

Company Registration Number 08708126 (England and Wales)

CEG Technology UK Limited

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021**

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CEG TECHNOLOGY UK LIMITED
DIRECTORS' RESPONSIBILITY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

Company Registration No 08708126

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounts Standards and applicable law). 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 the 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 and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

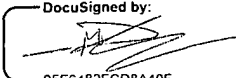
CEG TECHNOLOGY UK LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible Assets	3	4,596,767		4,159,949	
Tangible Assets	4	128,802		139,828	
		<u>4,725,569</u>		<u>4,299,777</u>	
Current assets					
Stocks		105,247		31,289	
Debtors	5	786,003		1,407,217	
Cash at bank and in hand		3,744		1,837	
		<u>894,994</u>		<u>1,440,343</u>	
Creditors: amounts falling due within one year	6	<u>(3,250,474)</u>		<u>(12,291,600)</u>	
Net current liabilities			<u>(2,355,480)</u>		<u>(10,851,257)</u>
Total assets less current liabilities			<u>2,370,089</u>		<u>(6,551,480)</u>
Capital and reserves					
Called up Share Capital	7	12,673,913		102	
Share Premium Account		149,998		149,998	
Profit and loss reserves		<u>(10,453,822)</u>		<u>(6,701,580)</u>	
Total Equity		<u>2,370,089</u>		<u>(6,551,480)</u>	

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared 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 20th September 2022 and are signed on its behalf by:

DocuSigned by:

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 Martijn Dekker
 Director

CEG TECHNOLOGY UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Company Registration No 08708126

1 Accounting Policies

Company Information

CEG Technology UK Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is unit 1C & 1D, Trafalgar Park, Victory Road, Derby, DE24 8DX

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, including the adoption of the amendments issued in December 2017, ("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 historic cost convention. The principal accounting policies adopted are set out below.

Going Concern

These financial statements are prepared on a going concern basis.

At 31 December 2021 the company had net assets of £2.4m and net current liabilities of £2.4m, including £2.7m of intra group debt with no scheduled repayment date.

The company, which is in the early stages of its development, continues to trade at a loss and relies on the financial support of its parent undertakings, Clean Electricity Generation B.V. and Perpetual Next B.V. to meet its funding needs.

Momentum Capital has funded the company to date through intermediate holding companies. Following a group restructure post year end, the new intermediate parent company is Perpetual Next B.V. who has confirmed, in a letter of support, its intention to continue to fund the company for a period of at least 12 months from the date of approval of these financial statements.

Perpetual Next B.V. is raising funds in relation to this and other investments from its investor base. The directors have taken measures to ensure that liabilities are not committed to until the funding has been secured to mitigate the risks associated with the timing of funding being raised.

Having reviewed the projections of the company and taking into account the continued support of its parent entities and their ability to raise further finance, even though the future fund raising represents a material uncertainty, the directors of this company believe they have reasonable grounds to conclude that the company has adequate resources to remain in operational existence for the foreseeable future and that it is appropriate to prepare the financial statements on a going concern basis.

CEG TECHNOLOGY UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Company Registration No 08708126

1 Accounting Policies (Continued)

Turnover

Turnover is recognised to the extent that it is probable the economic benefit will flow to the company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, value added tax and other sales taxes.

Turnover in respect of sales of goods is recognised when the sale and associated costs can be measured reliably, future economic benefits are probable and the risks and rewards of ownership have been transferred to the customer. Sale of goods are recognised when goods are delivered and legal title has been passed and the company has no continuing managerial involvement associated with ownership or effective control of the goods sold.

Turnover in respect of sales of services is recognised when the sale of services and associated costs can be measured reliably, and future economic benefits are probable. Sale of services are recognised by reference to the stage of completion at the balance sheet date.

Intangible fixed assets other than goodwill

The company capitalises development expenditure as an intangible asset when it is able to demonstrate all of the following:

- a) The technical feasibility of completing the development so the intangible asset will be available for use or sale.
- b) The intention to complete the development and to use or sell the intangible asset.
- c) The ability to use or sell the asset
- d) How the intangible asset will generate probable future economic benefits.
- e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortised and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of each asset less their residual values over their expected useful lives on a straight line basis, as follows:

Torrefaction development	20 years
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For the ongoing projects which are still being developed the period which the costs are to be amortised over has not yet been determined by the directors. The directors will carry out a full impairment review at the end of each accounting period to ascertain whether there is any indication that the circumstances which have justified the deferral of expenditure no longer apply, or are considered doubtful. The expenditure which is considered to be irrecoverable are recognised as impairment losses and recognised in profit or loss.

CEG TECHNOLOGY UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Company Registration No 08708126

1 Accounting Policies (Continued)

Intangible fixed assets other than goodwill (continued)

All research expenditure and other development expenditure that does not meet the above conditions is expensed as incurred.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and Equipment	4 years
Fixtures, fittings and equipment	3 years

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.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss. On reversal of an impairment loss, the depreciation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

CEG TECHNOLOGY UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Cash and cash equivalents

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

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 assets and liabilities are recognised when the company becomes party to the contractual provisions of the instrument and are offset only when the company currently has 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 other debtors, amounts owed by group undertakings 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 financial asset is measured at the present value of the future receipts discounted at market rate of interest.

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, include trade and other creditors and amounts owed to group undertakings, 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.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

1 Accounting Policies (Continued)**Taxation (continued)**

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of the deferred tax liabilities or other future taxable profits.

Employee Benefits

The cost of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which employees' 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.

Retirement Benefits

For defined contribution schemes the amount charged to the statement of income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Foreign Exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, then the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related transaction gain or loss is also recognised in other comprehensive income.

CEG TECHNOLOGY UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Company Registration No 08708126

2 Employees

The average number of persons, including directors, employed by the company during the year was as follows:

	2021 Number	2020 Number
Total	<u>5</u>	<u>3</u>

3 Intangible fixed assets

	Torrefaction Development £	Dust Burner Development £	Total £
Cost			
At 1 January 2021	4,159,860	731,328	4,891,188
Additions	<u>946,334</u>	<u>-</u>	<u>946,334</u>
At 31 December 2021	<u>5,106,194</u>	<u>731,328</u>	<u>5,837,522</u>
Amortisation and Impairment			
At 1 January 2021	365,575	365,664	731,239
Amortisation charged for the year	178,852	-	178,852
Impairment Losses	<u>-</u>	<u>330,664</u>	<u>330,664</u>
At 31 December 2021	<u>544,427</u>	<u>696,328</u>	<u>1,240,755</u>
Carrying amount			
At 31 December 2021	<u>4,561,767</u>	<u>35,000</u>	<u>4,596,767</u>
At 31 December 2020	<u>3,794,285</u>	<u>365,664</u>	<u>4,159,949</u>

The costs that have been capitalised are in respect of the development of the proprietary torrefaction technology and related projects. In accordance with the accounting policies in note 1, the directors carried out an impairment review of the value of the dust burner development which resulted in an impairment provision of £330,634, which is included in amortisation and impairment charge in the year (see note 6). The directors are of the opinion that the remaining expenditure on the dust burner development is fully recoverable, and should be deferred and written off against future income generated from this intellectual property.

CEG TECHNOLOGY UK LIMITED

Company Registration No 08708126

4 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2021	365,083	9,014	374,097
Additions	58,560	-	58,560
At 31 December 2021	423,643	9,014	432,657
Depreciation and impairment			
At 1 January 2021	225,255	9,014	234,269
Depreciation charged in year	69,586	-	69,586
At 31 December 2021	294,841	9,014	303,855
Carrying amount			
At 31 December 2021	128,802	-	128,802
At 31 December 2020	139,828	-	139,828

5 Debtors

Amounts falling due within one year:	2021	2020
	£	£
Trade debtors	28,120	23,609
Corporation Tax Recoverable	634,873	693,487
Amounts owed by group undertakings	35,950	1,891
Other debtors	87,060	30,424
	<u>786,003</u>	<u>749,411</u>
Amounts falling due after more than one year	2021	2020
	£	£
Deferred tax asset	-	657,806
Total debtors	<u>786,003</u>	<u>1,407,217</u>

6 Creditors

Amounts falling due within one year	2021	2020
	£	£
Trade creditors	366,312	62,511
Amounts owed to group undertakings	2,705,933	12,165,691
Taxation and social security	20,669	15,270
Other creditors	157,560	48,128
	<u>3,250,474</u>	<u>12,291,600</u>

CEG TECHNOLOGY UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Company Registration No 08708126

7 Called up share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital issued and fully paid				
Ordinary shares of £1 each	<u>12,673,913</u>	<u>102</u>	<u>12,673,913</u>	<u>102</u>

8 Related Party Transactions

At the year end, the company owed £111,593 (2020:nil) to Perpetual Next B.V. a fellow group undertaking for management charges incurred throughout the year which were still outstanding at 31 December 2021.

9 Parent company

The immediate parent undertaking is Clean Electricity Generation Holding UK Limited.

The ultimate parent undertaking is now Tivan Holding B.V. a company incorporated in the Netherlands. The ultimate controlling party is M Van Rheen by virtue of his holding in Tivan Holding B.V.

The smallest group in which the results of this company are consolidated is that headed by Clean Electricity Generation B.V. Copies of these financial statements are available from the registered office, Cruquiusweg 111R, NL-1019 AG Amsterdam, The Netherlands.

10 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 but we draw attention to note 1 in the financial statements concerning the company's ability to continue as a going concern. The conditions in note 1 relate to the continued availability of funding from parent undertakings Clean Electricity Generation B.V. and Perpetual Next B.V. and their ability to raise further finance to continue to be able to support this company, to enable it to meet its liabilities as they fall due.

As stated in note 1, these events or conditions, along with the other matters set out in note 1, 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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

The senior statutory auditor was Mitul Raja FCA.
The auditor was RSM UK Audit LLP.