

Argent Energy (UK) Limited

Registered number SC220609

Annual Report and financial statements - 31 December 2023

Argent Energy (UK) Limited
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Argent Energy (UK) Limited
Corporate Information
For the year ended 31 December 2023

Directors

M Dall'Aglio (appointed 24 October 2023)
L Calviu (appointed 24 October 2023)
D W Posnett
N Dean
E P Rietkerk (resigned 31 December 2023)
L Gaggiotti (resigned 23 February 2023)

Company secretary

D C Morris

Company number

SC220609 (Scotland)

Registered office

236-240 Biggar Road
Newarthill
Motherwell
ML1 5FA

Auditor

KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

Bank

HSBC Bank Plc
141 Bothwell Street
Glasgow
G2 7EQ

Argent Energy (UK) Limited
Strategic report
For the year ended 31 December 2023

The directors present their strategic report for the Company for the year ended 31 December 2023.

Principal activity and business review

During the year ended 31 December 2023, the company's principal activity was a waste to energy biodiesel manufacturing and distribution business, operating from a plant near Motherwell in Scotland. The Company processed tallow to produce biodiesel, a renewable form of energy. However, on 22 March 2024, the directors took the strategic decision to cease trading in context of economic pressures on the UK biodiesel market. The directors expect the changes to materialise efficiencies in other UK and EU operations and ensure the continued strength and future of the broader Argent Energy group of companies.

As the directors do not intend to acquire a replacement trade, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.2.

47,960 tonnes (2022: 45,308 tonnes) of biodiesel were produced in the year, achieving 100% of plated plant capacity (2022: 100%). Demand for biodiesel products remained strong during the year whilst operating profits fell due to reduced margins linked to feedstock prices increasing relative to biodiesel.

Impairment of tangible fixed assets of £4,384,000 (2022: £7,315,000) and engineering spares inventory £1,371,000 (2022: £nil) are included as exceptional charge within cost of sales.

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.

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

	2023	2022
Financial		
Turnover £'000	██████████	██████████
Gross margin	██████████	██████████
Operating margin	██████████	██████████
Operating margin - adjusted	██████████	██████████
EBITDA £'000	██████████	██████████
EBITDA - adjusted £'000	██████████	██████████
Non-financial		
Production (litres)	██████████	██████████

- 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 2023

Reconciliation of key financial indicator adjustments

	2023 £'000	2022 £'000
Gross (loss)/profit		
Add back:		
-exceptional cost of sales, impairment		
Adjusted gross margin		
Operating loss		
Add back:		
-exceptional cost of sales, impairment		
Adjusted operating loss	5,755	7,315
Loss before taxation		
Interest income		
Depreciation		
EBITDA	785	1,683
Add back:		
-exceptional cost of sales, impairment		
Adjusted EBITDA	5,755	7,315

Principal business risks and uncertainties

As further disclosed in note 1.2, given the decision to cease operation and close the plant subsequent for the year end, the directors do not consider further assessment of future business risk and uncertainties to be relevant.

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 2023. 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.

Argent Energy (UK) Limited
Strategic report
For the year ended 31 December 2023

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


M Dall'Aglio
Director
16/9/2024

Argent Energy (UK) Limited
Directors' report
For the year ended 31 December 2023

The directors present their report, together with the financial statements, on the Company for the year ended 31 December 2023.

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 (2022: £nil).

Going Concern

In previous years, the financial statements have been prepared on a going concern basis. However, on 22 March 2024 the directors took the strategic decision to cease operations in context of economic pressures on the UK biodiesel market - the directors expect the changes to materialise efficiencies in other UK and EU operations and ensure the continued strength and future of the broader Argent Energy group of companies. Accordingly, the directors have not prepared the financial statements on a going concern basis. Further details are included within the accounting policies in Note 1.2.

Directors

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

M Dall'Aglio (appointed 24 October 2023)
L Calviou (appointed 24 October 2023)
N Dean
D W Posnett
E P Rietkerk (resigned 31 December 2023)
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.

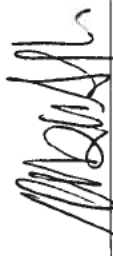
Political contributions

No contributions to political organisations were made during the year (2022: £nil) nor was any political expenditure incurred (2022: £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


M Dall'Aglio
Director
16/9/2024

Argent Energy (UK) Limited
Directors' responsibilities statement
For the year ended 31 December 2023

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 (as explained in note 1.2, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 2023 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 2023 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.

Emphasis of Matter – non-going concern basis of preparation

We draw attention to the disclosure made in note 1.2 to the financial statements which explains that the financial statements have not been prepared on going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

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 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 revenue is understated or 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 account combinations (for journals made to revenue and cash).

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.

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: 17 September 2024

Argent Energy (UK) Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

	Note	2023 £'000	2022 £'000
Turnover	2		
Cost of sales (including exceptional costs of £5,755k (2022: £7,315k))			
Other income	3	-	210
Distribution costs			
Administrative expenses			
Operating loss	4		
Interest receivable and similar income	7	448	113
Interest payable and similar expenses	8	(601)	(361)
Loss before taxation			
Taxation	9		
Loss after taxation for the year			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year			

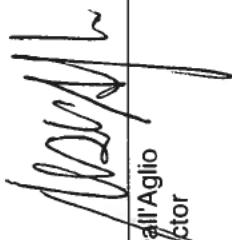
Notes on pages 14 to 24 form part of these financial statements

Argent Energy (UK) Limited
Balance sheet
As at 31 December 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Tangible fixed assets	11	736	4,192
Total fixed assets		<u>736</u>	<u>4,192</u>
Current assets			
Stocks	12		
Debtors	13		
Cash in hand			
Total current assets			
Current liabilities			
Creditors	14		
Total current liabilities			
Net current assets			
Total assets less current liabilities			
Net assets			
Equity			
Called up share capital			
Profit and loss account			
Total equity	16		

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

These financial statements were approved by the board of directors on 16/9/2024 and were signed on its behalf by:


M Dall'Aglio
Director

Argent Energy (UK) Limited
Statement of changes in equity
For the year ended 31 December 2023

	Issued capital £'000	Retained profits/(loss) £'000	Total equity £'000
Balance at 1 January 2022	■	■	■
Loss after taxation for the year	-	■	■
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	-	-
Balance at 31 December 2022	■	■	■

	Issued capital £'000	Retained profits/(loss) £'000	Total equity £'000
Balance at 1 January 2023	■	■	■
Loss after taxation for the year	-	■	■
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive loss for the year	-	-	-
<i>Transactions with owners in their capacity as owners:</i>			
Distribution (Note 18)	-	■	■
Balance at 31 December 2023	■	■	■

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

Argent Energy (UK) Limited
Notes to the financial statements
For the year ended 31 December 2023

1. Accounting policies

The accounting policies that are material to the company are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

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

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.

1.2 Going concern

The financial statements have not been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

During the year ended 31 December 2023, the Company's principal activity was a waste to energy biodiesel manufacturing and distribution business, operating from a plant near Motherwell in Scotland. The Company processed tallow to produce biodiesel, a renewable form of energy. However, on 22 March 2024, the directors took the strategic decision to cease trading in context of economic pressures on the UK biodiesel market. The directors expect the changes to materialise efficiencies in other UK and EU operations and ensure the continued strength and future of the broader Argent Energy group of companies. As the directors do not intend to acquire a replacement trade and the company has ceased trading on the 7 May 2024, they have not prepared the financial statements on a going concern basis.

Argent Energy (UK) Limited
Notes to the financial statements
For the year ended 31 December 2023

1. Accounting policies (continued)

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.

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.

Argent Energy (UK) Limited
Notes to the financial statements
For the year ended 31 December 2023

1. Accounting policies (continued)

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 and certificates 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.

Revenue from the sale of goods is recognised when the goods legal title has passed in accordance with the customer contract.

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.

Argent Energy (UK) Limited
Notes to the financial statements
For the year ended 31 December 2023

1. Accounting policies (continued)

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.

1.15 Impairment excluding stocks and deferred tax assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired as is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

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.

Argent Energy (UK) Limited
Notes to the financial statements
For the year ended 31 December 2023

1. Accounting policies (continued)

Non-financial assets

The carrying amounts of the Company's non-financial 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.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest which goodwill is monitored for internal reporting purposes.

Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. 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.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.16 Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

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:

Argent Energy (UK) Limited
Notes to the financial statements
For the year ended 31 December 2023

2. Turnover (continued)

	2023 £'000	2022 £'000
United Kingdom		

3. Other income

Government grants	2023 £'000	2022 £'000
	-	210

4. Expenses and auditor's remuneration

Included in the (loss) are the following:

Depreciation of tangible fixed assets	2023 £'000	2022 £'000
RDEC credit	785	1,683
Operating lease payments - short term	(177)	(74)
Impairment of tangible fixed assets	-	41
Foreign exchange (gain) / loss	4,384	7,315
Provisions against Engineering Spares	(120)	263
	1,371	-

Auditor's remuneration:

Audit of these financial statements

	2023 £'000	2022 £'000
	50	69

Exceptional items

Impairment of tangible fixed assets of £4,384,000 (2022: £7,315,000) and engineering spares inventory £1,371,000 (2022: £nil) are included as exceptional charge within cost of sales.

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:

	2023	2022
Production and distribution	60	60
Management and administration	10	10
Average number of employees	70	70

Argent Energy (UK) Limited
Notes to the financial statements
For the year ended 31 December 2023

5. Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2023 £'000	2022 £'000
Wages and salaries	213	200
Social security costs		
Other pension costs		
Total employee benefits expense		

6. Directors' remuneration

Directors' remuneration	344	295
Contributions to money purchase scheme	20	19
	364	314

The total remuneration received by directors for services to the Group during the year was £364,000 (2022: £314,000) representing 6 directors (2022: 4). The remuneration of the highest paid director was £122,000 (2022: £103,000), and company pension contributions of £4,850 (2022: £10,000) 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.

The Directors' remuneration figure disclosed in Argent Energy (UK) Ltd is the proportion relating to the company.

	2023 No. of Directors	2022 No. of Directors
Retirement benefits are accruing to the following number of directors under: Money purchase schemes	5	3

7. Interest receivable and similar income

Interest receivable and similar income	448	113
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8. Interest Payable and similar expenses

Interest payable and similar expenses	601	361
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Argent Energy (UK) Limited
Notes to the financial statements
For the year ended 31 December 2023

9. Taxation

Total tax expense recognised in the profit and loss account

	2023 £'000	2022 £'000
	(1,709)	(933)
	(213)	1,049
	<u>(1,922)</u>	<u>116</u>

Current tax

Current tax on profits for the year
Adjustment recognised for prior periods

Deferred tax (see note 15)

Origination and reversal of timing differences
Adjustments in respect of prior periods
Adjustment in tax rates

	(171)	(210)
	(484)	(891)
	<u>(13)</u>	<u>(66)</u>
	<u>(668)</u>	<u>(1,167)</u>

	2023 £'000	2022 £'000
	(2,590)	(1,051)

Tax credit per income statement

	2023 £'000	2022 £'000
	(11,630)	(12,600)
	<u>(2,590)</u>	<u>(1,051)</u>

Reconciliation of effective tax rate

(Loss) for the year
Total tax credit

	(11,630)	(12,600)
	<u>(2,590)</u>	<u>(1,051)</u>

Loss excluding taxation

	<u>(14,220)</u>	<u>(13,651)</u>
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	2023 £'000	2022 £'000
	(3,345)	(2,594)
	(697)	158
	(13)	(66)
	1,473	1,465
	(42)	(14)
	34	-

Tax using the UK corporation tax rate of 23.52% (2022: 19%)
(Under)/over provided in prior years
Effect of change in tax rates on deferred tax
Expenses not deductible for taxation purposes
Income not subject to tax
Amounts not recognised

Tax (credit)/charge included in profit and loss

	<u>(2,590)</u>	<u>(1,051)</u>
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An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. 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 £297,637 (2022: £277,909). Outstanding contributions at the year end amounted £26,917 (2022: £32,420) with no prepaid contributions.

Argent Energy (UK) Limited
Notes to the financial statements
For the year ended 31 December 2023

11. Fixed assets - Tangible fixed assets

Cost	Land and buildings £'000	Plant and machinery £'000	Assets in construction £'000	Total £'000
Balance at 1 January 2023	8,524	29,276	1,944	39,744
Additions	-	25	2,003	2,028
Disposals	-	(282)	(217)	(499)
Transfers	-	3,284	(3,284)	-
Balance at 31 December 2023	8,524	32,303	446	41,273
Depreciation				
Balance at 1 January 2023	(6,931)	(28,621)	-	(35,552)
Depreciation charge for the year	(473)	(312)	-	(785)
Impairment	(401)	(3,537)	(446)	(4,384)
Disposal	-	184	-	184
Balance at 31 December 2023	(7,805)	(32,286)	(446)	(40,537)
At 31 December 2023	719	17	-	736
At 1 January 2023	1,593	655	1,944	4,192

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 13.8% (2022: 10.4%). Cash flows beyond the three-year period extend a further 22 years and are assumed not to grow more than 2.0% (2022: 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.

As at 31 December 2023, a further impairment charge of £4,384,000 was recorded. The residual value remaining reflects the fair value less cost of disposal of certain land and vehicle assets totalling £736,000.

The directors do not deem there is a reasonable sensitivity to key assumptions that would materially change the outcome of the impairment.

12. Current assets - Stocks

	2023 £'000	2022 £'000
Stock on hand - at cost		

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £61,726,000 (2022: £72,619,000).

As at 31 December 2023, provisions of £1,371,000 were made against engineering spares and consumables held within stock.

Argent Energy (UK) Limited
Notes to the financial statements
For the year ended 31 December 2023

13. Current assets - Debtors

	2023 £'000	2022 £'000
Corporation tax	40	-
Trade debtors	195	107
Amounts due from fellow group undertakings		
Prepayments and accrued income	169	189
Deferred tax asset (see note 15)	1,992	1,321

Amounts due from group undertakings are repayable on demand and attract no interest.

14. Current liabilities - Creditors

	2023 £'000	2022 £'000
Trade creditors	2,264	2,301
Amounts due to fellow group undertakings	1,924	7,611
Accruals	2,722	3,695
Group relief	-	1,999
Bank overdraft	9,672	16,162
Other creditors	798	-
	<u>17,380</u>	<u>31,768</u>

Amounts due to fellow group undertakings represent non-interest bearing current account balances which are repayable on demand.

During the year, balances of £7.5m due to fellow group undertakings were waived by the counter party. A credit is recorded in reserves in respect of these waivers given they reflect a distribution made in respect of a common control transaction.

15. Deferred tax

	Fixed assets £'000	Losses £'000	Temporary differences £'000	Roll over gains £'000	Total £'000
At 1 January 2022	(204)	395	6	(40)	157
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>
Credited to income statement	-	183	485	-	668
Balance as at 31 December 2023	<u>963</u>	<u>578</u>	<u>491</u>	<u>(40)</u>	<u>1,992</u>
Deferred tax asset					£'000
At 1 January 2023					1,324
Credited to the income statement					184
Prior year adjustment					484
At 31 December 2023					<u>1,992</u>

Argent Energy (UK) Limited
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16. Equity - Share capital

Allotted, called up and fully paid

	2023 Shares	2022 Shares	2023 £'000	2022 £'000
Ordinary shares of £1 each	<u>6,499,001</u>	<u>6,499,001</u>	<u>6,499</u>	<u>6,499</u>

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.

17. Commitments

The Company has capital commitments of [REDACTED]).

18. Equity - Reserves

During the year, dormant UK entities within the broader Argent group of companies were dissolved. Amounts due to group undertakings of £7,459,000 were waived as a result of this. This transaction was recorded in the reserves of Argent Energy UK Limited given it reflected a distribution received in a common control transaction.

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, 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

Subsequent to the year end, the directors announced the intention to end production and operations of this entity in 2024. This reflects a strategic change in context of economic pressures on the UK biodiesel market. The directors expect the changes to materialise efficiencies in the remaining UK and EU operations and ensure the continued strength and future of the broader business Argent group of companies.

As a result, the accounts have not been prepared on a going concern basis. The production plant closed on 31 May 2024.

Closure of the plant will involve significant costs which are estimated to be approximately £2,100,000. These costs include employee severance, plant decommissioning, contract termination and other related expenses.