Registered number: 07257863

ARCOLA ENERGY LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

ARCOLA ENERGY LIMITED
REGISTERED NUMBER:07257863

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note		2021 £		2020 £
Fixed assets					
Tangible assets	3		**24,786**		-
			24,786		-
Current assets					
Stocks	4	**-**		498,446	
Debtors: amounts falling due within one year	5	**1,768,921**		2,268,311	
Cash at bank and in hand		**320,215**		6,578	
		2,089,136		2,773,335	
Creditors: amounts falling due within one year	6	**(1,859,433)**		(1,341,957)	
Net current assets			**229,703**		1,431,378
Total assets less current liabilities			**254,489**		1,431,378
Creditors: amounts falling due after more than one year	7		**(1,038,668)**		(983,597)
Net (liabilities)/assets			**(784,179)**		447,781
Capital and reserves					
Called up share capital	9		**1,000**		1,000
Profit and loss account			**(785,179)**		446,781
			(784,179)		447,781

ARCOLA ENERGY LIMITED
REGISTERED NUMBER:07257863

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2021

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 November 2021.

Dr B Todd
Director

The notes on pages 3 to 9 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

1.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.3 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.
If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

1. Accounting policies (continued)

1.4 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.
Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

1.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.6 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

1.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

1.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 33% - on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

1. Accounting policies (continued)

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1. Accounting policies (continued)

1.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

2. Employees

The average monthly number of employees, including directors, during the year was 36 (2020 - 27).

3. Tangible fixed assets

	Plant and machinery £
Cost	
At 1 April 2020	**6,838**
Additions	**28,060**
At 31 March 2021	**34,898**
Depreciation	
At 1 April 2020	**6,838**
Charge for the year	**3,274**
At 31 March 2021	**10,112**
Net book value	
At 31 March 2021	**24,786**
At 31 March 2020	-

4. Stocks

	2021 £	2020 £
Work in progress	**-**	498,446
	-	498,446

5. Debtors

	2021 £	2020 £
Trade debtors	**664,321**	1,510,691
Other debtors	**706,579**	294,356
Prepayments and accrued income	**398,021**	463,264
	1,768,921	2,268,311

6. Creditors: Amounts falling due within one year

	2021 £	2020 £
Other loans	**75,844**	49,167
Trade creditors	**472,412**	168,643
Other taxation and social security	**848,710**	472,953
Obligations under finance lease and hire purchase contracts	**5,881**	85,580
Other creditors	**456,586**	565,614
	1,859,433	1,341,957

7. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Other loans	**1,022,964**	983,597
Net obligations under finance leases and hire purchase contracts	**15,704**	-
	1,038,668	983,597

The following liabilities were secured:

	2021 £	2020 £
Loan	**1,098,808**	1,032,764
	1,098,808	1,032,764

Details of security provided:

Loan is secured by way of a fixed and floating charge over the companys assets, and a negative pledge.

8. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Other loans	**75,844**	49,167
	75,844	49,167
Amounts falling due 2-5 years		
Other loans	**285,266**	-
	285,266	-
Amounts falling due after more than 5 years		
Other loans	**737,698**	983,597
	737,698	983,597
	1,098,808	1,032,764

9. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,000 (2020 - 1,000) Ordinary shares of £1 each	**1,000**	1,000

10. Related party transactions

At the year end the company owed its director and shareholder Dr B Todd £439,374 (2020: £455,941) for a loan to the company. No interest is charged on the loan.