

# **Argent Energy (UK) Limited**

**Registered number SC220609**

**Annual Report and financial statements - 31 December 2022**

**Argent Energy (UK) Limited**  
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**For the year ended 31 December 2022**

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**Argent Energy (UK) Limited**  
**Corporate Information**  
**For the year ended 31 December 2022**

<b>Directors</b>	N Dean E P Rietkerk D W Posnett C H Acton (resigned 13 May 2022) M W Scott (resigned 15 December 2022) L Gaggiotti (resigned 23 February 2023)
<b>Company 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 1 St Peter's Square Manchester M2 3AE
<b>Bank</b>	HSBC Bank Plc 141 Bothwell Street Glasgow G2 7EQ

**Argent Energy (UK) Limited**  
**Strategic report**  
**For the year ended 31 December 2022**

The directors present their strategic report for the Company for the year ended 31 December 2022.

**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.

45,308 tonnes (2021: 45,535 tonnes) of biodiesel were produced in the year, achieving 100% of plated plant capacity (2021: 102%).

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.

The company's cash flows are dependent on the continuation, volume, and pricing of principle operations. The company meets its day to day cash requirements from a bank overdraft together with operational cash flows, intercompany loan and trading balances with the group headed by Argent Energy Holdings Limited.

Demand for biodiesel products remained strong during the year. Operating profits fell during the year due to reduced margins linked to feedstock prices increasing relative to biodiesel. As a result, an impairment charge of £7,315,000 was recorded on the assets and liabilities of the Company. Looking forward, the Company is focused on operational excellence, manufacturing efficiency and reliability.

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

	<b>2022</b>	<b>2021</b>
<b>Financial</b>		
Turnover £'000	<b>72,426</b>	52,045
Gross margin	<b>(10.4)%</b>	9.8%
Gross margin - adjusted	<b>(0.3)%</b>	9.8%
Operating margin	<b>(18.5)%</b>	(1.6)%
Operating margin - adjusted	<b>(8.4)%</b>	(1.6)%
EBITDA £'000	<b>(11,720)</b>	1,721
EBITDA - adjusted £'000	<b>(4,405)</b>	1,721
<b>Non-financial</b>		
Production (litres)	<b>51.3m</b>	51.8m

- Margins evaluate variations in raw material costs, revenue pricing, production overheads and manufacturing efficiencies.
- Production volumes assess productivity and efficiency of the manufacturing plants.

**Argent Energy (UK) Limited**  
**Strategic report**  
**For the year ended 31 December 2022**

*Reconciliation of key financial indicator adjustments*

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
<b>Gross (loss)/profit</b>	<b>(7,508)</b>	5,113
Add back:		
-exceptional cost of sales, impairment	<b>7,315</b>	-
<b>Adjusted gross margin</b>	<b>(193)</b>	5,113
<b>Operating loss</b>	<b>(13,403)</b>	(816)
Add back:		
-exceptional cost of sales, impairment	<b>7,315</b>	-
<b>Adjusted operating loss</b>	<b>(6,088)</b>	(816)
<b>Loss before taxation</b>	<b>(13,651)</b>	(727)
Interest income	<b>(113)</b>	(272)
Interest expense	<b>361</b>	183
Depreciation	<b>1,683</b>	2,537
<b>EBITDA</b>	<b>(11,720)</b>	1,721
Add back:		
-exceptional cost of sales, impairment	<b>7,315</b>	-
<b>Adjusted EBITDA</b>	<b>(4,405)</b>	1,721

**Principal business risks and uncertainties**

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. The Company only use waste materials in the production of bio diesel. Argent is represented at a senior level on governmental 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.

**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 Ukraine conflict and post Brexit impact of being unable to import European tallow into the UK.

**Foreign exchange fluctuations:** The Company is indirectly exposed to foreign exchange risk, in particular 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.

**Russia-Ukraine conflict:** Global supply chain impacted by the Russia-Ukraine war causing ongoing 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:** During the prior year, the effect of the Covid-19 pandemic continued to impact the pricing and demand for fuel products as well as operations and supply chains across the world.

**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 2022. 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 Senior Leadership Team ensures the business derives 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. Staff engagement surveys are 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. Townhall sessions are held 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 minimise any adverse effects its business may have on the environment and will promote continuous improvement in accordance with the best available processes. The Company has pledged its commitment to achieve net zero emissions by 2050. Policies are being developed to deliver this commitment.

***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.

***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. 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.

***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

29 SEPTEMBER 2023

**Argent Energy (UK) Limited**  
**Directors' report**  
**For the year ended 31 December 2022**

The directors present their report, together with the financial statements, on the company for the year ended 31 December 2022.

**Future events or developments**

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.

**Dividends**

No dividend was paid during the year (2021: *£nil*).

**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 at the date of this report are as follows:

N Dean  
E P Rietkerk  
D W Posnett  
C H Acton (resigned 13 May 2022)  
M W Scott (resigned 15 December 2022)  
L Gaggiotti (resigned 23 February 2023)

**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.

**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 (2021: *£nil*) nor was any political expenditure incurred (2021: *£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**



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N Dean  
Director

29 September 2023

**Argent Energy (UK) Limited**  
**Directors' responsibilities statement**  
**For the year ended 31 December 2022**

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 *FRS 101 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 accounting 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.





KPMG LLP  
1 St Peters Square  
Manchester  
M2 3AE  
United Kingdom

## 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 2022 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 2022 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.

### 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;
- the risk that turnover is not recognised in the correct accounting period;
- the risk that additions to property, plant and equipment are recorded inappropriately when the expenditure is not eligible for capitalised
- the risk of bias in accounting estimates such as impairment.

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 account combinations (for journals made to revenue, cash or capital additions).
- Agreeing a sample of sales invoice around the year end to delivery notes to ensure that revenue has been recorded in the correct period.

#### *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.

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.

### **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.



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

1 St Peters Square  
Manchester  
M2 3AE  
Date: 29 September 2023

**Argent Energy (UK) Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2022**

	<b>Note</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Turnover		<b>72,426</b>	52,045
Cost of sales (including exceptional costs of £7,315k (2021: £nil))		<b>(79,934)</b>	(46,932)
Gross (loss)/profit		<b>(7,508)</b>	5,113
Other income	3	<b>210</b>	70
Distribution costs		<b>(2,878)</b>	(3,535)
Administrative expenses		<b>(3,227)</b>	(2,464)
<b>Operating loss</b>		<b>(13,403)</b>	(816)
Interest receivable and similar income	7	<b>113</b>	272
Interest payable and similar expenses	8	<b>(361)</b>	(183)
<b>Loss before taxation</b>		<b>(13,651)</b>	(727)
Taxation	9	<b>1,051</b>	(1,017)
<b>Loss after taxation for the year</b>		<b>(12,600)</b>	(1,744)
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>(12,600)</b>	(1,744)

Notes on pages 14 to 24 form part of these financial statements

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Argent Energy (UK) Limited**  
**Balance sheet**  
**As at 31 December 2022**

	<b>Note</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
<b>Fixed assets</b>			
Tangible fixed assets	11	<u>4,192</u>	11,607
Total fixed assets		<u>4,192</u>	<u>11,607</u>
<b>Current assets</b>			
Stocks	12	3,434	2,844
Debtors	13	43,087	31,229
Cash in hand		1	1,520
Total current assets		<u>46,522</u>	<u>35,593</u>
<b>Current liabilities</b>			
Creditors	14	<u>31,768</u>	15,654
Total current liabilities		<u>31,768</u>	<u>15,654</u>
<b>Net current assets</b>		<u>14,754</u>	<u>19,939</u>
<b>Total assets less current liabilities</b>		<u>18,946</u>	<u>31,546</u>
<b>Net assets</b>		<u>18,946</u>	<u>31,546</u>
<b>Equity</b>			
Called up share capital	17	6,499	6,499
Profit and loss account		<u>12,447</u>	<u>25,047</u>
<b>Total equity</b>		<u>18,946</u>	<u>31,546</u>

Notes on pages 14 to 24 form part of these financial statements.

These financial statements were approved by the board of directors on ~~29 September~~ 2023 and were signed on its behalf by:

N Dean  
Director

29 September 2023

*The above balance sheet should be read in conjunction with the accompanying notes*

**Argent Energy (UK) Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2022**

	<b>Issued capital £'000</b>	<b>Retained profits/(loss) £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 January 2021</b>	6,499	26,791	33,290
Loss after taxation for the year	-	(1,744)	(1,744)
Other comprehensive income for the year, net of tax	-	-	-
<b>Total comprehensive income for the year</b>	-	(1,744)	(1,744)
<b>Balance at 31 December 2021</b>	<b>6,499</b>	<b>25,047</b>	<b>31,546</b>
	<b>Issued capital £'000</b>	<b>Retained profits/(loss) £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 January 2022</b>	6,499	25,047	31,546
Loss after taxation for the year	-	(12,600)	(12,600)
Other comprehensive income for the year, net of tax	-	-	-
<b>Total comprehensive income for the year</b>	-	(12,600)	(12,600)
<b>Balance at 31 December 2022</b>	<b>6,499</b>	<b>12,447</b>	<b>18,946</b>

Notes on pages 14 to 24 form part of these financial statements.

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Argent Energy (UK) Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2022**

**1. Accounting policies**

Argent Energy (UK) Limited (the "Company") is a private company incorporated, domiciled and registered in Scotland, UK. The registered number is SC220609 and 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 UK adopted international accounting standards and are available to the public and may be obtained from John Swire & Sons Limited, 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;
- Certain disclosures regarding leases;
- Disclosures in respect of capital management;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- 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 20.

**1.1 Measurement convention**

The financial statements are prepared on the historical cost basis.

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

### **1.2 Going concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The principal activity of the company is a waste to energy feedstock preparation and biodiesel manufacturing and distribution business of the group headed by Argent Energy Holdings Limited, immediate parent company. The company's cash flows are therefore dependent on the continuation, volume, and pricing of those operations.

The company meets its day to day working capital requirements from a bank overdraft together with operational cash flows, intercompany loan and trading balances with the group headed by Argent Energy Holdings Limited.

The directors have performed a going concern assessment which indicates that, in both the base and reasonably possible downside cases, the company will require additional funds, through funding from its immediate parent company, Argent Energy Holdings Limited to meet its liabilities as they fall due during 12 month period ending 30 September 2024, the going concern assessment period.

Argent Energy Holdings Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts currently due to the group, which at balance sheet date amounted to £7,611,000 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.

### **1.3 Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency 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.

### **1.4 Non-derivative financial instruments**

Non-derivative financial instruments comprise; 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.



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

### *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.

### **1.5 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.

### **1.6 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under the finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Buildings	over 20 years
Plant, machinery and vehicles	over 4 to 20 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

### **1.7 Stock**

Stocks are stated at the lower of cost and net realisable value. Cost is determined based on average cost basis using first in first out i.e. stocks that are acquired first are sold, used or disposed of first. Cost includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

### **1.8 Revenue recognition**

Revenue from sale of goods is recorded at the fair value of the consideration received or receivable in the ordinary nature of business. Revenue is shown net of Value Added Tax of goods and services provided to customers.

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

### **1.9 Expenses**

#### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on finance leases recognised in profit or loss using the effective interest method, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

### **1.10 Exceptional items**

Exceptional items are presented separate from the underlying results of the Company where they are significant in size and nature, and either they do not form part of the trading activities of the Company, or their separate presentation enhances understanding of the financial performance of the Company. This presentation of underlying results gives stakeholders a better understanding of the Company's trading position.

### **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".

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

The Company 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. Accounting policies (continued)**

### **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.

## **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:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
United Kingdom	<b>72,278</b>	51,995
Europe	<b>148</b>	50
	<b><u>72,426</u></b>	<b><u>52,045</u></b>

## **3. Other income**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Government grants	<b><u>210</u></b>	<b><u>70</u></b>

## **4. Expenses and auditor's remuneration**

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

**4. Expenses and auditor's remuneration (continued)**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Depreciation of tangible fixed assets	<b>1,683</b>	2,537
RDEC credit	<b>(74)</b>	(112)
Operating lease payments - short term	<b>41</b>	40
Impairment of tangible fixed assets	<b>7,315</b>	-

<i>Auditor's remuneration:</i>	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Audit of these financial statements	<b>69</b>	55

**5. Staff numbers and costs**

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

	<b>2022</b>	<b>2021</b>
Production and distribution	<b>60</b>	67
Management and administration	<b>10</b>	12
Average number of employees	<b>70</b>	79

The aggregate payroll costs of these persons were as follows:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Wages and salaries	<b>2,653</b>	4,799
Social security costs	<b>359</b>	544
Other pension costs	<b>200</b>	200
Total employee benefits expense	<b>3,212</b>	5,543

The staff costs disclosure note for 2021 includes director remuneration which is disclosed separately in note 6.

**6. Directors' remuneration**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Directors' remuneration	<b>295</b>	327
Contributions to money purchase scheme	<b>19</b>	19
	<b>314</b>	346

The total remuneration received by directors for services to the Group during the year was £314,000 (2021: £346,000) representing 4 directors (2021: 4). The remuneration of the highest paid director was £103,000 (2021: £92,000), and company pension contributions of £10,000 (2021: £9,000) 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.

**6. Directors' remuneration (continued)**

	<b>2022</b> No. of Directors	<b>2021</b> No. of Directors
Retirement benefits are accruing to the following number of directors under: Money purchase schemes	<u>4</u>	<u>4</u>

**7. Interest receivable and similar income**

	<b>2022</b> £'000	<b>2021</b> £'000
Interest receivable and similar income	<u>113</u>	<u>272</u>

**8. Interest Payable and similar expenses**

	<b>2022</b> £'000	<b>2021</b> £'000
Interest payable and similar expenses	<u>361</u>	<u>183</u>

**9. Taxation**

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

	<b>2022</b> £'000	<b>2021</b> £'000
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**Total tax expense recognised in the profit and loss account**

**Current tax**

Current tax on profits for the year	(933)	-
Adjustment recognised for prior periods	1,049	99
	<u>116</u>	<u>99</u>

	<b>2022</b> £'000	<b>2021</b> £'000
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**Deferred tax (see note 16)**

Origination and reversal of timing differences	(210)	78
Adjustments in respect of prior periods	(891)	877
Adjustment in tax rates	(66)	(37)
	<u>(1,167)</u>	<u>918</u>

	<b>2022</b> £'000	<b>2021</b> £'000
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Tax per income statement - (credit)/charge	<u>(1,051)</u>	<u>1,017</u>
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**9. Taxation (continued)**

	2022 £'000	2021 £'000
<b>Reconciliation of effective tax rate</b>		
(Loss) for the year	(12,600)	(1,744)
Total tax (credit)/charge	<u>(1,051)</u>	<u>1,017</u>
Loss excluding taxation	<u><u>(13,651)</u></u>	<u><u>(727)</u></u>
	2022 £'000	2021 £'000
Tax using the UK corporation tax rate of 19% (2021: 19%)	(2,594)	(138)
Under/(over) provided in prior years	158	976
Effect of change in tax rates on deferred tax	(66)	(37)
Expenses not deductible for taxation purposes	1,465	156
Income not subject to tax	(14)	(34)
Group tax relief	<u>-</u>	<u>94</u>
Tax (credit)/charge included in profit and loss	<u><u>(1,051)</u></u>	<u><u>1,017</u></u>

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.

**10. 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 £277,909 (2021: £199,998). Outstanding contributions at the year end amounted £32,420 (2021: £26,284) with no prepaid contributions.

**11. Fixed assets - Tangible fixed assets**

	Land and buildings £'000	Plant and machinery £'000	Assets in construction £'000	Total £'000
<b>Cost</b>				
Balance at 1 January 2022	8,524	28,106	1,531	38,161
Additions	-	248	1,428	1,676
Disposals	-	-	(93)	(93)
Transfers	-	922	(922)	-
Balance at 31 December 2022	<u>8,524</u>	<u>29,276</u>	<u>1,944</u>	<u>39,744</u>
<b>Depreciation</b>				
Balance at 1 January 2022	(6,883)	(19,671)	-	(26,554)
Depreciation charge for the year	(527)	(1,156)	-	(1,683)
Impairment	-	(7,315)	-	(7,315)
Transfers	479	(479)	-	-
Balance at 31 December 2022	<u>(6,931)</u>	<u>(28,621)</u>	<u>-</u>	<u>(35,552)</u>
<b>At 31 December 2022</b>	<b>1,593</b>	<b>655</b>	<b>1,944</b>	<b>4,192</b>
<b>At 1 January 2022</b>	<b>1,641</b>	<b>8,435</b>	<b>1,531</b>	<b>11,607</b>

## 11. Fixed assets - Tangible fixed assets (continued)

### Impairment of Tangible Fixed Assets

Determining whether assets are impaired requires an estimation of the value in use of the cash-generating units to which assets have been allocated. All assets of Argent Energy (UK) Limited are deemed to comprise a single cash-generating unit.

The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The cash flow projections are based on financial budgets prepared by management covering a three-year period and a weighted average pre-tax discount of 10.4% (2021: 8.5%). Cash flows beyond the three-year period extend a further 25 years and are assumed not to grow more than 2.0% (2021: 2.0%) per annum.

As at 31 December 2022, the value in use calculations for Argent Energy (UK) Limited indicated that assets and liabilities of this entity which are assessed to comprise a single CGU were impaired reflecting market price movements and pressures on margins - an impairment charge of £7,315,000 was recorded. Forecasts assume stabilisation of the market in early 2024 therefore continued uncertainty over the shape and timing of the recovery in biodiesel manufacturing and associated markets could give rise to possible impairments in future periods.

The financial forecasts used to determine the value in use amount remain highly sensitive to changes in external market conditions. 100 basis-points increase in discount rate would decrease the estimated value in use amount by £800,000. A 100 basis-points decrease in EBITDA would decrease the estimated recoverable amount by £102,000. Each of these sensitivities is based on an unfavourable change in an assumption while holding other assumptions constant.

Assets in Construction relate to general site development and enhancements.

## 12. Current assets - Stocks

	2022 £'000	2021 £'000
Stock on hand - at cost	<u>3,434</u>	<u>2,844</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £72,619,000 (2021: £46,931.982).

## 13. Current assets - Debtors

	2022 £'000	2021 £'000
Trade debtors	107	99
Amounts due from fellow group undertakings	40,254	29,675
Prepayments and accrued income	189	271
Deferred tax asset	1,324	157
Taxation and social security	1,213	812
Other debtors	-	215
	<u>43,087</u>	<u>31,229</u>

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

**14. Current liabilities - Creditors**

	2022 £'000	2021 £'000
Trade creditors	2,301	970
Amounts due to fellow group undertakings	7,611	7,459
Accruals	3,695	4,336
Corporation tax	1,999	1,859
Bank overdraft	16,162	820
Other creditors	-	210
	<u>31,768</u>	<u>15,654</u>

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

**15. Current liabilities - Provisions for liabilities and charges**

	2022 £'000	2021 £'000
<b>Government grants</b>		
At beginning of year	210	307
Amortised to profit and loss	(210)	(70)
Reallocation	-	(27)
	<u>-</u>	<u>(27)</u>
Closing balance	<u>-</u>	<u>210</u>

**16. Deferred tax**

	Fixed assets £'000	Losses £'000	Temporary differences £'000	Roll over gains £'000	Total £'000
At 1 January 2021	186	919	-	(30)	1,075
Credited to charged to income statement	(390)	(524)	6	(10)	(918)
Balance as at 31 December 2021	<u>(204)</u>	<u>395</u>	<u>6</u>	<u>(40)</u>	<u>157</u>
Credited to income statement	1,167	-	-	-	1,167
Balance as at 31 December 2022	<u>963</u>	<u>395</u>	<u>6</u>	<u>(40)</u>	<u>1,324</u>
<b>Deferred tax asset</b>					<b>£'000</b>
At 1 January 2022					157
Credited to the income statement					276
Prior year adjustment					891
<b>At 31 December 2022</b>					<b><u>1,324</u></b>

**17. Equity - Share capital**

Allotted, called up and fully paid

	2022 Shares	2021 Shares	2022 £'000	2021 £'000
Ordinary shares of £1 each	<u>6,499,000</u>	<u>6,499,000</u>	<u>6,499</u>	<u>6,499</u>



## **17. Equity - Share capital (continued)**

### *Ordinary shares*

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.

## **18. Equity - Commitments**

The Company has capital commitments of £2,212,000 (2021: £3,040,000).

## **19. 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.

## **20. Accounting estimates and judgements**

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

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

During the year, significant estimates were made in respect to the calculation of the recoverable amount of Property, plant and equipment and associated impairment charges, as further explained in note 11.

## **21. Post balance sheet events**

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.