liquidity risk is the risk that the company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due. The Board holds regular meetings with management to ensure sufficient cash is available for operations.

Management of capital

The primary objective of the company's management of capital is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the year ended 31 December 2020.

Notes to the financial statements

at 31 December 2020

13. Trade and other payables

	2020	*2019*
	£	*£*
Trade payables	1,555,925	701,116
Accruals	2,855,103	2,075,025
Other taxes	973,379	1,270,689
Amounts owed to group undertakings	5,664,717	680,612
	11,049,124	4,727,442

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

14. Interest bearing loans and borrowings: Current

	2020	*2019*
	£	*£*
Bank loans (see note 15)	10,520,654	88,825,990
	10,520,654	88,825,990

15. Interest bearing loans and borrowings: Non-current

	2020	*2019*
	£	*£*
Bank loans	77,124,419	-
Amounts owed to group undertakings, including accrued interest	52,245,038	47,032,998
	129,369,457	47,032,998

Analysis of loans

	2020	*2019*
	£	*£*
Total amount repayable	139,890,111	135,858,988
Included in current liabilities	(10,520,654)	(88,825,990)
	129,369,038	47,032,998

There are two bank long term loans from EKF and Deutsche Bank with a balance outstanding at 31 December 2020 of £67,762,919 (2019: £71,060,792) and £16,940,350 (2019: £17,765,198). The bank loan carrying value includes the present value of future cash flows connected to a deferred exit fee as well as capitalised bank charges. These loans bore interest during the financial year of LIBOR plus 1.4% and LIBOR plus 3.0% respectively. These loans are repayable on a half yearly basis. The loans were presented as due within one year in the financial year ended 31 December 2019 due to a breach of the facilities agreement. As disclosed within note 2, on 31 December 2020 the Company agreed amended bank facility terms with the Lender whereby full loan repayment is due by 30 June 2022.

Deutsche Bank has a first mortgage on the land, first fixed charge on the equipment, intellectual property, book debts, goodwill and key contracts (project contracts, hedging contracts and insurances) of the company and a first floating charge on all the company's assets both present and future.

Notes to the financial statements

at 31 December 2020

16. Maturity of financial liabilities

The intercompany loan is subordinated in all respects to the senior bank term loan borrowings. Repayment of the intercompany loan is not due until 31 December 2029. Interest is charged at 10.9% and compounds annually until 31 December 2019. A formal Shareholder Loan amendment was signed during the financial year to remove the compounding ability.

The following tables analyse the company's assets and liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date. The amounts are the contractual undiscounted cash flows.

31 December 2020	On demand	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	£	£	£	£	£	£
Loans and debts due to related parties	5,664,717	-	-	-	98,298,966	103,963,683
Bank borrowings	-	-	10,615,865	77,858,732	-	88,474,597
Interest rate swap	-	-		5,950,396	-	5,950,396
Trade payables	-	1,555,925	-	-	-	1,555,925
Other payables	-	2,855,103	-	-	-	2,855,103
Total financial liabilities	5,664,717	4,411,028	10,615,865	83,809,128	98,298,966	202,799,704

31 December 2019	On demand	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	£	£	£	£	£	£
Loans and debts due to related parties	–	–	–	30,226,058	60,425,514	90,651,572
Bank borrowings	88,825,990	–	–	–	–	88,825,990
Interest rate swap	–	–	943,170	2,957,590	374,611	4,275,371
Trade payables	–	701,116	–	–	–	701,116
Other payables	–	2,755,637	–	–	–	2,755,637
Total financial liabilities	88,825,990	3,456,753	943,170	33,183,648	60,800,125	187,209,686

Notes to the financial statements

at 31 December 2020

17. Issued share capital

		2020		*2019*
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £0.01 each	20,001	201	20,000	200
Authorised				
Ordinary shares of £0.01 each	20,001	201	20,000	200

Share capital and share premium

The balances classified as share capital and share premium represents the proceeds (both nominal value and share premium) on issue of the company's equity share capital comprising £0.01 ordinary shares.

There has been an additional contribution to share premium account during 2020 amounting to £4,142,137. Such additional subscription is settled through additional cash investment and capitalisation of fuel and transportation costs initially paid by related party amounting to £2,999,999 and £1,142,139, respectively.

18. Related Party Disclosures

As at 31 December 2020, the company had an intra-group loan payable of £47,032,998 (2019: £42,352,463) to CEP Biomass Energy Limited. During the period, the company accrued total interest payable on the loan of £5,212,040 (2019: £4,680,535) and £24,245,038 of accrued interest remained payable at the end of the period (2019: £19,032,998).

At 31 December 2020, CEP Biomass Energy Limited owed the Company unpaid share capital totalling £3,000,100 (£2019: £100).

During the year there was a recharge of expenses paid on behalf of Margam Green Energy Limited from Glennmont Clean Energy Fund Europe II Cooperatief U.A. of £5,963,987 (2019: £680,612). The balance owed to Glennmont Clean Energy Fund Europe II Cooperatief U.A. at 31 December 2020 is £5,544,717 (2019: £680,612).

During the financial year a transfer of assets from Port Clarence Energy Limited took place at the net book value of £120,000. The balance owed to Port Clarence Energy Limited at 31 December 2020 is £120,000 (2019: £nil).

19. Events since the balance sheet date

In the period subsequent to the balance sheet date the following events have taken place:

- On 23 March 2021 the company increased its share capital by 100 ordinary £0.01 shares for a total consideration of £3,000,000.

20. Ultimate controlling party

The company's immediate parent undertaking is CEP Biomass Energy Limited, a company incorporated in the United Kingdom.

The ultimate parent undertaking and controlling party for the company is Glennmont Clean Energy Fund Europe II Cooperatief U.A., a company incorporated in the Netherlands. This is the smallest and largest group into which the results of the company are included. The financial statements of Glennmont Clean Energy Fund Europe II Cooperatief U.A. may be obtained from the registered office at Hoogoorddreef 15, 1101 BA, Amsterdam, The Netherlands.

Notes to the financial statements

at 31 December 2020

21. Capital commitments

The company has entered into contracts of which there are outstanding contractual commitments of £685,045 as at 31 December 2020 (2019: £nil) for the construction of the project.