



**Argent Energy (UK) Limited**

Annual report and financial  
statements

Registered number SC220609

31 December 2021

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## Company information

<b>Directors</b>	N Dean D W Posnett M W Scott E P Rietkerk C H Acton (resigned 13 May 2022) D W Rabelink (resigned 30 June 2021) L Gaggiotti (appointed 13 May 2022)
<b>Secretary</b>	D C Morris
<b>Company number</b>	SC220609 (Scotland)
<b>Registered office</b>	236-240 Biggar Road Newarthill Motherwell ML1 5FA
<b>Auditor</b>	KPMG LLP 15 Canada Square London E14 5GL
<b>Banker</b>	HSBC Bank Plc 141 Bothwell Street Glasgow G2 7EQ

## Strategic report

The directors present their strategic report for the year ended 31 December 2021.

### Principal activity and business review

The principal activity of the Company is a waste to energy biodiesel manufacturing and distribution business, operating from a plant near Motherwell in Scotland. The Company processes tallow to produce biodiesel, a renewable form of energy.

Around 45,535 tonnes (2020: 52,000 tonnes) of biodiesel were produced in the year, achieving around 102% of plated plant capacity (2020: 115%).

The Company is part of the Argent Energy group, headed by Argent Energy Holdings Limited. The Company is ultimately wholly owned by John Swire & Sons Limited and therefore has access to the resources required to fund ongoing operations and any future expansion of the business.

The directors have reviewed the Group's forecasts and projections taking account of normal fluctuations in trading performance and the impact of Covid-19 and have concluded the Company is well placed to manage its financial position.

Demand for biodiesel products remained strong during the year. Operating profits fell during the year due to reduced productivity and maintenance outages, combined with reduced margins on the back of tallow price increases. Looking forward, the Company is focussed on operational excellence, manufacturing efficiency and reliability.

*Key financial and non-financial performance indicators include the following:*

	2021	2020	Measure
<b>Financial</b>		Restated	
Gross Margin	9.8%	24.7%	Gross profit/turnover
Operating Margin	(1.6)%	11.4%	Operating profit/turnover
EBITDA	£1.7m	£7.6m	Operating before Depreciation
<b>Non-financial</b>			
Production (litres)	51.8m	57.8m	Litres produced in the year

- EBITDA reflects the operational earnings of the Company and excludes exceptional items.
- Margins evaluate variations in raw material costs, revenue pricing, production overheads and manufacturing efficiencies.
- Production volumes assess productivity and efficiency of the manufacturing plants.

## **Strategic report** *(continued)*

### **Principal business risks**

The principal risks and uncertainties affecting the business and development plans include the following:

#### ***Health and Safety:***

The Company continues to seek ways of ensuring that a safe and healthy working environment is progressively improved. This is a critical measure of success on the Company dashboard which is supported by continued investment in training and infrastructure.

#### ***Political and social commitment to decarbonisation:***

The Company is supported by legislation and government declarations of ongoing commitment to decarbonisation in the road transport market. Argent is represented at a senior level on government and trade bodies. The Company continues to promote the high sustainability of its biodiesel.

#### ***Risks of plant failure:***

The Company's biodiesel plant is operated by a sophisticated software system that was updated in 2021 which is controlled by trained and experienced employees. Continued focus on plant reliability, combined with business continuity planning, should enable the plant to minimise the impact of any unplanned outages. During the year, there was significant investment in replacement parts and maintenance.

#### ***Raw material availability and prices:***

The Company monitors raw material sources on a global basis and negotiates forward purchase contracts where appropriate with key suppliers. However, the cyclical nature of the feedstock market and any shortages of supply of the feedstock required to manufacture biodiesel may lead to volatile changes in raw material prices. The supply of raw materials has been adversely affected by the post Brexit impact of being unable to import European tallow into the UK.

#### ***Russia-Ukraine conflict:***

Global supply chains have been impacted by the Russia-Ukraine war causing disruption to supply chains, fuel and utilities. The Company has a diversified supplier portfolio to minimise such impacts. The Company also monitors and actively manages costs through forward purchase contracts where appropriate with key suppliers.

#### ***Covid-19:***

The Covid-19 pandemic and the periods coming out of lockdowns impacted the pricing and demand for fuel products as well as operations and supply chains across the world. The Company responded well to the pandemic and traded successfully throughout the lockdown periods.

#### ***Foreign exchange fluctuations:***

The Company is indirectly exposed to foreign exchange risk, in particular in relation to the Euro and to a lesser extent the US dollar. The Company monitors exchange rates and has a natural hedge with other members of the wider group.

## **Strategic report** *(continued)*

### **Directors' Section 172 Statement**

The board of directors have collectively and individually promoted the Company's success for its shareholders during the financial year ending 31 December 2021. Working together, we continue to develop our strategy and processes to serve the sustainable fuel market and secure the long-term growth of the Argent group of companies.

#### ***Our purpose, strategy and consideration of the long-term consequences of decisions:***

Our short-term strategy has been developed to provide clarity on critical business objectives and the key measures of success, delivering increased profitability from our existing portfolio. A Group Leadership Team has been created to ensure the business arrives benefit from its presence in multiple locations and draws upon the functional expertise of its leaders. The longer-term strategy places the Company in a position to deliver business growth through new markets and alternative technologies.

#### ***Engaging with employees:***

Employee safety and well-being remains our top priority. During the year, an employee survey was conducted to generate insightful feedback on how we can continue to improve the Company and deliver increased employee engagement. The annual appraisal process and remuneration system enables us to reward good performance. We have introduced townhall sessions across the organisation in smaller group settings to encourage questions and interaction.

#### ***Environmental policy:***

The Company regards compliance with relevant environmental laws and the adoption of responsible standards as integral parts of its business operations. It is also committed to introducing measures to limit any adverse effects its business may have on the environment and will promote continuous improvement in accordance with the best available techniques.

#### ***Fostering business relationships with suppliers, customers and others:***

Relationships with the supply chain are key to securing continued supplies of various waste-streams for processing into biodiesel. We have actively expanded our reach to seek out and develop a wider network of relationships. Delivering quality product to valued customers remains a critical success factor. All production output during the year was sold.

#### ***Operational impact on community and environment:***

Argent remains respectful of the communities in which it operates. Our objectives and key performance measures consider our impact on the environment. We actively support other businesses with a commitment to sustainability through our approach to procurement.

#### ***Maintaining a reputation for high standards of business conduct:***

The board of directors are committed to behaving responsibly and maintaining the reputation of the business through impeccable conduct and good governance. We expect the same high standards of our workforce. Our Code of Conduct sets out the required standards of behaviour and these are endorsed through regular legislative training.

## **Strategic report** *(continued)*

### ***Behaving responsibly to our shareholders:***

The board of directors behaves responsibly to its shareholder through good governance, sharing high quality information and regularly discussing business developments.

### **Energy use and carbon emissions**

The Company's energy use and carbon emissions data is included in the group energy and carbon report of its ultimate parent undertaking, John Swire & Sons Limited, which is presented in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. As such, the directors have not included a separate energy and carbon report for the Company in this Annual Report.

### **By order of the board**



**N Dean**  
Director

20th September 2022

## Directors' report

The directors present their annual report together with the audited financial statements for the year ended 31 December 2021.

### Results and dividends

No dividend was paid during the year (2020: £Nil).

### Future events

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

### Going concern

The directors have prepared the financial statements on a going concern basis which they consider appropriate. Further details are included within the accounting policies in Note 1.

### Directors

The directors who held office during the year and to the date of this report are as follows:

N Dean

D W Posnett

M W Scott

E P Rietkerk

C H Acton (resigned 13 May 2022)

D W Rabelink (resigned 30 June 2021)

L Gaggiotti (appointed 13 May 2022)

### Employees

The Company takes its responsibilities to its employees seriously. It is committed to equality and opportunity and aims to treat all of its employees fairly in every aspect of employment. It is committed to giving employees the opportunity to maximise their potential through development discussions and investment in training. The Company invests in learning and development, providing opportunities through the Argent Academy. Through the Better Together programme, we promote inclusivity across the business.

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Political contributions

No contributions to political organisations were made during the year (2020: £nil) nor was any political expenditure incurred (2020: £nil).

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

### By order of the board



N Dean

Director

20<sup>th</sup> September 2022

236-240 Biggar Road  
Newarthill  
Motherwell, ML1 5FA



## **Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements**

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (Generally Accepted Accounting Practice), *including FRS101 Reduced Disclosure Framework*.

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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGENT ENERGY (UK) LIMITED

## Opinion

We have audited the financial statements of Argent Energy (UK) Limited ("the Company") for the year ended 31 December 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards including FRS101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGENT ENERGY (UK) LIMITED

## **Fraud and breaches of laws and regulations – ability to detect**

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Audit & Risk Committee, Internal Audit, and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit & Risk Committee meeting minutes.
- Considering bonus scheme rules and performance targets

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk that turnover is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts and those posted with an unexpected description.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and, taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGENT ENERGY (UK) LIMITED**

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, environmental, employment, and GDPR. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGENT ENERGY (UK) LIMITED

## Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.


## Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## The purpose of our audit work and to whom we owe our responsibilities

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.



**Andrew Simpson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

15 Canada Square  
London  
E14 5GL

Date: 21 September 2022

**Profit and loss account and Other Comprehensive Income  
for the year ended 31 December 2021**

	Note	2021 £000	2020 Restated £000
Turnover	2	52,045	50,110*
Cost of sales		(46,932)	(37,744)*
<b>Gross profit</b>		<b>5,113</b>	<b>12,366</b>
Distribution costs		(3,535)	(2,447)
Administrative expenses		(2,464)	(5,133)
Other operating income		70	910
<b>Operating (loss)/profit</b>	3	<b>(816)</b>	<b>5,696</b>
Interest payable and similar expenses	6	(183)	(1,355)
Interest receivable and similar income	7	272	54
<b>(Loss)/profit before taxation</b>		<b>(727)</b>	<b>4,395</b>
Taxation	8	(1,017)	595
<b>(Loss)/profit for the financial year</b>		<b>(1,744)</b>	<b>4,990</b>

\*See note 1

The Company had no Other Comprehensive income during the year other than the profit as set out above.  
Notes on pages 15 to 27 form part of these financial statements.

**Balance sheet**  
**as at 31 December 2021**

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Tangible assets	9	11,607	11,519
<b>Current assets</b>			
Stocks	10	2,844	2,616
Debtors	11	31,229	31,633
Cash in hand		1,520	8,200
		<hr/> 35,593	<hr/> 42,449
<b>Creditors: amounts falling due within one year</b>	12	<hr/> (15,654)	<hr/> (20,678)
<b>Net current assets</b>		<hr/> 19,939	<hr/> 21,771
<b>Total assets less current liabilities</b>		<hr/> 31,546	<hr/> 33,290
		<hr/>	<hr/>
<b>Net assets</b>		<hr/> 31,546	<hr/> 33,290
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	16	6,499	6,499
Profit and loss account		25,047	26,791
		<hr/>	<hr/>
<b>Shareholders' funds</b>		<hr/> 31,546	<hr/> 33,290
		<hr/>	<hr/>

Notes on pages 15 to 27 form part of these financial statements.

These financial statements were approved by the board of directors on 20<sup>th</sup> September 2022 and were signed on its behalf by:



**N Dean**  
Director

Company registered number: SC220609

## Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2020	6,499	21,801	28,300
<b>Total comprehensive income for the year</b>			
Profit for the financial year	-	4,990	4,990
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	4,990	4,990
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2020</b>	<b>6,499</b>	<b>26,791</b>	<b>33,290</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2021	6,499	26,791	33,290
<b>Total comprehensive income for the year</b>			
Loss for the financial year	-	(1,744)	(1,744)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(1,744)	(1,744)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2021</b>	<b>6,499</b>	<b>25,047</b>	<b>31,546</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes on pages 15 to 27 form part of these financial statements.



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Argent Energy (UK) Limited (the "Company") is a private company incorporated, domiciled and registered in Scotland, in the UK. The registered number SC220609. The Company's registered address is 236-240 Biggar Road, Newarthill, Motherwell, ML1 5FA.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, John Swire & Sons Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of John Swire & Sons Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Swire House, 59 Buckingham Gate, London, SW1E 6AJ.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations of share capital, tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Certain disclosures regarding leases;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of John Swire & Sons Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

## **Notes** *(continued)*

### **1**      **Accounting policies** *(continued)*

#### **1.1**      **Prior year adjustment**

The turnover and cost of sales in the prior year have both been reduced by £14,822,000 in respect of intra company sales which should not have been recognised as they are transactions entirely within the entity between cost centres. The adjustment has no effect on either the net current assets or the profit for the prior period.

The prior year turnover segmental allocation in note 2 has been restated due to reclassifications between UK and Europe sales.

#### **1.2**      **Measurement convention**

The financial statements are prepared on the historical cost basis.

#### **1.3**      **Going concern**

Notwithstanding a loss for the year ended 31 December 2021 of £1,744,000 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts to 31 December 2023 in order to assess going concern which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through its funding from its ultimate parent company, John Swire & Sons Limited, to meet its liabilities as they fall due during the going concern assessment period.

Those forecasts are dependent on John Swire & Sons Limited providing additional financial support during the going concern assessment period. John Swire & Sons Limited has indicated its intention to continue to make available such funds as are needed by Argent Energy Holdings Limited and its trading subsidiaries, of which the Company is one, during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis

#### **1.4**      **Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

## **Notes** *(continued)*

### **1**      **Accounting policies** *(continued)*

#### **1.5**      **Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

##### *Trade and other debtors*

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### *Trade and other creditors*

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### *Interest-bearing borrowings*

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

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### **1.6**      **Employee benefits**

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.



## Notes (continued)

### 1 Accounting policies (continued)

#### 1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### 1.12 Borrowings

Borrowings are initially stated at the fair value of the consideration received. Finance costs are charged to the profit and loss account over the term of the borrowings so as to represent a constant proportion of the balance of capital repayments outstanding. Accrued finance costs attributable to borrowings where the maturity at the date of issue is less than twelve months are included in accrued charges within current liabilities. For all other borrowings, accrued finance charges and issue costs are added to the carrying value of those borrowings.

#### 1.13 Government grants

Capital based government grants are included within the accruals and deferred income in the balance sheet and are credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate or over the periods in which the related costs for which the grants are intended to compensate are recognised as expenses. Amounts recognised in the profit and loss are presented under the heading "Other income".

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.14 Research and development credit (RDEC)

The group adopted the RDEC scheme with respect to the Research and Development expenditure. The amounts receivable are accounted for under IAS 20, government grants with the credits to the income statement reported "above the line" through administration expenses. The income due under the RDEC scheme is not offset against the underlying costs due to the complexity and varying nature of the eligible costs. The income is recognised in the income statement in the period in which it becomes receivable.

#### 1.15 Impairment excluding stocks and deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

## Notes (continued)

### 2 Turnover

Turnover is attributable to one continuing activity, namely the production of renewable forms of energy. All turnover arises from the Company's principal activity in the United Kingdom. Turnover by destination is analysed below based on customer location:

	2021 £000	2020 Restated* £000
United Kingdom	51,995	49,876
Europe	50	234
	<u>52,045</u>	<u>50,110</u>

### 3 Expenses and auditor's remuneration

*Included in the (loss)/profit are the following:*

	2021 £000	2020 £000
Depreciation on tangible assets	2,537	1,883
Government grants amortised	(70)	(70)
RDEC credit	(112)	-
Operating lease payments - short term	40	17
	<u>40</u>	<u>17</u>

*Auditor's remuneration:*

	2021 £000	2020 £000
Audit of these financial statements	55	26
	<u>55</u>	<u>26</u>

### 4 Staff numbers and costs

The average number of persons employed by the Company (excluding directors) during the year, analysed by category, was as follows:

	Number of employees 2021	2020
Production and distribution	67	58
Management and administration	12	39
	<u>79</u>	<u>97</u>

## Notes (continued)

### 4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	4,799	5,587
Social security costs	544	500
Other pension costs	200	229
	<u>5,543</u>	<u>6,316</u>

### 5 Remuneration of directors

	2021 £000	2020 £000
Directors' emoluments	327	1,249
Contributions to money purchase pension schemes	19	99
	<u>346</u>	<u>1,348</u>

The total remuneration received by directors for services to the Group during the year was £346,000 (2020: £1,348,000). This value is for 4 directors (2020: 8). The remuneration of the highest paid director was £92,000 (2020: £326,000), and company pension contributions of £9,000 (2020: £35,000) were made to a money purchase scheme on their behalf.

The Directors' remuneration is paid for by Argent Energy (UK) Ltd and recharged to other Group companies to which they provide qualifying services

	Number of directors 2021	2020
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>4</u>	<u>7</u>

### 6 Interest payable and similar expenses

	2021 £000	2020 £000
Interest on group loans and overdraft	183	263
Net foreign exchange loss	-	1,092
	<u>183</u>	<u>1,355</u>

### 7 Interest receivable and similar income

	2021 £000	2020 £000
Interest receivable on bank	12	54
Net foreign exchange gain	260	-
	<u>272</u>	<u>54</u>



## Notes (continued)

### 8 Taxation

#### Total tax expense recognised in the profit and loss account

	2021 £000	2021 £000	2020 £000	2020 £000
<i>Current tax:</i>				
Adjustment in respect of prior year		99		126
Total current tax		99		126
<i>Deferred tax (see note 14):</i>				
Origination and reversal of timing differences	78		114	
Adjustments in respect of prior periods	877		(710)	
Adjustment in tax rates	(37)		(125)	
Total deferred tax		918		(721)
Total tax charge (credit)		1,017		(595)

#### Reconciliation of effective tax rate

	2021 £000	2020 £000
(Loss)/profit for the year	(1,744)	4,990
Total tax (charge)/credit	(1,017)	595
(Loss)/profit excluding taxation	(727)	4,395
Tax using the UK corporation tax rate of 19% (2020: 19%)	(138)	835
Under/(over) provided in prior years	976	(584)
Effect of change in tax rates on deferred tax	(37)	(125)
Expenses not deductible for taxation purposes	156	167
Income not subject to tax	(34)	(10)
Group tax relief	94	(878)
Total tax charge (credit)/ included in profit and loss	1,017	(595)

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

## Notes (continued)

### 9 Tangible fixed assets

	Land and buildings £000	Plant and Machinery £000	Assets under construction £000	Total £000
<b>Cost</b>				
Balance at 1 January 2021	8,197	26,910	429	35,536
Additions	327	800	1,498	2,625
Transfers	-	397	(397)	-
Balance at 31 December 2021	8,524	28,107	1,530	38,161
<b>Depreciation</b>				
Balance at 1 January 2021	6,750	17,267	-	24,017
Depreciation charge for the year	133	2,404	-	2,537
Balance at 31 December 2021	6,883	19,671	-	26,554
<b>Net book value</b>				
At 31 December 2021	1,641	8,436	1,530	11,607
At 1 January 2021	1,447	9,643	429	11,519

## Notes (continued)

### 10 Stocks

	2021 £000	2020 £000
Raw materials and consumables	2,177	1,735
Finished goods	667	881
	<u>2,844</u>	<u>2,616</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £46,931,982 (2020 Restated: £37,744,019).

### 11 Debtors

	2021 £000	2020 £000
<i>Amounts due within one year:</i>		
Trade debtors	99	1,224
Prepayments and accrued income	272	165
Amounts owed by fellow group undertakings	29,674	28,810
Deferred tax asset (note 14)	157	1,075
Taxation and social security	812	359
Other debtors	215	-
	<u>31,229</u>	<u>31,633</u>

Amounts due from fellow group undertakings represent non-interest bearing current account balances.

### 12 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Bank overdraft	820	4,490
Trade creditors	970	1,983
Accruals	4,336	2,010
Deferred income; government grants (note 13)	210	307
Other creditors	-	86
Corporation tax	1,859	1,842
Amounts due to fellow group undertakings	7,459	9,960
	<u>15,654</u>	<u>20,678</u>

Amounts due to fellow group undertakings represent non-interest bearing current account balances.

## Notes (continued)

### 13 Provisions for liabilities and charges

	2021 £000	2020 £000
<b>Government grants</b>		
At beginning of year	307	377
Amortised to profit and loss account	(70)	(70)
Reallocation	(27)	-
	<hr/>	<hr/>
At end of year	210	307
	<hr/>	<hr/>
Included as follows:		
Creditors: amounts falling due within one year (note 12)	210	307
	<hr/>	<hr/>
	210	307
	<hr/>	<hr/>

### 14 Deferred taxation

Deferred tax (assets) and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Fixed Assets	204	(186)	-	-	204	(186)
Losses	(395)	(919)	-	-	(395)	(919)
Temporary differences trading	-	-	(6)	-	(6)	-
Rolled over gains	-	-	40	30	40	30
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(191)	(1,105)	34	30	(157)	(1,075)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

	Deferred tax asset £000
At 1 January 2021	1,075
Credited to the income statement	(918)
At 31 December 2021	<hr/> 157 <hr/>

## Notes (continued)

### 15 Employee benefits

The pension cost charged for the year represents contributions payable by the Company to employees' personal pension plans. The total pension cost charge for the year amounted to £199,998 (2020: £229,583). Outstanding contributions at the year end amounted to £26,284 with no prepaid contributions (2020: £383).

### 16 Share capital

	2021 £000	2020 £000
<b>Allotted, called up and fully paid</b>		
6,499,001 ordinary shares of £1 each	6,499	6,499
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 17 Commitments

The Company has capital commitments of £3,040,000 (2020: £nil).

### 18 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Argent Energy Holdings Limited. The ultimate controlling party is John Swire & Sons Limited.

The results of the Company are consolidated into the results of the group headed by John Swire & Sons Limited, incorporated in England. No other group financial statements include the results of the Company. The consolidated financial statements are available to the public and may be obtained from Swire House, 59 Buckingham Gate, London, SW1E 6AJ.

### 19 Accounting estimates and judgements

*Critical accounting judgements and estimates in applying the Company's accounting policies*

The Company believes that there are no areas of material uncertainty which affect the financial statements.

### 20. Post balance sheet events

Global supply chains have been impacted by the Russia-Ukraine war causing disruption to raw material supplies, fuel and utilities. Sharply rising commodity prices as a result of the conflict have impacted the business post year end.