

**WESTERN BIO-ENERGY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MARCH 2020**

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## WESTERN BIO-ENERGY LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	D Seshamani Greenshpere Capital LLP
<b>Company secretary</b>	Barry Collins
<b>Registered number</b>	04622111
<b>Registered office</b>	Western Wood Energy Plant Longland Lane Port Talbot SA13 2NR
<b>Independent auditor</b>	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG

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## WESTERN BIO-ENERGY LIMITED

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## WESTERN BIO-ENERGY LIMITED

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### GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2020

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#### Introduction

The directors present their strategic report together with the audited financial statements for the period ended 31 March 2020.

#### Principal activity, business review and future developments

The principal activity of the company is the operation of a 14.7 MegaWatts biomass plant to produce and sell electricity and other related products in Margam, Port Talbot, Wales.

The biomass plant generated revenue of £10.3 million for the period ended 31 March 2020 (2019: £10.7 million). Subsequent to the end of the financial period, the Company identified the reduced demand for power due to Covid pandemic presented the opportunity to close the plant and embark on a significant programme of works to enhance efficiency, flexibility and robustness of the plant. These works have been subsequently completed and the plant has been recommissioned at the start of 2021.

#### Statement of Comprehensive Income

The Statement of Comprehensive Income is set out on page 8 and shows the loss for the period. The loss for the period amounted to £2.3 million (2019: £4.7million). EBITDA before exceptional items was a positive £0.7 million to 31 March 2020 and £1.1 million for the 13 months to 1 May 2019

#### Principal risks and uncertainties

The company is aware of the risks it is exposed to and evaluates them regularly. The principal risks and uncertainties facing the company are broadly grouped into financial risks and risks inherent to the industry.

The most important components of financial risk are credit risk, liquidity risk and cash flow risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risks the directors have considered relevant to the group are credit risk and liquidity risk.

Credit risk and commodity price exposure are managed by dealing with well-established customers and suppliers and through regular contact.

Liquidity risk is mitigated as the company is part financed by intercompany loans with the risk of other group companies discontinuing financing regarded as low. As a renewables generator, a large proportion of income is received via the Renewables Obligation (RO), a government backed scheme. There is an industry-wide risk surrounding certainty of the annual buyout price, which is a market based mechanism and to mitigate this the company makes price assumptions based on the most recent industry historic values.

The industry inherent risk lies in performance of the plant and availability of feedstocks. To mitigate against these risks, the company has established long term engagements with large established operating and maintenance partners and obtains feedstock certainty through government-backed and other large national suppliers.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future.

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## WESTERN BIO-ENERGY LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2020

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#### Financial key performance indicators

The company reviews and measures performance in the following areas:

Availability factor - the total hours that the Plant is generating as a percentage of total hours available for the operating period was 94% for the 11 months to March 2020 (2019: (April 2018 – April 2019):83%).

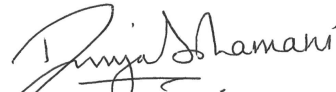
Capacity factor - the total power generated as a percentage of the total potential power generation for the plant was 91% for the 11 months to March 2020 (2019: (April 2018 – April 2019):87%)

#### Other key performance indicators

The directors have assessed the Going Concern position of the Company.

In light of the new structure, the directors, having prepared cashflow forecasts for a period in excess of 12 months from the signing of the financial statements, consider that the Company and its subsidiaries will continue in operational existence for the foreseeable future and, consequently, the financial statements have been prepared on the going concern basis.

This report was approved by the board and signed on its behalf.

  
**D Seshamani**  
Director

Date: 24/03/2021

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## WESTERN BIO-ENERGY LIMITED

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2020

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The directors present their report and the financial statements for the period ended 31 March 2020.

#### Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Results and dividends

The loss for the period, after taxation, amounted to £2,298,512 (2019 - loss £4,734,641).

The directors do not recommend the payment of a dividend.

#### Directors

The directors who served during the period were:

D Seshamani  
Greenshpere Capital LLP

#### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

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**WESTERN BIO-ENERGY LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2020**

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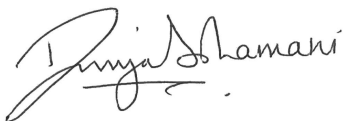
**Post balance sheet events**

Subsequent to the year end the corona virus pandemic has had a significant impact on business outlook on a worldwide basis. The impact of the corona virus pandemic remains unquantifiable at this stage, nevertheless based on cash flow forecasts, along with sensitivity analysis, the directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future, funding will be made available from investors per the support letter. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. This is a non-adjusting post balance sheet event.

**Auditor**

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



**D Seshamani**  
Director

Date: 24/03/2021

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## WESTERN BIO-ENERGY LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WESTERN BIO-ENERGY LIMITED

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#### Opinion

We have audited the financial statements of Western Bio-Energy Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 31 March 2020, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2020 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



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## WESTERN BIO-ENERGY LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WESTERN BIO-ENERGY LIMITED (CONTINUED)

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#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinion 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 Group strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

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## WESTERN BIO-ENERGY LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WESTERN BIO-ENERGY LIMITED (CONTINUED)

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#### Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's 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 Group financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.



Mark Evans (Senior statutory auditor)

for and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

Black Country House

Rounds Green Road

Oldbury

West Midlands

B69 2DG

Date: 25<sup>th</sup> March 2021

WESTERN BIO-ENERGY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Turnover	4	10,356,481	10,705,311
Cost of sales		(10,690,271)	(10,773,047)
<b>Gross loss</b>		<b>(333,790)</b>	<b>(67,736)</b>
Distribution costs		-	(61,500)
Administrative expenses		(514,314)	(536,734)
Exceptional administrative expenses	11	(189,686)	(73,088)
Other operating income	5	5,366	31,251
<b>Operating loss</b>		<b>(1,032,424)</b>	<b>(707,807)</b>
Interest payable and expenses	9	(1,266,088)	(4,026,834)
<b>Loss before taxation</b>		<b>(2,298,512)</b>	<b>(4,734,641)</b>
<b>Loss for the financial period</b>		<b>(2,298,512)</b>	<b>(4,734,641)</b>
<b>Other comprehensive income for the period</b>			
EBITDA excluding exceptional items and impairment charges for the period		492,045	1,072,358

The notes on pages 15 to 29 form part of these financial statements.

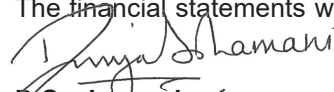
**WESTERN BIO-ENERGY LIMITED**  
**REGISTERED NUMBER: 04622111**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2020**

	Note	31 March 2020 £	1 May 2019 £
<b>Fixed assets</b>			
Tangible assets	12	13,461,905	14,409,284
		<u>13,461,905</u>	<u>14,409,284</u>
<b>Current assets</b>			
Stocks	14	141,048	119,489
Debtors: amounts falling due within one year	15	1,781,779	1,346,164
Cash at bank and in hand	16	1,720,461	2,547,298
		<u>3,643,288</u>	<u>4,012,951</u>
Creditors: amounts falling due within one year	17	(3,492,773)	(3,306,127)
<b>Net current assets</b>		<u>150,515</u>	<u>706,824</u>
<b>Total assets less current liabilities</b>		<u>13,612,420</u>	<u>15,116,108</u>
Creditors: amounts falling due after more than one year	18	(15,250,018)	(14,469,098)
<b>Provisions for liabilities</b>			
Other provisions	21	(267,914)	(254,010)
		<u>(267,914)</u>	<u>(254,010)</u>
<b>Net (liabilities)/assets</b>		<u>(1,905,512)</u>	<u>393,000</u>
<b>Capital and reserves</b>			
Called up share capital	22	14,448,905	14,448,905
Share premium account	23	23,788,835	23,788,835
Profit and loss account	23	(40,143,252)	(37,844,740)
		<u>(1,905,512)</u>	<u>393,000</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

24/03/2021

  
**D Seshamani**  
 Director

The notes on pages 15 to 29 form part of these financial statements.

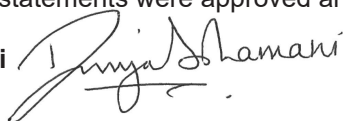
**WESTERN BIO-ENERGY LIMITED**  
**REGISTERED NUMBER: 04622111**

**COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2020**

	Note	31 March 2020 £	1 May 2019 £
<b>Fixed assets</b>			
Tangible assets	12	13,461,905	14,409,284
Investments	13	1	1
		<u>13,461,906</u>	<u>14,409,285</u>
<b>Current assets</b>			
Stocks	14	18,728	15,216
Debtors: amounts falling due within one year	15	2,149,166	1,309,507
Cash at bank and in hand	16	1,678,735	2,350,557
		<u>3,846,629</u>	<u>3,675,280</u>
Creditors: amounts falling due within one year	17	(3,696,115)	(2,968,457)
		<u>150,514</u>	<u>706,823</u>
<b>Net current assets</b>			
		<u>13,612,420</u>	<u>15,116,108</u>
<b>Total assets less current liabilities</b>			
Creditors: amounts falling due after more than one year	18	(15,250,018)	(14,469,098)
<b>Provisions for liabilities</b>			
Other provisions	21	(267,914)	(254,010)
		<u>(267,914)</u>	<u>(254,010)</u>
<b>Net (liabilities)/assets</b>			
		<u>(1,905,512)</u>	<u>393,000</u>
<b>Capital and reserves</b>			
Called up share capital	22	14,448,905	14,448,905
Share premium account	23	23,788,835	23,788,835
Profit and loss account brought forward		(37,844,740)	(33,110,099)
Loss for the period		(2,298,512)	(4,734,641)
Profit and loss account carried forward		(40,143,252)	(37,844,740)
		<u>(1,905,512)</u>	<u>393,000</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**D Seshamani**  
Director



Date: 24/03/2021

The notes on pages 15 to 29 form part of these financial statements.

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**WESTERN BIO-ENERGY LIMITED**

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2020**

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	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 April 2018</b>	<b>14,448,901</b>	-	<b>(33,110,099)</b>	<b>(18,661,198)</b>
Loss for the period	-	-	<b>(4,734,641)</b>	<b>(4,734,641)</b>
Shares issued during the period	<b>4</b>	<b>23,788,835</b>	-	<b>23,788,839</b>
<b>At 2 May 2019</b>	<b>14,448,905</b>	<b>23,788,835</b>	<b>(37,844,740)</b>	<b>393,000</b>
Loss for the period	-	-	<b>(2,298,512)</b>	<b>(2,298,512)</b>
<b>At 31 March 2020</b>	<b>14,448,905</b>	<b>23,788,835</b>	<b>(40,143,252)</b>	<b>(1,905,512)</b>

The notes on pages 15 to 29 form part of these financial statements.

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WESTERN BIO-ENERGY LIMITED

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COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2020

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	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 April 2018</b>	<b>14,448,901</b>	<b>-</b>	<b>(33,110,099)</b>	<b>(18,661,198)</b>
Loss for the period	-	-	(4,734,641)	(4,734,641)
Shares issued during the period	4	23,788,835	-	23,788,839
<b>At 2 May 2019</b>	<b>14,448,905</b>	<b>23,788,835</b>	<b>(37,844,740)</b>	<b>393,000</b>
Loss for the period	-	-	(2,298,512)	(2,298,512)
<b>At 31 March 2020</b>	<b>14,448,905</b>	<b>23,788,835</b>	<b>(40,143,252)</b>	<b>(1,905,512)</b>

The notes on pages 15 to 29 form part of these financial statements.

WESTERN BIO-ENERGY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2020

	31 March 2020 £	1 May 2019 £
<b>Cash flows from operating activities</b>		
Loss for the financial period	(2,298,512)	(4,734,641)
<b>Adjustments for:</b>		
Depreciation of tangible assets	1,334,783	1,590,535
Impairments of fixed assets	-	61,500
Loss on disposal of tangible assets	-	55,042
Interest accrued/paid	1,266,088	4,026,834
(Increase) in stocks	(21,559)	(24,972)
(Increase)/decrease in debtors	(435,615)	2,345,870
Decrease/(increase) in amounts owed to group	-	(36,666,389)
Increase/(decrease) in creditors	186,646	(1,755,126)
Increase in provisions	13,904	15,536
<b>Net cash generated from operating activities</b>	<b>45,735</b>	<b>(35,085,811)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(387,404)	(1,120,301)
Purchase of fixed asset investments	-	(1)
<b>Net cash from investing activities</b>	<b>(387,404)</b>	<b>(1,120,302)</b>
<b>Cash flows from financing activities</b>		
Issue of preference shares	-	23,788,835
Issue of ordinary shares	-	4
New secured loans	-	16,076,775
Unpaid loan note interest	780,920	-
Interest accrued/paid	(1,266,088)	(4,026,834)
<b>Net cash used in financing activities</b>	<b>(485,168)</b>	<b>35,838,780</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(826,837)</b>	<b>(367,333)</b>
Cash and cash equivalents at beginning of period	2,547,298	2,914,631
<b>Cash and cash equivalents at the end of period</b>	<b>1,720,461</b>	<b>2,547,298</b>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash at bank and in hand	1,720,461	2,547,298

The notes on pages 15 to 29 form part of these financial statements.



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WESTERN BIO-ENERGY LIMITED

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CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE PERIOD ENDED 31 MARCH 2020

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	At 2 May 2019 £	Cash flows £	Other non- cash changes £	At 31 March 2020 £
Cash at bank and in hand	2,547,298	(826,837)	-	1,720,461
Debt due after 1 year	(14,469,098)	-	(780,920)	(15,250,018)
Debt due within 1 year	(1,607,677)	-	-	(1,607,677)
	<u>(13,529,477)</u>	<u>(826,837)</u>	<u>(780,920)</u>	<u>(15,137,234)</u>

The notes on pages 15 to 29 form part of these financial statements.

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## WESTERN BIO-ENERGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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#### 1. General information

The principal activity of the business is the operation of a 14.7 MegaWatts biomass plant to produce and sell electricity and other related products in Margam, Port Talbot, Wales.

Western Bio-Energy Limited is a private company, limited by shares, incorporated in England and Wales. The address of the Company's registered office (registered number 04622111) is Western Wood Energy Plant, Longland Lane, Port Talbot, Wales, SA13 2NR.

The reporting period changed from annual in 2018 to a 13 month period; in 2019 to an 11 month period in 2020 to the end of March 2020 in the accounts. Consequently, the comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being .

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**2.3 Going concern**

The Directors have reviewed the Group's financial position. The Consolidated balance sheet shows year end net liabilities of £1,905,512 (2019: net assets of £393,000).

As stated in the Directors' Report there have been no significant events affecting the Company since the year end. Directors believe there are no material uncertainties that call into doubt the Company's ability to continue as a going concern and the accounts have therefore been prepared on the basis that the Company is a going concern. In light of the current climate in relation to the COVID-19 pandemic the Directors have reviewed the Company's finances. In the short term cash holdings are sufficient to ensure adequate cashflow for the foreseeable future with support from its investors as required. In the medium to long term plans will continue to be reviewed regularly as the Company looks to return to a more regular trading position. After the year end, the site was moth balled up to February 2021. During this period of shut down they underwent an upgrade to the entire site.

The Company also has the continued support of its ultimate parent company Gaia LP.

**2.4 Revenue**

Turnover represents the sale of electricity and all other related products produced in the period from the biomass plant. Income is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

**2.5 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.6 Borrowing costs**

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

**2.7 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

**2.8 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020

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2. Accounting policies (continued)

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following basis:

Freehold property	- Nil
Plant and machinery	- 5-25 years
Assets under construction	- Nil
Furniture and Computed equipment	- 3 years
Decommissioning asset	- 5-25 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Freehold land is shown at cost and is not subject to depreciation.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

2.10 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020

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**2. Accounting policies (continued)**

**2.12 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.13 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.14 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**2.15 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.16 Provisions for decommissioning costs**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**2.17 Financial instruments**

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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## WESTERN BIO-ENERGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### Estimation of useful life

The charge in respect of periodic depreciation of fixed assets is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the income statement. The useful lives of the Group's assets are determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.

##### Going concern

The Company monitors cash flow as part of its day to day control procedures and management consider cash flow projections on a monthly basis ensuring that appropriate funds are available to be drawn upon as necessary. The Company also prepares detailed forward projections for future periods which are constantly updated and refined. The directors have considered the future cashflows under a number of different scenarios, and support from its investors as required, and believe that the Company will continue to operate into the future through ongoing trade and additional investment should it be required.

#### 4. Turnover

Turnover comprises the value of services supplied by the company, exclusive of VAT and trade discounts. Turnover of the Company has been derived from its principal activity.

All turnover arose within the United Kingdom.

#### 5. Other operating income

	2020 £	2019 £
Other operating income	5,366	31,251

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**WESTERN BIO-ENERGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

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**6. Operating loss**

The operating loss is stated after charging:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Depreciation of owned tangible fixed assets	<b>1,334,783</b>	1,590,535
Loss on disposal of tangible fixed assets	-	55,042
Impairment of tangible fixed assets	-	61,500
Auditor's remuneration	<b>20,000</b>	18,750
	<u><u>          </u></u>	<u><u>          </u></u>

**7. Auditor's remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<b>20,000</b>	18,750
	<u><u>          </u></u>	<u><u>          </u></u>

**8. Employees**

Staff costs were as follows:

	<b>Group 31 March 2020 £</b>	<i>Group 1 May 2019 £</i>	<b>Company 31 March 2020 £</b>	<i>Company 1 May 2019 £</i>
Wages and salaries	<b>325,724</b>	414,570	<b>325,724</b>	414,570
Social security costs	<b>37,382</b>	35,865	<b>37,382</b>	35,865
Cost of defined contribution scheme	<b>11,334</b>	4,591	<b>11,334</b>	4,591
	<u><u>374,440</u></u>	<u><u>455,026</u></u>	<u><u>374,440</u></u>	<u><u>455,026</u></u>

The average monthly number of employees, including the directors, during the period was as follows:

	<b>Group 2020 No.</b>	<i>Group 2019 No.</i>	<b>Company 2020 No.</b>	<i>Company 2019 No.</i>
Employees	<b>8</b>	7	2	1
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>

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WESTERN BIO-ENERGY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020

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9. Interest payable and similar expenses

	2020 £	2019 £
Loans from group undertakings	1,180,920	3,895,963
Other interest payable	85,168	130,871
	<u>1,266,088</u>	<u>4,026,834</u>

10. Taxation

	2020 £	2019 £
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Deferred tax asset	6,843,543	5,670,885
Deferred tax asset not recognised	(6,843,543)	(5,670,885)
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on profit on ordinary activities</b>	<u>-</u>	<u>-</u>



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**WESTERN BIO-ENERGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

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**10. Taxation (continued)**

**Factors affecting tax charge for the period**

The tax assessed for the period is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	<b>(2,298,512)</b>	<b>(4,734,641)</b>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	<b>(436,717)</b>	<b>(899,582)</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>513</b>	<b>14,827</b>
Capital allowances for period in excess of depreciation	<b>92</b>	<b>135,386</b>
Adjust opening deferred tax rate average of 19%	-	<b>(597,513)</b>
Adjust closing deferred tax rate average of 19%	-	<b>667,163</b>
Deferred tax not recognised	<b>436,112</b>	<b>592,023</b>
Group relief	-	<b>87,696</b>
<b>Total tax charge for the period</b>	<b>-</b>	<b>-</b>

**Factors that may affect future tax charges**

The Group has £35,430,919 (2019: £32,999,952) of trading losses to carry forward against future trading profits.

**11. Exceptional items**

	2020 £	2019 £
Exceptional items	<b>189,686</b>	<b>73,088</b>

Exceptional costs relate to redundancy costs and related legal and professional advice. The 2019 costs relate to staff restructuring and insurance advice - £23,088 and consultancy costs in relation to the new debt structure - £50,000.

WESTERN BIO-ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020

12. Tangible fixed assets

Group and Company

	Freehold property £	Plant and machinery £	Computer equipment £	Other fixed assets £	Total £
<b>Cost or valuation</b>					
At 2 May 2019	624,000	36,500,684	103,976	145,671	37,374,331
Additions	-	387,404	-	-	387,404
Disposals	-	(480,000)	-	-	(480,000)
At 31 March 2020	624,000	36,408,088	103,976	145,671	37,281,735
<b>Depreciation</b>					
At 2 May 2019	-	22,804,416	98,509	62,122	22,965,047
Charge for the period on owned assets	-	1,324,754	4,688	5,341	1,334,783
Disposals	-	(480,000)	-	-	(480,000)
At 31 March 2020	-	23,649,170	103,197	67,463	23,819,830
<b>Net book value</b>					
At 31 March 2020	624,000	12,758,918	779	78,208	13,461,905
At 1 May 2019	624,000	13,696,268	5,467	83,549	14,409,284

The net book value of land and buildings may be further analysed as follows:

	31 March 2020 £	1 May 2019 £
Freehold	624,000	624,000

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WESTERN BIO-ENERGY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020

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13. Fixed asset investments

Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 2 May 2019	1
At 31 March 2020	1

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Western Bio-Energy (Fuels) Limited	Western WoodEnergyOrdinary Plant, Langland Lane, Port Talbot, West Glamorgan, SA13 2NR, Wales	Ordinary	100%

The aggregate of the share capital and reserves as at 31 March 2020 and the profit or loss for the period ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Western Bio-Energy (Fuels) Limited	1	-

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**WESTERN BIO-ENERGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

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**14. Stocks**

	<b>Group 31 March 2020 £</b>	<i>Group 1 May 2019 £</i>	<b>Company 31 March 2020 £</b>	<i>Company 1 May 2019 £</i>
Finished goods and goods for resale	<b>141,048</b>	<i>119,489</i>	<b>18,728</b>	<i>15,216</i>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

**15. Debtors**

	<b>Group 31 March 2020 £</b>	<i>Group 1 May 2019 £</i>	<b>Company 31 March 2020 £</b>	<i>Company 1 May 2019 £</i>
Trade debtors	<b>173,381</b>	<i>498,596</i>	<b>126,210</b>	<i>464,417</i>
Amounts owed by group undertakings	<b>-</b>	<i>-</i>	<b>497,404</b>	<i>20,402</i>
Other debtors	<b>81,654</b>	<i>22,880</i>	<b>61,181</b>	<i>-</i>
Prepayments and accrued income	<b>1,526,744</b>	<i>824,688</i>	<b>1,464,371</b>	<i>824,688</i>
	<b>1,781,779</b>	<i>1,346,164</i>	<b>2,149,166</b>	<i>1,309,507</i>

**16. Cash and cash equivalents**

	<b>Group 31 March 2020 £</b>	<i>Group 1 May 2019 £</i>	<b>Company 31 March 2020 £</b>	<i>Company 1 May 2019 £</i>
Cash at bank and in hand	<b>1,720,461</b>	<i>2,547,298</i>	<b>1,678,735</b>	<i>2,350,557</i>

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**WESTERN BIO-ENERGY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

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

	<b>Group 31 March 2020 £</b>	<i>Group 1 May 2019 £</i>	<b>Company 31 March 2020 £</b>	<i>Company 1 May 2019 £</i>
8% loan note	<b>1,607,677</b>	1,607,677	<b>1,607,677</b>	1,607,677
Trade creditors	<b>1,349,830</b>	1,114,844	<b>535,619</b>	841,619
Amounts owed to group undertakings	-	-	<b>1,086,624</b>	-
Other taxation and social security	<b>11,489</b>	183,213	<b>5,571</b>	183,213
Accruals and deferred income	<b>523,777</b>	400,393	<b>460,624</b>	335,948
	<b>3,492,773</b>	3,306,127	<b>3,696,115</b>	2,968,457

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

	<b>Group 31 March 2020 £</b>	<i>Group 1 May 2019 £</i>	<b>Company 31 March 2020 £</b>	<i>Company 1 May 2019 £</i>
8% loan note	<b>15,250,018</b>	14,469,098	<b>15,250,018</b>	14,469,098

The loan notes carry interest at 8% per annum. Repayments are at 2.5% per quarter and are only repayable if cashflow permits. The loan notes are secured by a charge over the assets of the company.

**WESTERN BIO-ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

**19. Loans**

Analysis of the maturity of loan is given below.

	<b>Group 31 March 2020 £</b>	<i>Group 1 May 2019 £</i>	<b>Company 31 March 2020 £</b>	<i>Company 1 May 2019 £</i>
<b>Amounts falling due within one year</b>				
Bank loans	1,607,677	1,607,677	1,607,677	1,607,677
<b>Amounts falling due 1-2 years</b>				
Bank loans	1,607,677	1,607,677	1,607,677	1,607,677
<b>Amounts falling due 2-5 years</b>				
Bank loans	4,823,033	4,823,033	4,823,033	4,823,033
<b>Amounts falling due after more than 5 years</b>				
Bank loans	8,819,308	8,038,388	8,819,308	8,038,388
	<u>16,857,695</u>	<u>16,076,775</u>	<u>16,857,695</u>	<u>16,076,775</u>

**20. Financial instruments**

	<b>Group 31 March 2020 £</b>	<i>Group 1 May 2019 £</i>	<b>Company 31 March 2020 £</b>	<i>Company 1 May 2019 £</i>
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	<u>225,035</u>	<u>521,476</u>	<u>684,795</u>	<u>484,819</u>
<b>Financial liabilities</b>				
Other financial liabilities measured at fair value through profit or loss	<u>18,731,303</u>	<u>17,592,012</u>	<u>18,940,562</u>	<u>17,254,342</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings and accrued income.

Financial liabilities measured at amortised cost comprise 8% loan notes, trade creditors, amounts owed to group undertakings and accruals.

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WESTERN BIO-ENERGY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020

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21. Provisions

Group and Company

	Decommissioning provision £
At 2 May 2019	254,010
Charged to profit or loss	13,904
<b>At 31 March 2020</b>	<b>267,914</b>

A provision has been made for estimated decommissioning costs which are calculated at the present value of estimated future decommissioning costs using a discount rate of 5.99%. Included with fixed assets in an amount of £78,208 (2019: £83,549) which reflects the company's expectation to recover future decommissioning costs from sales of electricity. The asset is being depreciated over 25 years being the expected life of the biomass plant.

22. Share capital

	31 March 2020 £	1 May 2019 £
<b>Allotted, called up and fully paid</b>		
14,448,885 (2019 - 14,448,885) Class A shares shares of £1.00 each	14,448,885	14,448,885
20 (2019 - 20) Class B shares shares of £1.00 each	20	20
	<b>14,448,905</b>	<b>14,448,905</b>

The share capital of the company is £14,448,905 divided into 14,448,905 shares of £1 each. Ordinary shares are divided into 14,448,885 "A" ordinary shares and 20 "B" ordinary shares. Dividends shall be paid pari passu, payments of debts and liabilities shall be applied in proportion to the members of shares respectively held; dividing the surplus (if any) is pro rata to the holding of the classes as if one class; right by notice in writing signed by member(s) to appoint two persons nominated as Directors and remove such persons and appoint others.

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## WESTERN BIO-ENERGY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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#### 23. Reserves

##### **Share premium account**

This reserve includes any amounts paid in excess of the nominal value on the issue of shares.

##### **Profit and loss account**

This reserve includes all current and prior period retained profits and losses.

#### 24. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independent administered fund. Contributions totaling £1,323 (2019: £2,203) were payable to the fund at the balance sheet date and are included in creditors.

#### 25. Related party transactions

The Company has taken advantage of the exemption available under Section 33 of FRS 102 from disclosing related party transactions with 100% group companies.

Divya Seshamani is a member of Greensphere Capital LLP from which purchases of £NIL (2019: £50,000) were made during the year by the Company. At 31 March 2020 £NIL (2019: £60,000) was owed to Greensphere Capital LLP.

#### 26. Controlling party

The Directors consider Gaia LP to be the ultimate controlling party by virtue of its 100% shareholding in the share capital of the Company.