

Port Clarence Energy Limited

Directors' Report and Financial Statements

For the year ended 31 December 2020



Company Registered No. 08790013

Port Clarence Energy Limited

Company Information

Directors

J Bergsma

P Dickson

Secretary

Everssecretary Limited (resigned 01 February 2021)

Independent Auditors

Ernst & Young LLP

Bedford House

16 Bedford Street

Belfast

BT2 7DT

Bankers

Deutsche Bank AG

1 Great Winchester Street

London

EC2N 2DB

Solicitors

Eversheds Sutherland LLP

1 Wood Street

London

EC2V 7WS

Registered Office

2 New Bailey

6 Stanley Street

Salford

Greater Manchester

M3 5GS

Port Clarence Energy Limited

Directors' report

Registered No. 08790013

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

Results and dividends

The company made a loss after taxation in the year of £10,571,250 (2019 – £6,061,042 loss). The directors do not recommend a final dividend (2019 – £nil).

Principal activity and business review

The principal activity of the company continued to be that of constructing an energy plant. The company did not trade in either the current or the prior year and the plant entered preservation status from 01 July 2019.

Future developments

The company is in a sale process initiated by its shareholder however regardless of the outcome of this, the future of the entity will be as an energy from waste project. In the meantime the company is being funded by its shareholder and by its credit facility.

Directors

The directors who served the company during the year were as follows:

J Bergsma

P Dickson

Principal risks and uncertainties

The principal risks and uncertainties facing the company are set out in note 13.

Going concern

In preparing the Company's financial statements on a going concern basis, the directors have considered the financial position and circumstances of the Company. At 31 December 2019 the Company's current liabilities exceeded its current assets by £ (2019 - £10,997,279). This is partially due to classification of the Company's term loans of £9,510,230 to falling due within one year following the continued breach of the facilities agreement as described further below.

The company commenced a construction project to build a wood burning electricity generation plant. The construction project commenced in October 2015 and had a contracted completion date of 31 December 2017. The contractor was not able to complete the project by the contracted completion date due to a number of issues, including structural issues at the site and the insolvency and withdrawal of one of the joint venture contractor parties. The Company reached a settlement with its contractor in relation to the payment of compensation in respect of the delay in March 2019. This compensation was used to repay a substantial part of the amounts outstanding to the bank under the facility agreement.

Due to the construction delay the project did not secure ROC accreditation as a biomass plant and accordingly it is understood that the Company's shareholder has initiated a sale process. If acquired, it is understood that the Company will continue with the construction of the project to be an Energy from Waste (EfW) Project. In the meantime, the Company is being funded by its shareholder and by current credit facilities. Should the Company be sold, as a consequence of the utilisation of the settlement payment to repay part of the outstanding bank facility, the Company will continue to have a low level of debt to equity leverage. It is understood that the Company shall modify its existing planning consents rather than submit a new planning application in order to complete an EfW project.

The directors reasonably believe that a successful sale will be completed. If a sale is not completed, because of the low debt to equity leverage of the company and the fact that a new planning consent will not be required, the directors have discussed future funding with its shareholder and lenders, and have

Port Clarence Energy Limited

Directors' report (continued)

Going concern (continued)

gained assurance that adequate future finance can be made available as required for an energy from waste project.

A number of breaches have occurred under the Company's banking facilities agreement including delayed repayment of remaining instalments. Port Clarence Energy Limited have received a formal letter of support from its intermediate parent, CEP Teesside Biomass Limited. The Company is reliant on CEP Teesside Biomass Limited for the cashflows required to service the remaining bank debt and for the ongoing preservation costs of the company. The directors have assessed that CEP Teesside Biomass Limited has the ability to provide this support until 31 July 2022. Accordingly, the Directors are of the view that the company will be able to continue as a going concern.

Events since the balance sheet date

There have been no event subsequent to the balance sheet date.

Statement of 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/she is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the small companies' exemptions under the Companies Act 2006. The company has also taken advantage of the small companies' exemption from preparing a Strategic Report.

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.

On behalf of the directors

DocuSigned by:

Peter Dickson

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P Dickson

Director

Date: 06 July 2021

Port Clarence Energy Limited

Directors' responsibilities statement

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 financial position and financial performance;
- 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 will not 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations.

Port Clarence Energy Limited

Independent auditors' report

to the members of Port Clarence Energy Limited

Opinion

We have audited the financial statements of Port Clarence Energy Limited for the year ended 31 December 2020 which comprise the Income statement, Statement of financial position, Statement of cash flows, Statement of comprehensive income, Statement of changes in equity 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 Auditors' responsibilities for the audit of the financial statements section of our report below. 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Port Clarence Energy Limited

Independent auditors' report

to the members of Port Clarence Energy Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

Port Clarence Energy Limited

Independent auditors' report

to the members of Port Clarence Energy Limited (continued)

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. 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.

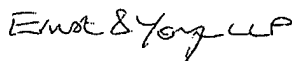
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (IFRS and Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom.
- We understood how the company is complying with those frameworks by making inquiries of management to understand how the company maintains and communicates its policies and procedures in these areas. We corroborated our enquires through reading board minutes and correspondence with relevant authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by assuming management override to be a fraud risk.
- 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 auditors' 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.



Michael Kidd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast

Date: 9 July 2021

Port Clarence Energy Limited

Income statement

for the year ended 31 December 2020

	Notes	2020 £	2019 £
Administration expenses		(3,950,508)	(3,029,567)
Operating loss	5	(3,950,508)	(3,029,567)
Gain on financial instruments		2,734,393	1,699,259
Foreign exchange loss		(11,953)	(10,651)
Interest payable and similar charges	4	(9,343,182)	(4,812,941)
Loss before taxation		(10,571,250)	(6,153,900)
Income tax expense	6	-	92,858
Loss for the financial year		<u>(10,571,250)</u>	<u>(6,061,042)</u>

The notes on pages 13 to 27 form an integral part of the financial statements.

Port Clarence Energy Limited

Statement of comprehensive income

for the year ended 31 December 2020

	2020	2019
	£	£
<i>Loss for the financial year</i>	(10,571,250)	(6,061,042)
<i>Other comprehensive income</i>	-	-
<i>Total comprehensive expense for the period net of tax</i>	<u>(10,571,250)</u>	<u>(6,061,042)</u>

The notes on pages 13 to 27 form an integral part of the financial statements.

Port Clarence Energy Limited

Statement of changes in equity

for the year ended 31 December 2020

	<i>Issued share capital £</i>	<i>Share premium account £</i>	<i>Retained losses £</i>	<i>Total debt £</i>
Balance at 1 January 2019	50,000	22,450,801	(56,813,308)	(34,312,507)
Total comprehensive expense for the year	–	–	(6,061,042)	(6,061,042)
Balance at 31 December 2019	50,000	22,450,801	(62,874,350)	(40,373,549)
Total comprehensive expense for the year	–	–	(10,571,250)	(10,571,250)
Balance at 31 December 2020	50,000	22,450,801	(73,445,600)	(50,944,799)

Retained losses

Retained losses account includes all prior retained profits and losses attributable to the shareholders of the parent company.

Share premium account

The share premium account represents the difference between the par value of shares issued and the subscription or issue price.

The notes on pages 13 to 27 form an integral part of the financial statements.

Port Clarence Energy Limited

Statement of financial position

for the year ended 31 December 2020


Registered No. 08790013

	Notes	2020 £	2019 £
Assets			
Non-current assets			
Property, plant and equipment	7	52,994,871	53,364,888
Right-of-use asset	8	9,249,366	9,454,907
Total non-current assets		62,244,237	62,819,795
Current assets			
Trade and other receivables	9	1,264,358	328,667
Cash and short-term deposits		916,343	1,089,761
Total current assets		2,180,701	1,418,428
Total assets		64,424,938	64,238,223
Equity and liabilities			
Capital and reserves			
Issued share capital	15	50,000	50,000
Share premium account		22,450,801	22,450,801
Retained losses		(73,445,600)	(62,874,350)
Total debt		(50,944,799)	(40,373,549)
Non-current liabilities			
Other non-current financial liabilities	12	15,445,454	17,851,333
Amounts owed to group undertakings	15	89,501,758	74,344,732
Total non-current liabilities		104,947,212	92,196,065
Current liabilities			
Trade and other payables	10	912,295	753,394
Interest bearing loans and borrowings	11	9,510,230	11,662,313
Total current liabilities		10,422,525	12,415,707
Total liabilities		115,369,737	104,611,772
Total equity and liabilities		64,424,938	64,238,223

These accounts 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 on 06 July 2021 and are signed on its behalf by:

The notes on pages 13 to 27 form an integral part of the financial statements.

DocuSigned by:

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 J Bergsma
 Director

DocuSigned by:

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 P Dickson
 Director

Port Clarence Energy Limited

Statement of cash flows

for the year ended 31 December 2020

	2020	2019
Notes	£	£
Cash flows from operating activities		
Loss for the financial year	(10,571,250)	(6,061,042)
<i>Non-cash adjustments to reconcile loss before taxation to net cash flows from operating activities:</i>		
Tax (credit)/charge	-	(92,858)
Fair value (gain)/loss on financial instruments	(2,734,393)	(1,699,259)
Foreign exchange loss/(gain)	11,953	10,651
Unpaid interest	7,497,542	3,768,154
<i>Working capital adjustments:</i>		
(Increase)/decrease in trade and other receivables	(565,674)	(306,558)
Decrease in trade and other payables	692,956	(2,917,640)
Increase in intercompany current account	7,659,484	4,335,459
Cash generated from operations	1,990,618	(2,963,093)
Income tax paid	-	-
Net cash flows from operating activities	<u>1,990,618</u>	<u>(2,963,093)</u>
Cash flows from investing activities		
Payments to acquire property, plant and equipment	-	(1,465,940)
Interest payments capitalised	-	(1,414,257)
Proceeds from contract settlement	-	60,000,000
Net cash flows used in investing activities	<u>-</u>	<u>57,119,803</u>
Cash flows from financing activities		
Repayment of borrowings	(2,152,083)	(60,634,883)
Net cash flows used in financing activities	14 <u>(2,152,083)</u>	<u>(60,634,883)</u>
Net decrease in cash and cash equivalents	(161,465)	(6,478,173)
Cash and cash equivalents at 1 January	1,089,761	7,578,585
Foreign exchange movement	(11,953)	(10,651)
Cash and cash equivalents at 31 December	<u>916,343</u>	<u>1,089,761</u>

Port Clarence Energy Limited

Notes to the financial statements

for the year ended 31 December 2020

1. Corporate information

Port Clarence Energy Limited ("the Company") is a private company with limited liability incorporated and domiciled in England and Wales. The company financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £1 unless otherwise stated.

2. Accounting policies

Compliance with accounting standards

The Financial Statements have been prepared in compliance 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.

Basis of preparation

In preparing the Company's financial statements on a going concern basis, the directors have considered the financial position and circumstances of the Company. At 31 December 2020 the Company's current liabilities exceeded its current assets by £10,997,279 (2019 - £10,997,279). This is partially due to classification of the Company's term loans of £9,510,230 to falling due within one year following the continued breach of the facilities agreement as described further below.

The company commenced a construction project to build a wood burning electricity generation plant. The construction project commenced in October 2015 and had a contracted completion date of 31 December 2017. The contractor was not able to complete the project by the contracted completion date due to a number of issues, including structural issues at the site and the insolvency and withdrawal of one of the joint venture contractor parties. The Company reached a settlement with its contractor in relation to the payment of compensation in respect of the delay in March 2019. This compensation was used to repay a substantial part of the amounts outstanding to the bank under the facility agreement.

Due to the construction delay the project did not secure ROC accreditation as a biomass plant and accordingly it is understood that the Company's shareholder has initiated a sale process. If acquired, it is understood that the Company will continue with the construction of the project to be an Energy from Waste (EfW) Project. In the meantime, the Company is being funded by its shareholder and by current credit facilities. Should the Company be sold, as a consequence of the utilisation of the settlement payment to repay part of the outstanding bank facility, the Company will continue to have a low level of debt to equity leverage. It is understood that the Company shall modify its existing planning consents rather than submit a new planning application in order to complete an EfW project.

The directors reasonably believe that a successful sale will be completed. If a sale is not completed, because of the low debt to equity leverage of the company and the fact that a new planning consent will not be required, the directors have discussed future funding with its shareholder and lenders, and have gained assurance that adequate future finance can be made available as required for an energy from waste project.

A number of breaches have occurred under the Company's banking facilities agreement including delayed repayment of remaining instalments. Port Clarence Energy Limited have received a formal letter of support from its immediate parent, CEP Teesside Biomass Limited. The Company is reliant on CEP Teesside Biomass Limited for the cashflows required to service the remaining bank debt and for the ongoing preservation costs of the company. The directors have assessed that CEP Teesside Biomass Limited has the ability to provide this support until 31 July 2022. Accordingly, the Directors are of the view that the company will be able to continue as a going concern.

Foreign currencies

In preparing the financial statements transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Port Clarence Energy Limited

Notes to the financial statements (continued)

2. Accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they occur.

Property, Plant and Equipment and depreciation

Tangible fixed assets relate to development costs and are stated at cost less depreciation and impairment losses. No depreciation has been charged in the year as the development is not complete.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, 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.

Trade and trade receivables

Trade and other receivables are recognised initially at transaction price and are subsequently stated at amortised cost using the effective interest method, less allowances for expected credit losses. The company measures the loss 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.

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.

Trade payables are recognised at the transaction price.

Taxation

Current income 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 taxation

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.

Port Clarence Energy Limited

Notes to the financial statements (continued)

2. Accounting policies (continued)

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;
- 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

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss” (“FVTPL”), “available-for-sale” (AFS) financial assets and “loans and receivables”. The classification depends on the nature and purpose of the financial assets is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method:

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Port Clarence Energy Limited

Notes to the financial statements (continued)

2. Accounting policies (continued)

Financial assets at FVTPL:

A financial asset is classified as held for trading if it is a derivative that is not designated and effective as a hedging instrument. Financial assets at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain recognised in profit or loss incorporates any dividend or interest earned on the financial assets and is included in the "other gains and losses" line item. Fair value is determined in the manner described in note 10.

Financial liabilities and equity instruments

Classification as debt or equity: Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and definitions of a financial liability and an equity instrument.

Equity instruments: An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities: Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as FVTPL.

A financial liability is classified as held for trading if it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses" line items. Fair value is determined in the manner described in note 10.

Derivative financial instruments

The Company enters into interest rate swaps to manage its exposure to interest rate. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Bank borrowings

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. In circumstances where the criteria are met, such finance costs are capitalised.

Impairment

At each reporting period, 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). Recoverable amount is the higher of fair value less costs of disposal and value in use.

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

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

Port Clarence Energy Limited

Notes to the financial statements (continued)

2. Accounting policies (continued)

increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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.

- 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

Port Clarence Energy Limited

Notes to the financial statements (continued)**2. Accounting policies (continued)**

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

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Incremental borrowing rate

The calculation of lease liabilities requires the Company to determine an incremental borrowing rate (IBR) to discount future minimum lease payments. Judgement is applied in determining the components of the IBR for each lease including the risk free rates, the Company's borrowing margin and any lease specific adjustments. The IBR used is 6.92%. See note 8 for further information.

Valuation of property, plant and equipment

The valuation of property, plant and equipment is undertaken through assessment of the recoverable amount being the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

4. Interest payable and similar charges

	2020	2019
	£	£
On bank loans	1,039,139	6,732,970
On intercompany loans	7,497,542	2,434,427
Interest on lease liabilities	806,501	780,294
Less: amounts capitalised on qualifying assets	-	(5,134,750)
	<u>9,343,182</u>	<u>4,812,941</u>

5. Operating loss

	2020	2019
	£	£
Operating loss is stated after charging:		
Auditors' remuneration	12,000	12,000
Depreciation (note 8)	<u>205,541</u>	<u>105,002</u>

Port Clarence Energy Limited

Notes to the financial statements (continued)**6. Tax****(a) Tax on loss on ordinary activities**

The tax (credit)/charge is made up as follows:

	2020	2019
	£	£
Current tax	-	-
Deferred tax		
Deferred tax (credit)/ charge current year	-	(92,858)

(b) Factors affecting tax (credit)/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	(10,571,250)	(6,153,900)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19%)	(2,008,537)	(1,169,241)
<i>Effects of:</i>		
Disallowed expenses	1,444,625	473,712
Group relief received for no payment	-	(7,238)
Chargeable gain on part disposal	-	842,650
Difference in tax rates	-	(14,726)
Movement in un-provided deferred tax	563,912	(218,015)
Total tax (credit)	-	(92,858)

A deferred tax asset of £2,947,800 (2019 - £2,383,889) has not been recognised as its recovery is not certain.

(c) 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 unrecognised deferred tax asset of £3,878,684.

Port Clarence Energy Limited

Notes to the financial statements (continued)**7. Property, Plant and Equipment**

	<i>Plant and machinery</i> £
Cost or valuation:	
At 1 January 2019	139,155,887
Impact of adoption of IFRS 16 (note 8)	1,623,636
Additions	6,429,541
Net contract settlement	<u>(49,454,135)</u>
At 31 December 2019	<u>97,754,929</u>
Depreciation and impairment:	
At 1 January 2019	44,390,041
Charge for the year	–
At 31 December 2019	<u>44,390,041</u>
Net book value:	
At 31 December 2019	<u>53,364,888</u>
At 31 December 2018	<u>94,765,846</u>
Cost or valuation:	
At 1 January 2020	97,754,929
Net contract settlement	(257,000)
Disposals	<u>(113,028)</u>
At 31 December 2020	<u>97,384,911</u>
Depreciation and impairment:	
At 1 January 2020	44,390,041
Charge in the year	–
At 31 December 2020	<u>44,390,041</u>
Net book value:	
At 31 December 2020	<u>52,994,870</u>
At 31 December 2019	<u>53,364,888</u>

Included within Plant and machinery is total interest capitalised of £32,222,702 (2019: £32,222,702) of which £19,647,194 (2019 - £19,647,194) in intercompany loan interest and £12,719,724 (2019 - £12,719,724) is bank interest.

No depreciation has been charged in either the current or the previous year as the plant is not yet operational.

Plant and machinery have been pledged to secure the borrowings of the company.

Port Clarence Energy Limited

Notes to the financial statements (continued)

8. Right-of-use asset

The Company adopted IFRS 16 *Leases* from 1 January 2019 and has a lease contract for land. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

<i>Leased right-of-use assets</i>	<i>Land</i>	<i>Total</i>
	<i>£</i>	<i>£</i>
At 1 January 2020, net carrying amount	9,454,907	9,454,907
Depreciation charge in year	(205,541)	(205,541)
At 31 December 2020	9,249,366	9,249,366
<i>Lease liabilities</i>		
At 1 January 2020, net carrying amount	(11,663,071)	(11,663,071)
Payments	473,949	473,949
Discount unwinding	(806,501)	(806,501)
At 31 December 2020	(11,995,624)	(11,995,624)
Current liabilities		(336,591)
Non-current liabilities		(11,659,033)
		(11,995,624)

The opening adjustment at the transition date of 1 January 2019 includes an adjustment to fixed assets as the rental charge was capitalised during the construction period. The table below shows a maturity analysis of the discounted and undiscounted lease liability arising from the Company's leasing activities. The projections are based on the interest rates (discounted projections only) applicable to the lease portfolio. The weighted average incremental borrowing rate applied to lease liabilities on the Balance Sheet is 6.92%.

	<i>As at 31 December 2020</i>	
	<i>Discounted</i>	<i>Undiscounted</i>
	<i>£</i>	<i>£</i>
Within one year	336,591	492,907
Between one and five years	1,376,176	2,176,835
Greater than five years	10,282,858	56,182,483
	11,995,625	58,852,225

Port Clarence Energy Limited

Notes to the financial statements (continued)**9. Trade and other receivables**

	2020	2019
	£	£
Other debtors – VAT receivable	332,319	207,761
Other debtors	394,500	–
Amounts owed by related parties	120,000	–
Prepayments	417,539	120,906
	<u>1,264,358</u>	<u>328,667</u>

There are no allowances for expected credit losses (2019- *£nil*). Amounts owed by related parties are unsecured, interest free and repayable on demand.

10. Trade and other payables: Current

	2020	2019
	£	£
Trade payables	493,567	420,841
Accruals	82,137	–
Lease liabilities	336,591	332,553
	<u>912,295</u>	<u>753,394</u>

11. Interest bearing loans and borrowings: Current

	2020	2019
	£	£
Bank loans	<u>9,510,230</u>	<u>11,662,313</u>

12. Other non-current financial liabilities

	2020	2019
	£	£
Interest and inflation rate swaps	3,786,421	6,520,815
Lease liabilities	11,659,033	11,330,518
	<u>15,445,454</u>	<u>17,851,333</u>

Port Clarence Energy Limited

Notes to the financial statements (continued)

13. Financial instruments

<i>Financial assets</i>	<i>2020</i>	<i>2019</i>
	<i>£</i>	<i>£</i>

Financial assets at amortised cost:

Trade and other receivables	514,500	-
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Trade and other receivables are non-derivative level 2 financial assets carried at amortised cost. The carrying value may be affected by changes in the credit risk of the counterparties. Carrying value is considered to be materially in line with fair value due to the short-term maturity of these items.

<i>Financial liabilities</i>	<i>2020</i>	<i>2019</i>
	<i>£</i>	<i>£</i>

Derivatives not designated as hedging instruments:

Interest and inflation rate swaps	3,786,421	6,520,815
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Financial liabilities at amortised cost other than interest-bearing loans and borrowings:

Trade and other payables	575,703	420,841
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At 31 December 2020, the company had an interest rate swap agreement in place with a notional amount of £9,640,400 whereby the company pays fixed rates of interest of 2.4395% 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 fixed rate secured loans.

At 31 December 2020, the company has an inflation swap agreement in place with a notional amount of £4,493,762 whereby the company pays a variable rate based on actual RPI and pays receives an amount of up to 2.70% RPI on such notional. The swap is being used to hedge the exposure to adverse changes in the rate of inflation.

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

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

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The changes in fair value of the interest rate swap have been recognised in the Income Statement. During the year ended 31 December 2019, a part repayment of the swaps balance was made in line with the repayment of the bank loan.

The applied valuation techniques include swap models, using present value calculations. 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.

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

Port Clarence Energy Limited

Notes to the financial statements (continued)

13. Financial instruments (continued)

Financial instruments risk management policies and objectives

The company's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance and support the operations. 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 and deposits.

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 is limited, as the company's borrowings are at a fixed rate of interest through the use of an interest rate swap.

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 does not have significant exposure in this respect.

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 trade 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. The shareholder loan is owed to CEP Teesside Biomass Limited is unsecured.

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 to ensure sufficient cash is available for operations.

Regulatory risk

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

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.

Port Clarence Energy Limited

Notes to the financial statements (continued)**14. Reconciliation of liabilities arising from financing activities**

	At 1 January 2020 £	Financing cash flows £	Other changes £	At 31 December 2020 £
Loan and debts from related parties	74,344,732	-	15,157,026	89,501,758
Interest rate swap	6,520,815	-	(2,734,394)	3,786,421
Current borrowings	11,662,313	(2,152,083)	-	9,510,230
Total	92,527,860	(2,152,083)	12,422,632	102,798,409

15. Maturity of financial liabilities

	2020	2019
<i>Non-current loans and borrowings</i>	£	£
Amounts owed to group undertakings, including accrued interest	89,501,758	74,344,732
	<u>89,501,758</u>	<u>74,344,732</u>
<i>Current loans and borrowings</i>	£	£
Bank loans	9,510,230	11,662,313
Total loans and borrowings	<u>99,011,988</u>	<u>86,007,045</u>

Deutsche bank has a first mortgage on the plant, 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.

The loan interest is a margin plus LIBOR, however due to the swap it is at a fixed rate of 2.4395%. The bank facility post the settlement made in early 2019, is due to be fully repaid by 30 June 2022.

The intercompany loan is subordinated in all respects to the senior bank term loan borrowings. Interest is charged at 10.9% and compounds annually for the intercompany loan.

	On demand £	Up to 3 months £	3 to 12 months £	1 to 5 years £	Over 5 years £	Total £
31 December 2019						
Loans and debts from related parties	-	-	-	-	89,501,758	89,501,758
Bank borrowings	11,662,313	-	-	-	-	11,662,313
Trade and other payables	-	420,841	-	-	-	420,841
Lease liabilities	-	-	473,949	2,093,111	56,759,114	59,326,174
Total financial liabilities	11,662,313	420,841	473,949	2,093,111	146,260,872	160,911,086

Port Clarence Energy Limited

Notes to the financial statements (continued)**15. Maturity of financial liabilities (continued)**

	On demand	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
31 December 2020	£	£	£	£	£	£
Loans and debts from related parties	–	–	–	–	74,344,732	74,344,732
Bank borrowings	9,510,230	–	–	–	–	9,510,230
Trade and other payables	–	575,703	–	–	–	575,703
Lease liabilities	–	–	492,907	2,176,835	56,182,483	58,852,225
Total financial liabilities	9,510,230	575,703	492,907	2,176,835	130,527,215	143,282,890

16. Issued share capital

	2020		2019	
<i>Allotted, called up and fully paid</i>	No.	£	No.	£
Ordinary shares of £1 each	50,000	<u>50,000</u>	50,000	<u>50,000</u>
<i>Authorised</i>				
Ordinary shares of £1 each	50,000	<u>50,000</u>	50,000	<u>50,000</u>

Share capital represents the nominal value of shares that have been issued.

17. Related party disclosures

As at 31 December 2020, the company had an intra-group loan payable of £44,615,819 to CEP Teesside Biomass Limited (2019: £44,615,819). During the period, the company accrued an interest charge on the loan of £7,497,542 (2019: £6,732,970) and £30,538,891 of accrued interest remained payable at the end of the year (2019: £23,041,349). Further to the loan balance, CEP Teesside Biomass Limited has settled transactions on behalf of the company resulting in an intercompany current account debtor of £14,347,048 (2019: £6,687,564).

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

18. Employees

There were no employees during the year (2019: nil) apart from the directors. None of the directors received remuneration in respect of their services (2019: nil).

19. Ultimate controlling party

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

The ultimate parent undertaking and controlling party of the company was 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.

Port Clarence Energy Limited

Notes to the financial statements (continued)

20. Post balance sheet events

There are no post balance sheet events.

21. Contractual commitments

The company entered into outstanding contractual commitments of £251,369 as at 31 December 2020, (2019: £251,369) for the preservation of the plant.