

Argent Energy Limited

Registered number 05455240

Annual Report and financial statements - 31 December 2023

Argent Energy Limited
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For the year ended 31 December 2023

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Argent Energy Limited
Company information
For the year ended 31 December 2023

Directors	L Calviou (appointed 24 October 2023) M Dall'Aglio (appointed 24 October 2023) N Dean D W Posnett E P Rietkerk (resigned 31 December 2023) L Gaggiotti (resigned 23 February 2023)
Company secretary	D C Morris
Company number	05455240
Registered office	Swire House 59 Buckingham Gate, London, SW1E 6AJ
Auditor	KPMG LLP 1 St Peters Square Manchester M2 3AE
Bank	HSBC Bank Plc 141 Bothwell Street Glasgow G2 7EQ

Argent Energy 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

The principal activity of the Company is a waste to energy feedstock preparation and biodiesel manufacturing and distribution business, operating from a plant near Ellesmere Port in England. There were 91,640 tonnes of biodiesel produced in the year (2022: 91,575).

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.

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, impairment charges of £60,080,000 (2022: £36,017,000) were recorded on the assets of the Company. Looking forward, the Company is focused on operational excellence, manufacturing efficiency and reliability.

Cloud computing configuration costs of £1,119,000 (2022: £4,237,000) were recorded as exceptional items in the year.

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

	2023	2022
Financial		
Turnover £'000		
Gross margin		
Gross margin - adjusted		
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.

Chinese biodiesel imports: Competition from imported Chinese biodiesel that benefit from state economic support and subsidies has weakened the environment for European and UK biodiesel production. The Group is continuing to work with industry regulators and UK/EU governments to solve these structural imbalances in the market.

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 wellbeing remains our top priority. The Company conducts employee surveys 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.

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. The Code of Conduct is regularly updated and communicated to all employees.

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.

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

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 Limited
Directors' report
For the year ended 31 December 2023

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

Dividends

No dividend was paid during the year (2022: *£nil*).

Future events

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

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 1.2.

Directors

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

L Calviou (appointed 24 October 2023)
M Dall'Aglio (appointed 24 October 2023)
N Dean
D W Posnett
E P Rietkerk (resigned 3 January 2024)
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 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGENT ENERGY LIMITED

Opinion

We have audited the financial statements of Argent Energy 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 FRS 101 *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 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 minutes.
- Considering remuneration incentive schemes and performance targets.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

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

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk that revenue is overstated or understated through the recording of 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 related to 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 fraud 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 8, 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 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 £60,080k (2022: £31,167k))	3		
Gross (loss)/profit			
Other Income		4	1
Distribution costs			
Administrative expenses (including exceptional costs of £1,119k (2022: £9,087k))	3		
Operating loss			
Interest receivable and similar expenses	6		
Interest payable and similar expenses	7		
Loss before taxation			
Taxation	8		
Loss after taxation for the year			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year			


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

Argent Energy Limited
Balance sheet
As at 31 December 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Tangible fixed assets	9		
Total fixed assets			
Current assets			
Stocks	10		
Debtors	11		
Cash in hand			
Total current assets			
Current liabilities			
Creditors - amounts falling due within one year	12		
Total current liabilities			
Net current assets			
Total assets less current liabilities			
Non-current liabilities			
Lease liabilities	13		
Total non-current liabilities			
Net assets			
Equity			
Capital and reserves	15		
Accumulated losses			
Total equity			

Notes on pages 15 to 27 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

Company registered number: 05455240

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

	Issued capital £'000	Retained (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	-		
<i>Transactions with shareholder in their capacity as shareholder:</i>			
Share-based payments			
Balance at 31 December 2022			

	Issued capital £'000	Retained (loss) £'000	Total equity £'000
Balance at 1 January 2023			
Loss after taxation for the year	-		
Other comprehensive loss for the year, net of tax	-	-	-
Total comprehensive loss for the year	-		
Balance at 31 December 2023			

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

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

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 as adopted by the EU and are available to the public and may be obtained from John Swire & Son 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, intangible assets, 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;
- Certain disclosures required by IAS36 impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets.

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.

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

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

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

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, biodiesel manufacturing and distribution business of the group headed by Argent Energy Holdings Limited, the 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 its cash balances, together with operational cash flows, intercompany loans and trading balances with the Argent Energy Holdings the group. In addition to intercompany loans and funding provided by its ultimate parent undertaking John Swire and Sons Limited.

The Argent Energy Holdings Limited Group had £18m of cash together with overdrafts and available credit facilities of £107m at 31 December 2023 and £14m cash at the date of approval of the financial statements. Bank facilities of £37m, which were undrawn at the 31 December 2023 and at the date of approval of the financial statements, are subject to renewals in December 2024.

The Directors have prepared cash flow forecasts for the Argent Energy Holdings Group for a period of 12 months from the date of approval of these financial statements. In assessing the going concern basis the Directors have taken into account severe but plausible downsides by applying reductions to revenue and margins, together with additional capital requirements on ongoing group developments. This going concern assessment indicates that, in both the base and reasonably possible downsides, the group and therefore the Company will require significant additional funds, through funding from its ultimate parent company, John Swire & Sons Limited, to meet its liabilities as they fall due during the 12 month period ending 30 September 2025, the going concern assessment period.

John Swire & Sons Limited has indicated its intention to continue to make available such funds as are needed by the group and Company 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.

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

1. Accounting policies (continued)

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.

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. Owned land is not depreciated. The estimated useful lives are as follows:

Buildings	over 20 years
Plant, machinery and vehicles	over 4 to 20 years
Right of use assets	25 years

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

1.7 Intangible assets- goodwill

Goodwill is measured at cost less any accumulated impairment loss. Goodwill that is recognised as an asset and is initially measured at cost is reviewed for impairment at least annually. Any impairment is recognised immediately in profit and loss and is not subsequently reversed. Internally generated goodwill is not recognised.

1. Accounting policies (continued)

1.8 Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

1.9 Research and development credit (RDEC)

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

1.10 Stock

Stocks are stated at the lower of cost and net realisable value.

Cost of raw materials, work in progress and finished goods is determined on first in first out basis and 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.

The Company has utilised the Renewable Transport Fuel Obligation (RTFO) scheme since the Company commenced trading. It is able to obtain certificates for every litre blended. These certificates can be sold to obligated parties who have a shortfall in the reporting period; accordingly certificates earned through production of biodiesel are held in stock; initially measured at market value of the certificate being the deemed cost.

1.11 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.

1.12 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. Accounting policies (continued)

1.13 Software as a Service (“SaaS”) arrangements

Where costs incurred to configure or customise SaaS arrangements result in the creation of a resource which is identifiable, and where the Company has the power to obtain the future economic benefit flowing from the underlying resource and to restrict the access of others to those benefits, such costs are capitalised as separate software intangible assets and amortised over the useful life of the software on a straight-line basis.

Costs incurred to configure or customise do not result in the recognition of an intangible software asset then those costs that provide the Company with a distinct service (in addition to the SaaS access) are recognised as expenses when the supplier provides the services. When such costs incurred do not provide a distinct service, the costs are expensed as incurred. Costs are included within exceptional items in the Statement of Profit or Loss if they relate to significant strategic projects and are considered to meet the Company’s definition of exceptional item.

1.14 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

1.15 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.

1.16 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.

1. Accounting policies (continued)

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.

1.17 Leases

IFRS 16 has been applied and requires that upon lease commencement, for all leases, a lessee recognises a right-of-use asset and a lease liability subject to two exemptions ('low-value assets' and short-term leases). This has resulted in the Company's operating leases being reflected as an asset as shown in Note 9 below, with a corresponding lease liability.

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:

	2023 £'000	2022 £'000
United Kingdom	9	9
Asia		
	<u>9</u>	<u>9</u>

Included within revenue in 2022 were amounts of £35,450,895, which reflected payments received for feedstock transactions between fellow group entities. During 2023, these amounts, totalling £11,496,778 have been included as a reimbursement of the corresponding cost within cost of sales.

3. Expenses and auditor's remuneration

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

3. Expenses and auditor's remuneration (continued)

Expenses and auditor's remuneration

	2023 £'000	2022 £'000
<i>Included in the (loss)/profit are the following:</i>		
Depreciation of tangible fixed assets	1	1
Depreciation of right of use assets		
Impairment of tangible fixed assets		
Impairment of goodwill	-	4,850
Cloud computing configuration costs	1	1
Foreign exchange loss / (gain)		
Interest expense on lease liabilities		
RDEC income		
Provision against engineering spares		-

Exceptional items

Impairment of tangible fixed assets of £57,130,000 (2022: £31,167,000) and provision against engineering spares inventory £2,950,000 (2022: £nil) are included as exceptional charge within cost of sales. Impairment of goodwill of nil (2022: £4,850,000) and cloud computing configuration costs of £1,119,000 (2022: £4,237,000) are included as exceptional charges within administration costs.

Auditor's remuneration:

	2023 £'000	2022 £'000
Audit of these financial statements	197	115
Non audit services	216	-

4. Staff numbers and costs

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

Number of employees	2023	2022
Production and distribution	104	104
Management and administration	47	44
Average number of employees	151	148

The aggregate payroll costs of these persons were as follows:

	2023 £'000	2022 £'000
Wages and salaries	547	493
Social security costs		
Other pension costs		
Total employee benefits expense		

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5. Directors' remuneration

Details of directors' remuneration in respect of services provided to this company are:

	2023 £'000	2022 £'000
Directors' emoluments	506	433
Contributions to money purchase scheme	29	27
	<u>535</u>	<u>460</u>

The remuneration of the highest paid director was £178,576 (2022: £150,989) and company pension contributions of £7,125 (2022: £14,231) were made to a money purchase scheme on their behalf. Directors of the Company were paid via Argent Energy (UK) Limited during the year and costs recharged to the Company.

6. Interest receivable and similar expenses

	2023 £'000	2022 £'000
Interest receivable and similar expenses	<u>1,434</u>	<u>921</u>

7. Interest payable and similar expenses

	2023 £'000	2022 £'000
Interest payable and similar expenses	<u>1,356</u>	<u>200</u>

8. Taxation

Total tax expense recognised in the profit and loss account

	2023 £'000	2022 £'000
<i>Current tax:</i>		
Current tax on income for the period	■	■
Adjustment in respect of prior year	(472)	936
Total current tax	<u>(5,931)</u>	<u>799</u>

Deferred tax (see note 16):

	2023 £'000	2022 £'000
Current year	■	■
Adjustment in respect of prior periods	■	■
Adjustments in tax rate	■	■
Total deferred tax	<u>■</u>	<u>■</u>
	£'000	£'000
Taxation credit	<u>■</u>	<u>■</u>

Reconciliation of effective tax rate

8. Taxation (continued)

	2023 £'000	2022 £'000
(Loss)/profit for the year		
Total tax credit		
(Loss)/profit excluding taxation		
	2023 £'000	2022 £'000
Tax using the UK corporation tax rate of 23.5% (2022: 19%)		
Expenses not deductible for taxation purposes		
Effect of change in tax rates on deferred tax brought forward	(80)	(863)
Group tax relief	-	275
Other	141	-
Exempt amounts	723	-
Total tax credit		

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023). As a result, the applicable UK corporation tax rate for the year ended 31 December 2023 is 23.5% (2022: 19%)

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

9. Fixed assets - Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Right of use assets £'000	Assets in Construction £'000	Total £'000
Cost					
Balance at 1 January 2023					
Additions	-				
Transfers	-	5,183	-	(5,183)	-
Balance at 31 December 2023					
Depreciation					
Balance at 1 January 2023	(393)	(64,910)	(600)	-	(65,903)
Depreciation charge for the year	(60)	(4,736)	(202)	-	(4,998)
Disposals	-	15	-	-	15
Impairment	(225)	(50,579)	(2,597)	(3,729)	(57,130)
Balance at 31 December 2023	(678)	(120,210)	(3,399)	(3,729)	(128,016)
Net book value					
At 31 December 2023	880	-	-	-	880
At 1 January 2023					

Assets in Construction relate to general site development and enhancements. The Right of Use assets relates to land and buildings.

9. 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 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 12.1% (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 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 £31,167,000 was recorded.

As at 31 December 2023, a further impairment charge of £57,130,000 was recorded. The residual value remaining reflects the fair value less cost of disposal of certain land and vehicle assets totalling £880,000.

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

10. Current assets - Stocks

	2023 £'000	2022 £'000
Raw materials		
Certificates		

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £311,448,000 (2022: £417,480,000). The write-down of stocks to net realisable value amounted to £667,000 (2022: £nil).

A provision against charge on engineering spares related stocks was recognised of £2,950,000 (2022: £nil).

11. Current assets - Debtors

	2023 £'000	2022 £'000
Trade receivables	4,436	3,876
Amounts due from fellow group undertakings	40,289	39,746
Prepayments and accrued income	3,869	4,998
Taxation and social security	1,587	791
Deferred tax asset (note 16)	14,476	10,281
Corporation tax recoverable	601	506
Group relief	7,487	1,416
Loans due from subsidiary undertakings	33,877	-
	106,622	61,614

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11. Current assets - Debtors (continued)

In 2023, four new loans have been issued by Argent Energy Limited to Argent Energy Holding Limited for £29,542,068 (€34,000,00290) with interest rate of 5.95% and Biodiesel Argent BV for £4,334,634 (€5,000,000) with an interest rate of 7.25%. The loans are repayable on demand and must be repaid in full on or before 8th November 2026 and 22nd September 2027.

Amounts due from fellow group undertakings are not interest bearing and are repayable on demand.

Deferred tax asset recoverable greater than 1 year.

12. Current liabilities - Creditors - amounts falling due within one year

	2023 £'000	2022 £'000
Trade payables	5,012	7,396
Amounts due to fellow group undertakings	35,381	51,805
Accruals	12,831	13,884
Lease liabilities	157	153
Bank overdraft	3,365	-
Loans due to subsidiary undertakings	39,350	-
Other creditors	335	285
	<u>96,431</u>	<u>73,523</u>

Amounts due to fellow group undertakings are not interest bearing and are repayable on demand.

For the loan due to Subsidiary undertakings of £39,350,000 from Argent Energy Holdings with an interest rate of 7.25%. The loan is repayable on demand but must be repaid in full on or 21 September 2027.

13. Non-current liabilities - lease liabilities

	2023 £'000	2022 £'000
Lease liability (note 14)	<u>2,781</u>	<u>3,175</u>

14. Non-current liabilities - Finance lease obligations

	2023 £'000	2022 £'000
Future minimum lease payments due under finances leases:		
Within one year	157	153
In two to five years	<u>2,781</u>	<u>3,175</u>
	<u>2,938</u>	<u>3,328</u>

Finance lease payments represent rentals payable by the company for the Stanlow plant used in operations and the corporate head office.

15. Equity - Capital and reserves

	2023 £'000	2022 £'000
Allotted and called up		
207,755,620 (2022: 207,755,620) ordinary share of £1	<u>207,755,620</u>	<u>207,755,620</u>

Argent Energy Limited
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15. Equity - Capital and reserves (continued)

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.

16. Deferred taxation

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

	Fixed assets £'000	Losses £'000	Other £'000	Total £'000
At 1 January 2022	(5,650)	10,482	43	4,875
Credited to income statement	7,246	(1,808)	(32)	5,406
Balance at 31st December 2022	<u>1,596</u>	<u>8,674</u>	<u>11</u>	<u>10,281</u>
Credited to income statement	3,255	-	940	4,195
Balance as at 31 December 2023	<u>4,851</u>	<u>8,674</u>	<u>951</u>	<u>14,476</u>
				Deferred tax asset £'000
At 1 January 2023				10,281
Credited to the income statement				<u>4,195</u>
At 31 December 2023				<u><u>14,476</u></u>

17. Employee benefits

The pension cost charged for the year represents contributions payable by the Company to employees' defined contribution personal pension plans. The total pension cost charge for the year amounted to £547,134 (2022: £493,588). There were no outstanding or prepaid contributions at year end.

18. Commitments

The Company has capital commitments of £3,080,000 (2022: £3,587,000).

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 John Swire & Sons Limited, 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

20. Accounting estimates and judgements (continued)

Inherent in the application of many of the accounting policies used in preparing the financial statements is the need for management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the period. Actual outcomes could differ from the estimates and assumptions used. The area requiring the most significant judgement and estimation in the preparation of the financial statements is the recoverability of tangible asset carrying values.

Global supply chains have been impacted by the Russia-Ukraine contributing to volatility of market prices. Prices for biodiesel, feedstocks and energy used in short/medium term assumptions for value-in-use impairment testing reflect near-term market conditions or independent forward projections. Longer term projections assume global supply chains and market prices will continue to stabilise back to pre-Ukraine crisis market norms. For further details see note 9.

The Company believes that there are no other areas of material uncertainty in respect of significant accounting judgements or estimates which affect the financial statements.

21. Post balance sheet events

No matter or circumstance has arisen since 31 December 2023 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.