Registered number: SC394571

CELTIC RENEWABLES LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

Celtic Renewables Limited
Contents

The directors present their report and the financial statements for the year ended 31 December 2024.

Principal Activity

The principal activity of the group is research, development and commercialisation of its intellectual property and know-how for the ABE (Acetone, Butanol and Ethanol) fermentation technology whereby residues and wastes from other industries are processed to sustainably produce high-value green chemicals. This process helps to reduce carbon consumption through the use of inputs from non-fossil fuel sources.

The Company has a wholly owned subsidiary, Celtic Renewables Grangemouth Limited (the "Subsidiary Company"), for the purpose of operating a demonstrator manufacturing plant for the ABE fermentation technology under licence from the Company. Further larger manufacturing plants are in assessment and planning stages.

Directors

The directors, who served during the period and to the date of this report, were as follows:

Mr Mark Simmers
Professor Martin Tangney OBE
Mr Donald Houston
Mr Ian Evans
Mr Donald Macleod
Ms Eleanor Bentley
Mr Brett Simpson
Mr Donal Fullerton (resigned 16 April 2025)

Mrs Kerry Crawford was appointed on 17 April 2025.

Directors' Indemnities

Directors' and officers' insurance cover was in place for all Directors to provide appropriate cover for their reasonable actions on behalf of the company during the 2024 financial year.

Funding and Going Concern

The Group incurred a loss of £13,325,678 for the year ended 31 December 2024 and at that date had net liabilities of £23,892,718.

During 2024 the Group secured £5m of funding in the form of convertible loan agreements to fund the implementation of its business strategy and £2m of funding in the form of additional senior debt from Scottish Enterprise. Production has commenced at the Subsidiary company's plant and shipments of products have been invoiced to customers. In the short term the Group's ability to continue as a going concern relies on the success of continued fundraising more so than on cash flow from plant manufacturing activities.

The Group recently agreed a "Bridge Funding Round" to fund the implementation of its business plan during 2025, pending launch of a "Growth Raise Funding Round." The total funding from this round is £6.3m, of which £4.4m has been drawn down to date through a combination of senior debt from Scottish Enterprise and convertible loan notes.

The Group has launched its "Growth Raise Funding Round". Success in securing this funding will continue to ensure the operational capabilities and research activities of the existing demonstrator plant whilst also enabling progress towards project sanction on scale-up biorefinery opportunities.

As at 31 December 2024, the Company had £18,591,848 convertible loans notes and £4,497,674 debentures outstanding and classified as current liabilities in the balance sheet as both are repayable on 30 September 2025. However, the convertible loan notes will automatically convert into equity if not repaid by this date. Prior to the completion of the planned funding round, the expectation is that the convertible loan notes will convert into equity shares and post-completion the residual debenture will be repaid.

The current status of the Bridge Funding round and interest in the Growth Raise Funding Round and other initiatives the company is pursuing, gives the directors confidence that the Company will have sufficient cash to meet all costs as they fall due for a period greater than 12 months from the date of signing these financial statements. Whilst the directors recognise that the nature and value of the planned funding represents a material uncertainty, that may cast significant doubt on the Group's ability to continue as a going concern, they are confident of success and, accordingly, have prepared the financial statements for the year ended 31 December 2024 on a going concern basis.

Statement of Directors' Responsibilities

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Disclosure of Information to Auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Small Company Rules

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.
By order of the board

Mark Simmers

Date 19/05/25

Independent Auditor's Report
to the Members of
Celtic Renewables Limited

Opinion

We have audited the financial statements of Celtic Renewables Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the Consolidated Profit and Loss Account, Consolidated and Company Balance Sheets, Consolidated and Company Statements of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.3 in the financial statements, which describes the Director's assessment over the Company's ability to continue as a going concern. The Group's ability to continue as a going concern relies on the success of continued fundraising. Also, £4.5m of the current debt facilities mature on 30 September 2025 and require repayment. The nature and value of the planned Growth raise has not currently been finalised. As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The group audit engagement team identified the risk of management override of as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business alongside challenging judgments and estimates applied in the preparation of the financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

K Morrison

Katie Morrison (Senior Statutory Auditor)
for and on behalf of RSM UK Audit LLP,
Statutory Auditor
Date 19/05/25

RSM UK Audit LLP
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG

Celtic Renewables Limited
Consolidated Profit and Loss Account
For The Year Ended 31 December 2024

	Notes	2024 £	2023 £
TURNOVER		**68,772**	**-**
Cost of sales		(4,050,841)	(3,894,759)
GROSS LOSS		**(3,982,069)**	**(3,894,759)**
Distribution costs		(21,883)	(11,493)
Administrative expenses		(6,916,854)	(5,852,169)
Other operating income	3	275,011	270,070
OPERATING LOSS	4	**(10,645,795)**	**(9,488,351)**
Other interest receivable and similar income		10,510	12,897
Interest payable and similar charges	6	(3,328,249)	(2,058,005)
LOSS BEFORE TAXATION		**(13,963,534)**	**(11,533,459)**
Tax on Loss	9	637,856	1,391,660
LOSS AFTER TAXATION AND LOSS FOR THE FINANCIAL YEAR		**(13,325,678)**	**(10,141,799)**

The notes on pages 11 to 22 form part of these financial statements.

Celtic Renewables Limited
Consolidated Balance Sheet
As At 31 December 2024

Registered number: SC394571

	Notes	2024 £	2024 £	2023 £	2023 £
FIXED ASSETS					
Intangible Assets	**10**		183,339		211,911
Tangible Assets	**11**		21,411,889		22,345,069
			21,595,228		**22,556,980**
CURRENT ASSETS					
Stocks	**13**	341,883		311,758	
Debtors	**14**	991,001		1,020,031	
Cash at bank and in hand		153,306		1,851,507	
		1,486,190		**3,183,296**	
Creditors: Amounts Falling Due Within One Year	**15**	**(25,854,064)**		**(6,968,748)**	
NET CURRENT LIABILITIES			**(24,367,874)**		**(3,785,452)**
TOTAL ASSETS LESS CURRENT LIABILITIES			**(2,772,646)**		**18,771,528**
Creditors: Amounts Falling Due After More Than One Year	**16**		**(21,120,072)**		**(29,416,582)**
NET LIABILITIES			**(23,892,718)**		**(10,645,054)**
CAPITAL AND RESERVES					
Called up share capital	**17**		456		456
Share premium account	**20**		27,594,576		27,594,576
Other reserves	**20**		986,604		908,590
Profit and Loss Account	**20**		(52,474,354)		(39,148,676)
SHAREHOLDERS' FUNDS			**(23,892,718)**		**(10,645,054)**

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.
On behalf of the board

Mark Simmers

Date 19/05/25

The notes on pages 11 to 22 form part of these financial statements.

Celtic Renewables Limited
Company Balance Sheet
As At 31 December 2024

Registered number: SC394571

	Notes	2024 £	2024 £	2023 £	2023 £
FIXED ASSETS					
Intangible Assets	**10**		183,339		211,911
Tangible Assets	**11**		178,171		178,017
Investments	**12**		50,000		50,000
			411,510		**439,928**
CURRENT ASSETS					
Debtors	**14**	260,483		29,262,456	
Cash at bank and in hand		52,901		1,495,043	
		313,384		**30,757,499**	
Creditors: Amounts Falling Due Within One Year	**15**	**(23,726,255)**		**(4,842,308)**	
NET CURRENT (LIABILITIES) / ASSETS			**(23,412,871)**		**25,915,191**
TOTAL ASSETS LESS CURRENT LIABILITIES			**(23,001,361)**		**26,355,119**
Creditors: Amounts Falling Due After More Than One Year	**16**		**-**		**(12,147,817)**
NET (LIABILITIES)/ASSETS			**(23,001,361)**		**14,207,302**
CAPITAL AND RESERVES					
Called up share capital	**17**		456		456
Share premium account			27,594,576		27,594,576
Other reserves			986,604		908,590
Profit and Loss Account	**20**		(51,582,997)		(14,296,320)
SHAREHOLDERS' FUNDS			**(23,001,361)**		**14,207,302**

In accordance with section 408(3) of the Companies Act 2006, the company has not presented its own profit and loss account and the related notes. The company's loss for the year was £37,286,677 (2023: £4,436,103 loss).
These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.
On behalf of the board

Mark Simmers

Date 19/05/25

The notes on pages 11 to 22 form part of these financial statements.

Celtic Renewables Limited
Consolidated Statement of Changes in Equity
For The Year Ended 31 December 2024

	Share Capital	Share Premium	Other reserves	Profit and Loss Account	Total
	£	£	£	£	£
As at 1 January 2023	456	27,594,576	656,321	(29,006,877)	(755,524)
Loss for the year and total comprehensive income	-	-	-	(10,141,799)	(10,141,799)
Movements in share based payment reserve	-	-	252,269	-	252,269
As at 31 December 2023 and 1 January 2024	**456**	**27,594,576**	**908,590**	**(39,148,676)**	**(10,645,054)**
Loss for the year and total comprehensive income	-	-	-	(13,325,678)	(13,325,678)
Movements in share based payment reserve	-	-	78,014	-	78,014
As at 31 December 2024	**456**	**27,594,576**	**986,604**	**(52,474,354)**	**(23,892,718)**

Celtic Renewables Limited
Company Statement of Changes in Equity
For The Year Ended 31 December 2024

	Share Capital	Share Premium	Other reserves	Profit and Loss Account	Total
	£	£	£	£	£
As at 1 January 2023	456	27,594,576	656,321	(9,860,217)	18,391,136
Loss for the year and total comprehensive income	-	-	-	(4,436,103)	(4,436,103)
Movements in share based payment reserve	-	-	252,269	-	252,269
As at 31 December 2023 and 1 January 2024	**456**	**27,594,576**	**908,590**	**(14,296,320)**	**14,207,302**
Loss for the year and total comprehensive income	-	-	-	(37,286,677)	(37,286,677)
Movements in share based payment reserve	-	-	78,014	-	78,014
As at 31 December 2024	**456**	**27,594,576**	**986,604**	**(51,582,997)**	**(23,001,361)**

1. General Information

Celtic Renewables Limited is a private company, limited by shares, incorporated in Scotland, registered number SC394571. The registered office is Suite 2, Ground Floor Orchard Brae House, 30 Queensferry Road, Edinburgh, EH4 2HS. The principal place of business is 3 Caledon Green, Grangemouth, FK3 8TR.

The group consists of Celtic Renewables Limited and its subsidiary Celtic Renewables Grangemouth Limited.

2. Accounting Policies

2.1. Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102 section 1A Small Entities "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £. The financial statements have been prepared under the historical cost convention.

2.2. Basis Of Consolidation

The group consolidated financial statements include the financial statements of the company and its subsidiary undertaking made up to 31 December 2024.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity, it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

2.3. Going Concern Disclosure

The Group incurred a loss of £13,325,678 for the year ended 31 December 2024 and at that date had net liabilities of £23,892,718.

During 2024 the Group secured £5m of funding in the form of convertible loan agreements to fund the implementation of its business strategy and £2m of funding in the form of additional senior debt from Scottish Enterprise. Production has commenced at the Company's Subsidiary plant and shipments of products have been invoiced to customers. In the short term the Group's ability to continue as a going concern relies on the success of continued fundraising more so than on cash flow from plant manufacturing activities.

The Group recently agreed a "Bridge Funding Round" to fund the implementation of its business plan during 2025, pending launch of a "Growth Raise Funding Round." The total funding from this round is £6.3m, of which £4.4m has been drawn down to date through a combination of senior debt from Scottish Enterprise and convertible loan notes.

The Group has launched its "Growth Raise Funding Round". Success in securing this funding will continue to ensure the operational capabilities and research activities of the existing demonstrator plant whilst also enabling progress towards project sanction on scale-up biorefinery opportunities.

As at 31 December 2024, the Company had £18,591,848 convertible loans notes and £4,497,674 debentures outstanding and classified as current liabilities in the balance sheet as both are repayable on 30 September 2025. However, the convertible loan notes will automatically convert into equity if not repaid by this date. Prior to the completion of the planned funding round, the expectation is that the convertible loan notes will convert into equity shares and post-completion the residual debenture will be repaid.

The current status of the Bridge Funding round and interest in the Growth Raise Funding Round and other initiatives the company is pursuing, gives the directors confidence that the Company will have sufficient cash to meet all costs as they fall due for a period greater than 12 months from the date of signing these financial statements. Whilst the directors recognise that the nature and value of the planned funding represents a material uncertainty, that may cast significant doubt on the Group's ability to continue as a going concern, they are confident of success and, accordingly, have prepared the financial statements for the year ended 31 December 2024 on a going concern basis.

2.4. Significant judgements and estimations

In the application of the Company'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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Going concern has been identified as a critical area of judgement and is detailed in note 2.3.

The directors are required to exercise judgement in assessing whether any indicators of impairment exist over the current carrying value of tangible fixed assets, giving due consideration to the likelihood of the project operating commercially in line with planned expectations. Production has commenced at the Company's demonstrator plant and the Company is making good progress towards full steady-state production. As a result, no further adjustment to the carrying value is required as of 31 December 2024. As of 31 December 2021, the directors determined that the plant carrying value should be impaired by £17.2m to reflect the additional costs of building this specific, first of a kind plant during the Covid-19 pandemic, and as of 31 December 2024 no further adjustment to the carrying value is required.

The group has recognised a provision against the amounts owed by group undertakings. Management has reviewed the recoverability of amounts due from its subsidiary, Celtic Renewables Grangemouth Limited, and given the priority ranking of other funding providers within that subsidiary, management has determined it prudent to provide in full for amounts due from this subsidiary given the current expectation that these balances will not be repaid by the subsidiary in the foreseeable future. This provision will continue be reviewed on an ongoing basis and will be reversed as appropriate should circumstances change.

2.5. Turnover

Sale of goods

Income from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods. Income is measured at the fair value of the consideration received or receivable, net of sales related taxes.

Other operating income

Other operating income is measured at the fair value of the consideration received or receivable, net of sales related taxes.

2.6. Intangible Fixed Assets and Amortisation - Intellectual Property

The Company's intangible fixed assets comprise patents which are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives. Amortisation commences once commercial application and development has been realised. The patents have a remaining life of 7 years.

2.7. Tangible Fixed Assets and Depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold	25 years, straight line
Plant & Machinery	Between 4 - 25 years, straight line
Computer Equipment	3 years, straight line

Impairment of fixed assets

At each reporting period end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Any impairment loss is recognised immediately in profit or loss.

2.8. Investments

Investments in subsidiaries are measured at cost less impairment.

2.9. Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

2.10. Cash and Cash Equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2.11. Financial Instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all financial instruments.

Financial instruments are recognised in the balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

2.12. Interest Receivable

All interest receivable amounts are recognised in profit or loss in the period in which they incurred.

2.13. Interest Payable

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

2.14. Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2.15. Taxation

The tax expense represents current and deferred tax recognised in the reporting period.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

R&D tax credits

R&D tax credits are recognised at fair value of the asset received or receivable when there is reasonable assurance that claims will be successful.

R&D tax credits are recognised as part of the taxation charge or credit in the year the recognition criteria is met. R&D tax credits relating to earlier periods are included in the current tax charge or credit as adjustments in respect of prior periods.

Deferred tax

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

2.16. Employee Benefits

Short-term benefits

The cost of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock of fixed assets.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Share-based payments

The Company operates share scheme arrangements for employees (in exchange for services rendered) which require to be accounted for as share-based payments.

The fair value is measured using the Black-Scholes method at date of grant and the expense is spread over the vesting period. The cumulative expense recognised in profit or loss over the vesting period is equal to the estimated fair value of the award multiplied by the number of awards expected to vest.

Employee Benefit Trust

The company operates an employee benefit trust (EBT) for the purpose of enabling qualifying staff of the company to acquire shares in the company. The company's own shares held by the EBT are accounted for as if they were held by the company, as a debit reserve representing the cost paid by the EBT for the shares. Gains and losses on own shares transactions are accounted for as transfers between own shares reserve and retained earnings.

2.17. Equity Instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2.18. Compound instruments

The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

3. Other Operating Income

	2024	2023
	£	£
Other operating income	275,011	270,070

Other operating income is measured at the fair value consideration received or receivable, net of sales related taxes.

4. Operating Loss

The operating loss is stated after charging:

	2024	2023
	£	£
Depreciation of tangible fixed assets	1,127,102	831,298
Amortisation of intangible fixed assets	28,572	21,429

5. Auditor's Remuneration

Remuneration received by the company's auditor during the year was as follows:

	2024	2023
	£	£
Audit Services		
Audit of the group and company's financial statements	41,130	52,740

6. Interest Payable and Similar Charges

	Group		Company	
	2024	2023	2024	2023
	£	£	£	£
Interest and similar charges arising on;				
Unwinding of discount	372,342	340,625	372,342	340,625
Convertible loan notes	1,440,552	678,851	1,440,552	678,851
Senior debt finance	1,476,647	1,038,529	-	-
Other interest	38,708	-	24,616	-
	3,328,249	2,058,005	1,837,510	1,019,476

7. Average Number of Employees

Group and Company

All staff costs (including directors remuneration) of the group are being borne by the Parent Company. The Parent Company recharges the subsidiary company any staff costs directly attributable to the operation of the demonstration plant.

Average number of employees, including directors, during the year was: 52 (2023: 47)

8. Share-Based Payments

The Company has adopted share option award schemes, including an Enterprise Management Incentive (EMI) scheme. The share option schemes are granted over the £0.0001 ordinary shares of the Company and can be exercised only at the disposal or sale of the Company within 10 years of grant of the option.

As at 31 December 2024 share options of 473,500 £0.0001 ordinary shares (31 December 2023 473,500 shares) had been granted and have a weighted average exercise price of £2.48. A charge to profit or loss in 2024 of £78,014 has been recognised in respect of share-based payments (2023: £252,269). The total carrying amount at the end of the period for liabilities arising from share-based payment transactions in 2024 £986,614 (2023: £908,600).

Share based payments outstanding	**2024**	**2023**
Outstanding at 1 January	473,500	533,500
Forfeited during the year	-	(60,000)
Outstanding at 31 December	**473,500**	**473,500**
Exercisable at 31 December	-	-
Vested at 31 December	473,500	446,250
Weighted average exercise price	£2.48	£2.48
Weighted average remaining contractual life (WARCL)	4.21 years	5.22 years

The following table provides analysis of all awards granted by the company and outstanding at the year ended 31 December 2024:

Award date	No. of Options	Option Price (£)	Vesting date	Expiry date	Valuation basis	Expected attrition rate (%)	Fair Value at measurement date	Unexpired period (yrs) at 31 December 2024
18/01/2013	100,000*	£0.3470	18/01/2013	08/11/2030	Black-Scholes	0%	£0.28	5.85
21/01/2015	50,000	£0.3470	21/01/2015	18/01/2025	Black-Scholes	0%	£0.28	0.05
24/08/2015	56,000	£0.3470	24/08/2015	22/08/2025	Black-Scholes	0%	£0.28	0.64
17/09/2018	75,000	£0.0001	On completion of Demo plant at Grangemouth	14/09/2028	Black-Scholes	0%	£0.00008	3.71
01/06/2020	10,000	£1.4493	01/06/2020	01/06/2030	Black-Scholes	0%	£5.07	5.41
01/06/2020	157,500	£5.8385	12-48 months from date of grant	01/06/2030	Black-Scholes	0%	£4.29	5.41
17/06/2022	20,000	£5.8385	12-48 months from date of grant	17/06/2032	Black-Scholes	0%	£8.22	7.46
20/06/2022	5,000	£10	3,000 on 20/06/2022, 1,000 on 01/04/2024 and 1,000 on 01/04/2024	20/06/2032	Black-Scholes	0%	£7.63	7.47

* Replaced by share options granted 09 November 2020.

9. Tax on Loss

The tax credit on the loss for the year was as follows:

	2024	2023
	£	£
Current tax		
UK Corporation Tax	(637,856)	(1,391,660)
Total tax credit for the period	(637,856)	(1,391,660)

The actual credit for the year can be reconciled to the expected credit for the year based on the loss and the standard rate of corporation tax as follows:

	2024	2023
	£	£
Loss before tax	(13,963,534)	(11,533,459)
Tax on loss at 2024: 25% (2023: 23.52%)	(3,490,884)	(2,712,732)
Expenses not deductible for tax purposes	(99,896)	151,943
Surrender of tax losses for Research and Development tax credit	1,592,080	1,584,757
Short term timing differences not recognised	63,618	(163,011)
Research and Development tax credit	(1,502,184)	(2,152,179)
Tax losses unutilised carried forward	2,799,410	1,899,562
Total tax credit for the period	**(637,856)**	**(1,391,660)**

The Group has trading losses carried forward of £50,816,614 (2023: £43,895,875) which may reduce future tax charges. In line with applicable accounting standards, this potential asset has not been recognised within the financial statements due to uncertainty over timing of future recoverability.

10. Intangible Assets

Group and Company

	Intellectual Property
	£
Cost	
As at 1 January 2024	233,340
As at 31 December 2024	233,340
Amortisation	
As at 1 January 2024	21,429
Provided during the period	28,572
As at 31 December 2024	50,001
Net Book Value	
As at 31 December 2024	183,339
As at 1 January 2024	211,911

11. Tangible Assets

Group

	Land & Property Leasehold	Plant & Machinery	Computer Equipment	Total
	£	£	£	£
Cost				
As at 1 January 2024	9,132,373	31,233,172	162,299	40,527,844
Additions	7,620	174,190	12,112	193,922
As at 31 December 2024	9,139,993	31,407,362	174,411	40,721,766
Depreciation & Impairment				
As at 1 January 2024	3,951,496	14,133,339	97,940	18,182,775
Provided during the period	201,198	892,247	33,657	1,127,102
As at 31 December 2024	4,152,694	15,025,586	131,597	19,309,877
Net Book Value				
As at 31 December 2024	4,987,299	16,381,776	42,814	21,411,889
As at 1 January 2024	5,180,877	17,099,833	64,359	22,345,069

Company

	Plant & Machinery	Computer Equipment	Total
	£	£	£
Cost			
As at 1 January 2024	235,917	139,811	375,728
Additions	72,526	12,112	84,638
As at 31 December 2024	308,443	151,923	460,366
Depreciation			
As at 1 January 2024	109,874	87,837	197,711
Provided during the period	55,001	29,483	84,484
As at 31 December 2024	164,875	117,320	282,195
Net Book Value			
As at 31 December 2024	**143,568**	**34,603**	**178,171**
As at 1 January 2024	**126,043**	**51,974**	**178,017**

12. Investments

Company

	Subsidiaries
	£
Cost	
As at 1 January 2024	50,000
As at 31 December 2024	50,000
Provision	
As at 1 January 2024	-
As at 31 December 2024	-
Net Book Value	
As at 31 December 2024	50,000
As at 1 January 2024	50,000

Subsidiary undertakings

The following were a subsidiary undertaking of the company:

Name	Registered Office	Class of share	Holding
Celtic Renewables Grangemouth Limited	Suite 2, Ground Floor Orchard Brae House, 30 Queensferry Road, Edinburgh, EH4 2HS	Ordinary	100%

13. Stocks

Group

	2024	2023
	£	£
Materials	304,101	303,782
Finished goods	37,782	-
Work in progress	-	7,976
	341,883	311,758

14. Debtors

	Group		Company	
	2024	2023	2024	2023
	£	£	£	£
Due within one year				
Trade debtors	73,746	33,532	-	-
Prepayments and accrued income	117,534	147,289	88,011	115,553
Corporation tax recoverable assets	636,832	728,056	133,927	171,535
VAT	162,889	111,154	38,545	34,764
Due after more than one year				
Amounts owed by group undertakings	-	-	31,704,414	28,940,604
Provision against amounts owed by group undertakings	-	-	(31,704,414)	-
	991,001	1,020,031	260,483	29,262,456

The loan to the Subsidiary Company, is unsecured, interest free and has no fixed terms for repayment. A provision has been taken against the loan due to the uncertainty over repayment. See note 2.4 for further information.

15. Creditors: Amounts Falling Due Within One Year

	Group		Company	
	2024	**2023**	**2024**	**2023**
	£	**£**	**£**	**£**
Trade creditors	1,353,051	973,073	163,034	189,624
Other loans	19,479,842	1,262,654	18,591,849	-
Debentures	4,497,674	4,125,333	4,497,674	4,125,333
Other creditors	292,024	232,139	242,225	151,802
Taxation and social security	231,473	375,549	231,473	375,549
	25,854,064	6,968,748	23,726,255	4,842,308

Included within Other loans, £18,591,849 relates to convertible loan notes which are expected to be converted into equity shares on completion of the Growth Raise.

16. Creditors: Amounts Falling Due After More Than One Year

	Group		Company	
	2024	**2023**	**2024**	**2023**
	£	**£**	**£**	**£**
Other loans	21,120,072	29,416,582	-	12,147,817

Loans and other borrowings

	Group		Company	
	2024	**2023**	**2024**	**2023**
Loans	**£**	**£**	**£**	**£**
Debenture	4,497,674	4,125,333	4,497,674	4,125,333
Other loans (Convertible Loan)	18,591,849	12,147,817	18,591,849	12,147,817
Other loans (Senior Loans)	22,008,065	18,531,419	-	-
	45,097,588	34,804,569	23,089,523	16,273,150

Senior loans (Other loans)

The capital funding loan from Scottish Enterprise was granted on 28 February 2020 and bears interest at a fixed rate of 7.5% per annum from the utilisation date for drawdowns to 31 December 2023 (£15m), drawdowns during 2024 bear interest at 12.5% (£2m). The Scottish Enterprise loan ranks senior to the Parent Company loan and is secured, inter-alia, by a fixed charge over the lease premium and a floating charge over all of the Subsidiary's assets as well as a share pledge and guarantee from the Parent Company, Celtic Renewables Limited. The Subsidiary's borrowings were restructured in December 2022, with the term of the senior debt funding from Scottish Enterprise extended to November 2040. Capital funding from Scottish Enterprise has loan repayments of £887,994 due between May 2025 and November 2025 (2023: £1,262,654).

Convertible Loan (Other loans)

The Convertible loan notes outstanding at 31 December 2024 of £18,591,848 (2023: £12,147,817), including rolled up interest, are repayable on 30 September 2025. The loans are secured by a floating charge over the assets of the company and all bear interest between 7.5% and 12.5%. The convertible loan notes are expected to be converted into equity shares on completion of the Growth Raise rather than being repaid.

Debentures

A debenture loan of £4,497,673 (2023: £4,125,333) is repayable on the earlier of 30 September 2025 and the next equity funding round. There is no interest charge on the loan during 2024, and consequently the movement relates to the unwinding of the discount to present value made in 2022 (2024: £372,342, 2023: £340,625). The loan balance outstanding at 31 December 2024 will bear annual interest at 7.5%.

17. Share Capital

	2024	2023
	£	£
Allotted, Called up and fully paid	456	456

Called-up share capital

Ordinary shares - issued and fully paid	**Number**	**£**
At 1 January 2024 - Ordinary shares of £0.0001 each	3,516,241	304
At 31 December 2024 - Ordinary shares of £0.0001 each	3,516,241	304

Preference shares - issued and fully paid	**Number**	**£**
At 1 January 2024 - Preference shares of £0.0001 each	1,518,574	152
At 31 December 2024 - Preference shares of £0.0001 each	1,518,574	152

Preference shares have no coupon or rights regarding preference dividends and as such are not treated as debt within the financial statements.

18. Capital Commitments

	2024	2023
	£	£
At the end of the period	-	59,871

At the end of the current period, the company had no capital commitments contracted for but not provided in these financial statements.

19. Other Commitments

The Company has provided an unlimited guarantee in respect of the borrowings of the Subsidiary Company, Celtic Renewables Grangemouth Limited.

20. Reserves

Group
Share premium account

This account records the premium where the consideration received for the issue of share capital exceeds the nominal value of shares issued less the costs relating to the issue.

Share based payment reserve

This account records the equity impact anticipated in relation to the grant of options over the ordinary shares and corresponds with the charge made to profit or loss to recognise the cost to the company over the vesting period of the options.

Profit & loss reserves

This reserve records retained earnings and accumulated losses.

Own shares reserves

The balance represents 100,000 £0.0001 ordinary shares in the Company held by the Celtic Renewables Employee Benefit Trust (EBT) which was established in 2011 to provide a mechanism to hold shares in the Company to be used in the future to settle the exercise of share options and other share transactions with employees.

The Company's ordinary shares held by the EBT are accounted for as if they were the Company's own shares and are treated as treasury shares.

21. Related Party Disclosures

During the year an entity connected to Donald Macleod, a director, made loans of £1,350,000 to the Company. As at 31 December 2024 the aggregate of convertible loans due to D Macleod or entities controlled by him was £2,485,000 (2023: £1,135,000) plus accrued interest rolled up of £335,818 (2023: £91,729).

During the year consulting fees totalling £36,267 (2023: £38,250) were paid to Ian Evans, a director.

During the year consulting fees totalling £96,800 (2023: NIL) were paid to Martin Tangney, a director.

During the year director's fees totalling £24,000 (2023: £24,000) were accrued. The total amount of fees remaining unpaid at 31 December 2024 amounted to £140,000 (2023: £116,000).