

REGISTERED NUMBER: 04683805 (England and Wales)

CNG SERVICES LTD
ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



CNG SERVICES LTD (REGISTERED NUMBER: 04683805)

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for the Year Ended 31 March 2023**

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CNG SERVICES LTD
COMPANY INFORMATION
for the Year Ended 31 March 2023

DIRECTORS: T J Baldwin
P Baldwin

SECRETARY: P Baldwin

REGISTERED OFFICE: Virginia House
56 Warwick Road
Olton
Solihull
West Midlands
B92 7HX

REGISTERED NUMBER: 04683805 (England and Wales)

INDEPENDENT AUDITORS: Azets Audit Services
6th Floor Bank House
Cherry Street
Birmingham
B2 5AL

**STRATEGIC REPORT
for the Year Ended 31 March 2023**

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

REVIEW OF BUSINESS

CNG Services Ltd (CSL) reported a loss before tax for the year of £630,163 (2022 loss of £36,593). The net assets position of the business at 31 March 2023 was £3,605,508 (2022 £4,407,576). Part of the 2022/23 loss relates to investment in the CSL gas transporters licence business including UNC Mod 0808 for reverse compression and the development of an improved NTS access regime for biomethane which will benefit the company in future years.

Biomethane market

A new support scheme (The Green Gas Support Scheme, "GGSS") was introduced in 2021 based on a tariff of 5.5 p/kWh with Tier 1 up to 60 million kWh/annum. Unfortunately, the GGSS does not support existing anaerobic digester plants such as food waste and sewage works. At least 50% of the biogas has to be produced by waste feedstock as per the previous renewable heat incentive scheme. It is expected there will be around 12 - 18 GGSS projects delivered by end 2023. The major issues holding back projects are feedstock availability, planning consent and gas grid capacity.

National Grid plc has sold its business that owned the high pressure National Transmission System (NTS), creating a new business National Gas Transmission (NGT). The NTS is very attractive for biomethane, Bio-CNG and back up gas generation and the company is working with NGT to improve processes and make it easier to connect. CSL has 15 potential NTS biomethane projects with no capacity issues and no need to enrich with biomethane which is a major advantage as contaminated propane is a significant issue in the biomethane market. The largest project under development is a Biomethane project in Cheshire with liquid Bio-CO₂, injection into the NTS and potential for a network of dry biogas pipelines linking further digesters. CSL has over 15 live biomethane projects under development from feasibility onwards with existing and new clients for Biomethane to Gas grid projects varying from £1m to £20m.

Vale Green and Vulcan Renewables Decanting Centres

At Vale Green Energy, Pershore, a project has been completed to make this into a major decanting centre to being satellite sources of compressed upgraded biogas and inject into the grid. This is an extension of the existing biomethane production facility and was operational in April 2023. In February 2023 a similar facility at Vulcan Renewables near Doncaster was given the go ahead with CSL providing design and build services, target completion March 2024.

RTFC Project

The company is developing the first project in GB to be based on injection of biomethane from waste to generate RTFCs under the Renewable Transport Fuel Scheme. The project is in Wales and is being done in partnership with Ceres Energy Ltd (main owner of Barrow Shipping Ltd).

Reverse Compression and GT Licence

The company has received a Gas Transporters Licence. At the same time, the company is working with Barrow Shipping Ltd to modify the gas network code to facilitate Reverse Compression (RC) projects to create capacity for biomethane. The company aims to install its first RC by end March 2024.

Ireland

Biomethane projects in NI are now being developed for the first time and CSL is working on the first project. CSL is also working on projects for Gas Networks Ireland including Reverse Compression.

Hydrogen market

CSL is involved in Hydrogen Business Model projects whereby BEIS will fund large industrial and commercial customers to move from natural gas to hydrogen. The projects are similar to some of the projects previously carried out by CSL involving conversion of industrial and commercial customer from oil to gas (e.g. Glenmorangie distillery, British Sugar Cantley). CSL is also working on the first project to inject Green H₂ into the NTS with target completion Q4 2023.

STRATEGIC REPORT
for the Year Ended 31 March 2023

Green H2 projects

During 22/23 the company has worked on a number of innovative green hydrogen projects that are expected to lead to profitable design and build projects in 2024 and beyond. A number of chartered engineers are now largely focused on these projects.

PRINCIPAL RISKS AND UNCERTAINTIES

Energy Prices

Gas and electricity prices remain high as a result of the Russian invasion of Ukraine and this is good for the biomethane market though a number of projects that could have switched from biogas CHP to biomethane have decided not to switch at this time due to highly profitable electricity.

Biomethane projects and capacity

The absence of capacity in the gas grid is the major issue holding back projects. CSL's Reverse Compression initiative aims to remove this barrier and the necessary modification to the Uniform Network Code (UNC 08080) has been passed to allow this. CSL also has received its Gas Transporters Licence and is building GB's first commercial Reverse Compression project.

Inflation

Higher prices for energy and other commodities are increasing the cost to deliver projects. The company is mitigating the inflation cost pressures with putting prices up and working on more efficient delivery processes.

Order Books

The company imports plant and equipment from EU and there are longer lead times due to full order books.

Foreign Currency risk

The company conducts a limited number of transactions in foreign currency; as such the financial risks are considered to be small, and as a result, the company does not often use foreign exchange forward contracts or interest rate swap contracts to hedge these exposures.

Credit risk

The company's principal financial assets are cash plus bank balances and other trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. All customers who wish to trade on credit terms are subject to credit verification procedures.

Liquidity risk

The company manages its cash and borrowing requirements to ensure the company has sufficient liquid resources to meet the operating needs of the business.

STRATEGIC REPORT
for the Year Ended 31 March 2023

FUTURE PROSPECTS

High gas commodity prices are now forecast to last through to 2030 and this supports the development of biomethane projects.

The Government policy of 'net zero' greenhouse gas (GHG) emissions by 2050 is positive for biomethane, in particular with the CCUS Clusters being funded by the UK Government. These will provide an option to sequester Bio-CO2 produced from waste biomethane plants and allows the overall biomethane to be classed as GHG negative. The company is working on cow slurry biomethane with Bio-CO2 projects that are highly GHG negative which makes them valuable. The NTS is an attractive option for biomethane and the company has key competencies to work on such projects with a prospect list of >10 such projects.

ON BEHALF OF THE BOARD:

T J Baldwin

.....
T J Baldwin - Director

Date: 18-12-23

CNG SERVICES LTD (REGISTERED NUMBER: 04683805)

**REPORT OF THE DIRECTORS
for the Year Ended 31 March 2023**

The directors present their annual report and audited financial statements for the year ended 31 March 2023.

PRINCIPAL ACTIVITIES

CNG Services Ltd ("CSL") provides design, build and project management services in relation to new gas pipelines, CNG Filing stations, biomethane to grid plants and in relation to onshore natural gas processing plants. This includes connections to the high pressure LTS (Local Transmission System) and NTS (National Transmission System) where CSL integrates the design and build of the LTS/NTS connection and associated pipeline with the main project which can be CNG filing station, gas power plant, biomethane to grid plant or onshore gas processing facility.

DIVIDENDS

Dividends of £182,464 (2022: £142,464) were declared during the year. No final dividend is proposed (2022: £nil). A distribution in specie was declared in the year totalling £nil (2022 £1,143,028) transferring investments in associates to CNG Services Assets Ltd.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2022 to the date of this report.

T J Baldwin
P Baldwin

POLITICAL DONATIONS AND EXPENDITURE

The Company made no political donations or incurred any political expenditure during the year.

**REPORT OF THE DIRECTORS
for the Year Ended 31 March 2023**

GOING CONCERN

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future being at least 12 months from the approval of the financial statements.

At the year-end CNG Services Ltd achieved a loss before tax for the year of £630,163 (2022 loss of £36,593), has net current assets of £2,330,013 (2022 - £3,079,343) and cash balances of £3,012,993 (2022 - £2,494,591). After experiencing significant growth for the year ended 31 March 2020, the implications of the COVID-19 pandemic resulted in unprecedented economic consequences in 2021 and into 2022 and 2023. Lower than expected new biomethane project development under the new Green Gas Support Scheme also impacted the company and whilst high biomethane prices are generally positive, high prices for electricity generated from biogas as a result of the Russian invasion of Ukraine, has delayed projects switching from biogas CHP to biomethane.

Whilst the impact to the company, after the balance sheet date has been significant, the company's cash position continues to remain healthy. After reviewing the company's latest management information, forecasts and making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future, meeting its liabilities as they fall due. The company has ambitious plans for future growth and is in a strong position to capitalise on the UK's transition to non-carbon fuels with a growing order book and attractive opportunities from Reverse Compression projects and the use of the National Transmission System (NTS) for large new biomethane projects with Bio-CO₂ capture. The company's GT Licence provides an opportunity for both Reverse Compression and injection into the NTS.

Part of the 2022/23 loss relates to investment in the CSL GT licence business including UNC Mod 0808 for reverse compression and the development of an improved NTS access regime for biomethane which will benefit the company in future years.

The company order book at end November 2023 is good and the directors have considered a range of plausible scenarios and even in worst case scenarios, the company still has adequate cash balances to meet liabilities as they fall due for at least 12 months from the approval of these financial statements.

For the reasons set out above, the directors have prepared the financial statements on a going concern basis and have concluded that no material uncertainties exist related to going concern.

OTHER INFORMATION

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 on Page 2.

Certain matters that are required to be disclosed in the Directors' Report under Schedule 7 of the Companies Act 2006 have instead been disclosed in the Strategic Report, as permitted by S.414C(11) of the Companies Act 2006.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, in 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.

CNG SERVICES LTD (REGISTERED NUMBER: 04683805)

REPORT OF THE DIRECTORS
for the Year Ended 31 March 2023

AUDITORS

Azets Audit Services were appointed as auditor to the company and, in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

SIGNED ON ITS BEHALF:

T J Baldwin

.....
T J Baldwin - Director

Date: 18-12-23

CNG SERVICES LTD (REGISTERED NUMBER: 04683805)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
for the Year Ended 31 March 2023**

The directors are responsible for preparing the Strategic Report, the Report of the directors and the financial statements in accordance with applicable law and regulations, and in accordance with United Kingdom Generally Accepted Accounting Practice.

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 (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK.

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 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;
- 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CNG SERVICES LTD**

Opinion

We have audited the financial statements of CNG Services Ltd (the 'company') for the year ended 31 March 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement, the notes to the cashflow statement 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 company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our audit:

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CNG SERVICES LTD

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the report of the directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

Responsibility of directors

As explained more fully in the statement of directors' responsibilities, 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 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 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CNG SERVICES LTD**

- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.



Ben Sheldon ACA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services

6th Floor Bank House
Cherry Street
Birmingham
B2 5AL

Statutory Auditor

Date: 19 December 2023

CNG SERVICES LTD (REGISTERED NUMBER: 04683805)

**STATEMENT OF COMPREHENSIVE
INCOME
for the Year Ended 31 March 2023**

	Notes	2023 £	2022 £
TURNOVER	4	3,025,511	7,937,665
Cost of sales		<u>(1,842,929)</u>	<u>(6,694,494)</u>
GROSS PROFIT		1,182,582	1,243,171
Administrative expenses		<u>(1,952,909)</u>	<u>(1,383,888)</u>
		(770,327)	(140,717)
Other operating income	5	<u>114,706</u>	<u>94,303</u>
OPERATING LOSS	7	(655,621)	(46,414)
Interest receivable and similar income		<u>25,458</u>	<u>16,270</u>
		(630,163)	(30,144)
Interest payable and similar expenses		<u>-</u>	<u>6,449</u>
LOSS BEFORE TAXATION		(630,163)	(36,593)
Tax on loss	9	<u>10,559</u>	<u>125,755</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(619,604)	89,162
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(619,604)</u>	<u>89,162</u>

The notes on pages 18 to 31 form part of these financial statements


CNG SERVICES LTD (REGISTERED NUMBER: 04683805)

**BALANCE SHEET
31 March 2023**

	Notes	2023		2022	
		£	£	£	£
FIXED ASSETS					
Tangible assets	11		1,343,030		1,406,327
CURRENT ASSETS					
Debtors	12	2,481,262		2,931,579	
Cash at bank		<u>3,012,993</u>		<u>2,494,591</u>	
		5,494,255		5,426,170	
CREDITORS					
Amounts falling due within one year	13	<u>(3,164,242)</u>		<u>(2,346,827)</u>	
NET CURRENT ASSETS			<u>2,330,013</u>		<u>3,079,343</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,673,043		4,485,670
PROVISIONS FOR LIABILITIES	15		<u>(67,535)</u>		<u>(78,094)</u>
NET ASSETS			<u>3,605,508</u>		<u>4,407,576</u>
CAPITAL AND RESERVES					
Called up share capital and reserves	16		2		2
Retained earnings			<u>3,605,506</u>		<u>4,407,574</u>
SHAREHOLDERS' FUNDS			<u>3,605,508</u>		<u>4,407,576</u>

The financial statements were approved by the Board of Directors and authorised for issue on
and were signed on its behalf by:


.....
T J Baldwin - Director


.....
P Baldwin - Director

The notes on pages 18 to 31 form part of these financial statements

CNG SERVICES LTD (REGISTERED NUMBER: 04683805)

**STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 March 2023**

	Called up share capital and reserves £	Retained earnings £	Total equity £
Balance at 1 April 2021	2	5,603,882	5,603,884
Changes in equity			
Dividends and Distributions	-	(1,285,470)	(1,285,470)
Total comprehensive income	-	89,162	89,162
Balance at 31 March 2022	<u>2</u>	<u>4,407,574</u>	<u>4,407,576</u>
Changes in equity			
Dividends	-	(182,464)	(182,464)
Total comprehensive income	-	(619,604)	(619,604)
Balance at 31 March 2023	<u>2</u>	<u>3,605,506</u>	<u>3,605,508</u>

The notes on pages 18 to 31 form part of these financial statements

CNG SERVICES LTD (REGISTERED NUMBER: 04683805)

**CASH FLOW STATEMENT
for the Year Ended 31 March 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1*	681,748	413,350
Interest element of hire purchase or finance lease rental payments paid		-	(6,449)
Tax paid		-	160,937
Net cash from operating activities		<u>681,748</u>	<u>567,838</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(9,874)	(749,809)
Sale of tangible fixed assets		-	5,000
Interest received		<u>25,458</u>	<u>16,270</u>
Net cash from investing activities		<u>15,584</u>	<u>(728,539)</u>
Cash flows from financing activities			
Amount introduced by directors		9	-
Government grant		3,525	19,540
Equity dividends paid		<u>(182,464)</u>	<u>(142,442)</u>
Net cash from financing activities		<u>(178,930)</u>	<u>(122,902)</u>
Increase/(decrease) in cash and cash equivalents		<u>518,402</u>	<u>(283,603)</u>
Cash and cash equivalents at beginning of year	2*	<u>2,494,591</u>	<u>2,778,194</u>
Cash and cash equivalents at end of year	2*	<u>3,012,993</u>	<u>2,494,591</u>

The notes on pages 18 to 31 form part of these financial statements

CNG SERVICES LTD (REGISTERED NUMBER: 04683805)

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 March 2023**

1*. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2023	2022
	£	£
Loss before taxation	(630,163)	(36,593)
Depreciation charges	73,171	53,120
Profit on disposal of fixed assets	-	(2,454)
Movement in WIP	419,927	(502,692)
Movement in amount owed by related parties	(42,241)	190,809
Movement in monies investments	-	(22)
Movement in finance lease balance	21,885	21,119
Movement in amounts owed to related parties	53,975	-
Government grants	(3,525)	(19,540)
Finance costs	-	6,449
Finance income	<u>(25,458)</u>	<u>(16,270)</u>
	(132,429)	(306,074)
Decrease in stocks	-	204,020
Decrease in trade and other debtors	50,746	311,148
Increase in trade and other creditors	<u>763,431</u>	<u>204,256</u>
Cash generated from operations	<u>681,748</u>	<u>413,350</u>

2*. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2023

	31.3.23	1.4.22
	£	£
Cash and cash equivalents	<u>3,012,993</u>	<u>2,494,591</u>

Year ended 31 March 2022

	31.3.22	1.4.21
	£	£
Cash and cash equivalents	<u>2,494,591</u>	<u>2,778,194</u>

The notes on pages 18 to 31 form part of these financial statements

CNG SERVICES LTD (REGISTERED NUMBER: 04683805)

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 March 2023**

3*. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.22 £	Cash flow £	At 31.3.23 £
Net cash			
Cash at bank	<u>2,494,591</u>	<u>518,402</u>	<u>3,012,993</u>
	<u>2,494,591</u>	<u>518,402</u>	<u>3,012,993</u>
Total	<u>2,494,591</u>	<u>518,402</u>	<u>3,012,993</u>

The notes on pages 18 to 31 form part of these financial statements

CNG SERVICES LTD (REGISTERED NUMBER: 04683805)

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 2023**

1. STATUTORY INFORMATION

CNG Services Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

CNG Services (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 04683805 and the registered address is Virginia House, 56 Warwick Road, Olton, Solihull, West Midlands, United Kingdom B92 7HX.

2. STATEMENT OF COMPLIANCE

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

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements are prepared on the going concern basis under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023

3. ACCOUNTING POLICIES - continued

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future being at least 12 months from the approval of the financial statements.

At the year-end CNG Services Ltd achieved a loss before tax for the year of £630,163 (2022 loss of £36,593), has net current assets of £2,330,013 (2022 - £3,079,343) and cash balances of £3,012,993 (2022 - £2,494,591). After experiencing significant growth for the year ended 31 March 2020, the implications of the COVID-19 pandemic resulted in unprecedented economic consequences in 2021 and into 2022 and 2023. Lower than expected new biomethane project development under the new Green Gas Support Scheme also impacted the company and whilst high biomethane prices are generally positive, high prices for electricity generated from biogas as a result of the Russian invasion of Ukraine, has delayed projects switching from biogas CHP to biomethane.

Whilst the impact to the company, after the balance sheet date has been significant, the company's cash position continues to remain healthy. After reviewing the company's latest management information, forecasts and making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future, meeting its liabilities as they fall due. The company has ambitious plans for future growth and is in a strong position to capitalise on the UK's transition to non-carbon fuels with a growing order book and attractive opportunities from Reverse Compression projects and the use of the National Transmission System (NTS) for large new biomethane projects with Bio-CO₂ capture. The company's GT Licence provides an opportunity for both Reverse Compression and injection into the NTS.

Part of the 2022/23 loss relates to investment in the CSL GT licence business including UNC Mod 0808 for reverse compression and the development of an improved NTS access regime for biomethane which will benefit the company in future years.

The company order book at end November 2023 is good and the directors have considered a range of plausible scenarios and even in worst case scenarios, the company still has adequate cash balances to meet liabilities as they fall due for at least 12 months from the approval of these financial statements.

For the reasons set out above, the directors have prepared the financial statements on a going concern basis and have concluded that no material uncertainties exist related to going concern.

Turnover

Turnover is recognised based on the estimated percentage completion of each contract. The percentage completion is generally determined using output methods (such as progress against milestones), unless the circumstances of the contract are such that input methods (such as costs incurred) are considered more appropriate.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023

3. ACCOUNTING POLICIES - continued

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, for example land is treated separately from buildings.

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Plant and machinery	- 10% straight line
Office and computer equipment	- 25% & 33% straight line
Motor vehicles	- 25% straight line
Leasehold property	- 2% straight line
Property improvements	- 10% straight line

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

Assets under construction are depreciated when they become available for use and are transferred to an appropriate asset class.

Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in associates

These are separate financial statements of the Company. Investments in associates are carried at cost less impairment.

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 of the Cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023

3. **ACCOUNTING POLICIES - continued**

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 purpose and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation and settlement of the carrying amount of assets and liabilities, using effective tax rates enacted or substantively enacted at the balance sheet.

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 differences can be utilised.

Accounting estimates and judgements

The preparation of the financial statements in accordance with FRS 102 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the report year. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from these statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the current period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and judgements involved in the preparation of these financial statements are set out below:

Percentage Completion estimate

The determination of turnover recognition and associated work in progress and deferred income balances requires the exercise of judgement in relation to the estimated percentage completion (see turnover accounting policy).

Foreign currencies

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 are in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023

3. ACCOUNTING POLICIES - continued

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease unless the payment to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable and other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in Statement of Comprehensive Income as they accrue, using the effective interest method.

Operating lease under lessor

The operating lease represents the lease of the mobile refuelling unit to CNG Fuels Limited. The lease has been negotiated until 31 August 2026 with the rental value fixed for the entire leased period of £9,050.90 received monthly in advance. There is no options in place for either party to extend the lease terms.

Finance lease under lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of leases.

Employee benefits

Defined contribution plans

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 Statement of Comprehensive Income in the periods during which services are rendered by employees.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023

3. ACCOUNTING POLICIES - continued

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Research and Development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be 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 design for, construction or testing of the production of new or substantially improved projects.

Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through the profit and 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. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023

3. ACCOUNTING POLICIES - continued

Construction contract debtors

Construction contract debtors represent the gross unbilled amount for contract work performed to date. They are measured at cost plus profit recognised to date (see the turnover accounting policy) less a provision for foreseeable losses and less progress billings. Variations are included in contract turnover when they are reliably measurable and it is probable that the customer will approve the variation itself and turnover arising from the variation. Claims are included in contracted turnover only when they are reliably measurable and negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Costs includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Construction contract debtors are presented as part of debtors in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as accruals and deferred income in the balance sheet.

Accounting estimates and judgements

The preparation of the financial statements in accordance with FRS 102 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the report year. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from these statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the current period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and judgements involved in the preparation of these financial statements are set out below:

Percentage Completion estimate

The determination of turnover recognition and associated work in progress and deferred income balances requires the exercise of judgement in relation to the estimated percentage completion (see turnover accounting policy).

4. TURNOVER

The turnover and loss before taxation are attributable to the principal activities of the company.

An analysis of turnover by class of business is given below:

	2023	2022
	£	£
Construction contract turnover	2,300,185	5,907,010
Rendering of services	<u>725,326</u>	<u>2,030,655</u>
	<u>3,025,511</u>	<u>7,937,665</u>

All turnover arose in the United Kingdom.

CNG SERVICES LTD (REGISTERED NUMBER: 04683805)

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023**

5. OTHER OPERATING INCOME

	2023	2022
	£	£
Rents received	108,611	72,407
Sundry receipts	2,570	2,356
Grants received	<u>3,525</u>	<u>19,540</u>
	<u>114,706</u>	<u>94,303</u>

6. EMPLOYEES AND DIRECTORS

	2023	2022
	£	£
Wages and salaries	1,208,666	1,052,638
Social security costs	133,961	112,942
Other pension costs	<u>117,110</u>	<u>85,206</u>
	<u>1,459,737</u>	<u>1,250,786</u>

The average number of employees during the year was as follows:

	2023	2022
Management	2	2
Administrative	<u>22</u>	<u>23</u>
	<u>24</u>	<u>25</u>

Pension benefits were accruing for nil directors (2022: nil)

	2023	2022
	£	£
Directors' remuneration	<u>32,768</u>	<u>32,914</u>

7. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2023	2022
	£	£
Other operating leases	1,437	1,534
Depreciation - owned assets	73,171	53,120
Profit on disposal of fixed assets	-	(2,454)
Foreign exchange differences	<u>(803)</u>	<u>53,526</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023

8. AUDITOR'S REMUNERATION

	2023	2022
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	<u>25,500</u>	<u>19,750</u>
Total audit fees	<u>25,500</u>	<u>19,750</u>

9. TAXATION

Analysis of the tax credit

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

	2023	2022
	£	£
Current tax:		
Adjustments in respect of prior periods	-	(116,034)
Deferred tax (see note 18)	<u>(10,559)</u>	<u>(9,721)</u>
Tax on loss	<u>(10,559)</u>	<u>(125,755)</u>

UK corporation tax has been charged at 19% (2022 - 19%).

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2023	2022
	£	£
Loss before tax	<u>(630,163)</u>	<u>(36,593)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	(119,731)	(6,953)
Effects of:		
Expenses not deductible for tax purposes	1,321	(12,489)
Origination and reversal of temporary differences	905	9,721
Deferred tax asset not recognised	106,946	-
R&D tax credit	<u>-</u>	<u>(116,034)</u>
Total tax credit	<u>(10,559)</u>	<u>(125,755)</u>

CNG SERVICES LTD (REGISTERED NUMBER: 04683805)

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023**

10. DIVIDENDS AND DISTRIBUTIONS

	2023	2022
	£	£
Ordinary shares of £1 each		
Interim	182,464	142,464
Distribution in specie	<u>-</u>	<u>1,143,006</u>
	<u>182,464</u>	<u>1,285,470</u>

11. TANGIBLE FIXED ASSETS

	Long leasehold £	Improvements to property £	Plant and machinery £
COST			
At 1 April 2022	386,180	19,156	489,421
Additions	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2023	<u>386,180</u>	<u>19,156</u>	<u>489,421</u>
DEPRECIATION			
At 1 April 2022	40,873	10,060	114,246
Charge for year	<u>7,724</u>	<u>1,916</u>	<u>48,944</u>
At 31 March 2023	<u>48,597</u>	<u>11,976</u>	<u>163,190</u>
NET BOOK VALUE			
At 31 March 2023	<u>337,583</u>	<u>7,180</u>	<u>326,231</u>
At 31 March 2022	<u>345,307</u>	<u>9,096</u>	<u>375,175</u>

CNG SERVICES LTD (REGISTERED NUMBER: 04683805)

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023**

11. TANGIBLE FIXED ASSETS - continued

	Office and computer equipment £	Motor vehicles £	Asset under construction £	Totals £
COST				
At 1 April 2022	181,163	25,154	650,000	1,751,074
Additions	<u>9,874</u>	<u>-</u>	<u>-</u>	<u>9,874</u>
At 31 March 2023	<u>191,037</u>	<u>25,154</u>	<u>650,000</u>	<u>1,760,948</u>
DEPRECIATION				
At 1 April 2022	166,990	12,578	-	344,747
Charge for year	<u>8,298</u>	<u>6,289</u>	<u>-</u>	<u>73,171</u>
At 31 March 2023	<u>175,288</u>	<u>18,867</u>	<u>-</u>	<u>417,918</u>
NET BOOK VALUE				
At 31 March 2023	<u>15,749</u>	<u>6,287</u>	<u>650,000</u>	<u>1,343,030</u>
At 31 March 2022	<u>14,173</u>	<u>12,576</u>	<u>650,000</u>	<u>1,406,327</u>

Assets under construction relate to Plant and Equipment at Grindley House Farm. Plant and machinery with net book value totalling £283,455 is leased under operating leases to third parties. (2022 £283,455).

12. DEBTORS

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	1,537,519	1,649,167
Amounts owed by related parties	61,225	18,984
Work in progress	263,210	683,137
Amounts receivable in respect of finance leases	22,671	21,885
Other debtors	75,294	303,465
Prepayments	<u>499,852</u>	<u>210,779</u>
	<u>2,459,771</u>	<u>2,887,417</u>
Amounts falling due after more than one year:		
Amounts receivable in respect of hire purchase contracts	<u>21,491</u>	<u>44,162</u>
Aggregate amounts	<u>2,481,262</u>	<u>2,931,579</u>

CNG SERVICES LTD (REGISTERED NUMBER: 04683805)

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	253,974	980,543
Amounts owed to group undertakings	214,574	160,599
Social security and other taxes	54,118	37,606
VAT	497,366	575,433
Other creditors	19,412	15,278
Directors' current accounts	397	388
Accruals and deferred income	<u>2,124,401</u>	<u>576,980</u>
	<u>3,164,242</u>	<u>2,346,827</u>

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2023	2022
	£	£
Within one year	34,510	17,640
Between one and five years	<u>51,583</u>	<u>7,066</u>
	<u>113,591</u>	<u>24,706</u>

15. PROVISIONS FOR LIABILITIES

	2023	2022
	£	£
Deferred tax		
Accelerated capital allowances	<u>67,535</u>	<u>78,094</u>

	Deferred tax £
Balance at 1 April 2022	78,094
Provided during year	<u>(10,559)</u>
Balance at 31 March 2023	<u>67,535</u>

16. CALLED UP SHARE CAPITAL AND RESERVES

Allotted, issued and fully paid:			2023	2022
Number:	Class:	Nominal value:	£	£
2	Ordinary	£1	<u>2</u>	<u>2</u>

Retained earnings consists of accumulated profits and losses

CNG SERVICES LTD (REGISTERED NUMBER: 04683805)

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2023**

18. RELATED PARTY DISCLOSURES (continued)

During 2021, CNG Services Ltd sold a vehicle to CNG Fuels Ltd for £85,000. This is accounted for as a finance lease over a four year period, with interest charged of 1.75% per annum. During 2022, CNG Services leased an asset to CNG Fuels Ltd on an operating lease basis the details being as follows:

Operating lease lessor split between current and non-current				
Lease	Lease period	Lease term	Paid (months)	O/S (months)
Project 814 CSL Mobile Daughter	01/08/2021-31/08/2026	61	8	<u>53</u>
Payment Terms	Monthly rental	Due within 1 year	2-5 years	More than 5 years
Monthly in advance	9,050.90	108,611	371,087	-

Finance lease receivable

The finance lease receivable balance relates to an asset sold to CNG Fuels Limited in the prior year for £85,000 (Iveco Stralis AS440S46TP).

CNG Fuels Limited are paying for the asset over 4 years at 1.75% in instalments (£1,985 per month).

As the disposal is being paid over 4 years, it should be treated as a finance lease. This is due to the fact that the risk and rewards transfer over to CNG Fuels limited at the end of the finance lease.

	PV minimum lease payments
Not later than one year	21,885.15
Later than one year and not later than five years	22,276.71
Later than five years	-

Transactions with key management personnel

There are no key management personnel other than the directors.

Dividends paid in the year to the principal owners, via CNG Services Group Limited, being the directors, amounted to £182,464 (2022: £142,464).

19. ULTIMATE CONTROLLING PARTY

The controlling parent is CNG Services Group Limited.

The ultimate controlling parties are T J Baldwin and P Baldwin, both directors of the company, who together hold the entire issued share capital of the holding company CNG Services Group Limited.