

Infinis (Re-Gen) Limited.

Annual report and financial statements
Registered number 00151665
Year ended 31 March 2018

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Strategic report

The directors (the "Directors") present their annual report and audited financial statements for Infinis (Re-Gen) Limited (the "Company") for the year ended 31 March 2018.

Principal activities

The principal activity of the Company is the generation and sale of electricity from gas extracted from landfill sites.

Review of business

The key performance indicators of the Company are the turnover and operating results of its sites which are £34,116,000 (2017: £34,009,000) and an operating profit of £5,017,000 (2017: an operating profit of £5,384,000) respectively. The non-financial key performance indicator is the level of electricity exported which was 312,055 MWh in the year (2017: year 340,975 MWh).

Future developments

No change in activities is anticipated in the future.

Results

The profit for the financial year of £3,855,000 (2017: profit for the year £4,064,000) will be taken to reserves.

Principal risks and uncertainties

The Directors consider the main operational risks to the Company relate to asset performance, in particular engine reliability and compliance with health, safety and environmental standards. Other risks include:

- Gas availability across the Company's portfolio may decline faster than anticipated due to inaccurate estimates, changes in waste volumes (including early landfill site closure) or waste mix, resulting in lower revenues and impairment of the carrying value of assets.
- The Company does not own any of the operating sites and is dependent on lease arrangements. Failure to renew expiring leases could result in a reduction in revenues; failure to comply with existing lease terms could result in early termination resulting in a reduction in revenues.
- The Company is subject to a number of macroeconomic risks which are largely outside our control, the following being the key items:
 - Regulatory risk - The Company is dependent on regulatory support for our existing generating capacity, particularly through the RO regime, for a significant proportion of our revenues. Changes to this support could have a material impact on our revenues.
 - Pricing risk – A significant proportion of revenues derived from RO sales is dependent on wholesale power prices which have been volatile.
- The Company sells its generation output and related products to a small number of UK counterparties under a variety of contractual arrangements. Failure of a counterparty to honour a contract may result in loss of revenue for power already delivered or for power not yet delivered, and a loss of future revenue where we are unable to enter into a replacement contract with another counterparty.

Strategic report (continued)

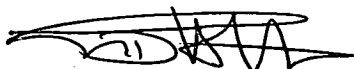
Principal risks and uncertainties (continued)

- Adverse events, such as weather, fire, explosion or malicious attacks, including cyber-attacks, may impact our production and operations. There are also potential reputational and financial losses from responding to any adverse business continuity events.

We manage all of these risks appropriately in the business.

The Company adheres to the risk management policy of the Infinis Energy Group Holdings Limited group of companies, details of which are set out in the consolidated financial statements of that company.

On behalf of the board



M D Holton
Director

5 December 2018

Registered Office, First Floor, 500 Pavilion Drive,
Northampton Business Park,
Northampton, NN4 7YJ.

Directors' report

Directors

The Directors of the Company during the year and up to the date of signing the financial statements were as follows:

M D Holton
J H Milne
S S Pickering

Directors' indemnity and insurance

At the time of approval of the directors' report and during the financial year an associated company has agreed to indemnify past and present directors, in accordance with and subject to the terms of the corporate governance policy for the group headed by Infinis Energy Group Holdings Limited, together with other subsidiaries of Infinis Energy Group Holdings Limited (the "Infinis Group"), against liability and all expenses reasonably incurred or paid by them in connection with any claim, action, suit or proceeding in which they become involved in the performance of their duties as a director and against amounts paid or incurred by them. These are qualifying third party indemnity provisions for the purposes of Section 234 of the Companies Act 2006.

An associated company has also arranged directors' and officers' liability insurance.

Share Capital

The Company is limited by shares.

Dividends

The Directors do not recommend the payment of a dividend (2017: £nil).

Statement of disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

Pursuant to section 485 of the Companies Act 2006, PricewaterhouseCoopers LLP were appointed as auditors of the Company on 28 February 2018. Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

On behalf of the board



M D Holton
Director

5 December 2018

Registered Office: First Floor, 500 Pavilion Drive,
Northampton Business Park,
Northampton, NN4 7YJ

Statement of directors responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and estimates that are reasonable and prudent; and
- 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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

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 a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors' report to the members of Infinis (Re-Gen) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Infinis (Re-Gen) Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2018; the profit and loss account and other comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Independent auditors' report to the members of Infinis (Re-Gen) Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors responsibilities in respect of the financial statements set out on page 5, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Independent auditors' report to the members of Infinis (Re-Gen) Limited (continued)

Auditors' 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 auditors' 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 for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Andrew Lyon (Senior Statutory Auditor)
for and on behalf of Pricewaterhouse Coopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

7 December 2018.

Profit and loss account and other comprehensive income

for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Turnover	3	34,116	34,009
Cost of sales		(27,018)	(26,298)
Gross profit		7,098	7,711
Administrative expenses		(2,081)	(2,327)
Operating profit	4	5,017	5,384
Interest receivable and similar income	7	6	2
Interest payable and similar expenses	8	-	(7)
Profit before tax		5,023	5,379
Tax on profit	9	(1,168)	(1,315)
Profit for the financial year		3,855	4,064

The Company has no other comprehensive income or expense items and therefore total comprehensive income for the year is £3,855,000 (2017: income £4,064,000).

The notes on pages 12 to 26 form part of these financial statements.

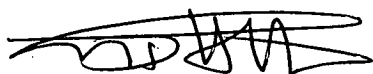
Balance Sheet

at 31 March 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Intangible assets	10	4,402	4,690
Tangible assets	11	10,081	10,352
		<u>14,483</u>	<u>15,042</u>
Current assets			
Debtors	12	10,287	8,968
Cash at bank and in hand		3,241	943
		<u>13,528</u>	<u>9,911</u>
Creditors: amounts falling due within one year	14	(6,719)	(7,961)
Net current assets		<u>6,809</u>	<u>1,950</u>
Total assets less current liabilities		<u>21,292</u>	<u>16,992</u>
Provision for liabilities			
Other provisions	15	(1,307)	(862)
		<u>(1,307)</u>	<u>(862)</u>
Net assets		<u>19,985</u>	<u>16,130</u>
Capital and reserves			
Called up share capital	16	12	12
Share premium account		1,303	1,303
Profit and loss account		18,670	14,815
Total Shareholders' funds		<u>19,985</u>	<u>16,130</u>

The notes on pages 12 to 26 form part of these financial statements.

The financial statements on pages 9 to 26 were approved by the board of Directors on 5 December 2018 and were signed on its behalf by:



M D Holton
Director

Company registration no. 00151665

Statement of changes in equity

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 April 2017	12	1,303	14,815	16,130
Total comprehensive income for the year				
Profit for the financial year	-	-	3,855	3,855
Total comprehensive income for the year	-	-	3,855	3,855
Transactions with owners, recorded directly in equity				
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 March 2018	12	1,303	18,670	19,985

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 April 2016	12	1,303	10,751	12,066
Total comprehensive income for the year				
Profit for the financial year	-	-	4,064	4,064
Total comprehensive income for the year	-	-	4,064	4,064
Transactions with owners, recorded directly in equity				
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 March 2017	12	1,303	14,815	16,130

Notes (forming part of the financial statements)

1 Accounting policies

Basis of preparation

Infinis (Re-Gen) Limited is a private company incorporated, domiciled and registered in England, in the UK. The registered number is 00151665 and the registered address is First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Infinis Energy Group Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Infinis Energy Group Holdings Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Company Secretary, First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Infinis Energy Group Holdings Limited include the equivalent disclosures, the Company has also taken the available exemptions under FRS 101 in respect of the following disclosures:

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (forming part of the financial statements)

1 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis.

Turnover

Turnover is the amount derived from the sale of electricity and associated renewable certificates and embedded benefits in the normal course of business, measured at the fair value of consideration received or receivable, net of value added tax and trade discounts. All revenue is generated in the United Kingdom.

Revenue (except for the recycled element of the ROC price) is recognised where there is a signed unconditional contract of sale and is based upon the quantity of electricity exported and the contracted rate on the date of generation.

Revenue includes an estimate for the recycled price of Renewable Obligation Certificates (ROCs) sold during the financial period. This price is variable and is estimated based on a number of factors including UK electricity demand, targets set for renewable generation in the UK and the actual amount of UK renewable energy generation achieved.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Interest payable

Interest payable is recognised in the profit and loss account as it accrues, using the effective interest method. Costs incurred in raising finance are capitalised and amortised over the length of the borrowing. Additional costs incurred due to the redemption of a facility are charged to the profit and loss account in the period in which they are incurred.

Notes (forming part of the financial statements)

1 Accounting policies (continued)

Tax

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is provided at amounts expected to be paid (or recovered) using tax rates that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

Amortisation of landfill gas rights allocates the cost of the asset over its estimated useful life using a profile that reflects the decline in available gas reserves.

Notes (forming part of the financial statements)

1 Accounting policies (continued)

Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated and assets under construction are not depreciated until they are commissioned. The estimated useful lives are as follows:

Plant and equipment (except engine overhauls and amounts relating to decommissioning)	Over the shorter of the minimum lease term of each specific operating site and the expected life of the asset, being 2-20 years
Decommissioning	Over the expected life of the operating site
Engine overhauls	2 - 4 years

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

Provisions

Provisions are determined by discounting the future expected cash flows at a pre-tax rate that reflects the time value of money. The unwinding of the discount is recognised as a finance cost.

Provisions for the decommissioning of assets and site restoration are recognised where a legal or contractual obligation exists. An equivalent amount of the provision is captured within property, plant and equipment. Given recent experience the Directors consider they have sufficient information to estimate the costs required and timing for decommissioning and restoration on a reasonable basis. The recognition has been accounted for as a change in estimate and applied prospectively. The amount capitalised within property plant and equipment has been treated as subsequent expenditure and will be depreciated, in accordance with the Company's depreciation policy, prospectively from April 2018.

Notes (forming part of the financial statements)

1 Accounting policies (continued)

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at 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. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

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

Financial Instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition they are measured as described below:

Trade and other debtors

Trade and other debtors are carried at original invoice amount less any allowance for uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when identified.

Notes (forming part of the financial statements)

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose only of the cash flow statement. Cash and cash equivalents include restricted cash balances, which principally relate to the debt service requirements of certain borrowings undertaken by the Group.

Trade and other creditors

Trade and other creditors are carried at cost.

2 Accounting estimates and judgments

Key judgments and sources of estimation uncertainty

In the process of applying the Company's accounting policies, management necessarily makes judgments and estimates that have a significant impact on the values recognised in the financial statements. Changes in the assumptions underlying these judgments and estimates could result in a significant impact to the financial statements. The most critical of these accounting judgments and estimates are explained below.

Impairment

In assessing impairment, judgment is required to establish whether there have been indicators of impairment for all amortising and depreciating non-current assets.

Once the need for a review of the carrying value of an asset has been determined, valuation requires estimation techniques similar to those used for acquired assets and is therefore subject to similar estimates and judgments.

Revenue recognition

Revenue includes an estimate for the recycled price of ROCs sold during the financial period. This price is variable and is estimated based on a number of factors including UK electricity demand, targets set for renewable generation in the UK and the actual amount of UK renewable energy generation achieved.

Amortisation of intangible assets

Landfill gas rights are amortised using a method that allocates the cost of the asset over its estimated useful life using a profile that reflects the decline in available gas reserves. The calculations used to determine available gas reserves and their decline involve a number of estimates and judgment.

Provision for decommissioning costs

The Company recognises provisions for decommissioning and restoring sites at the end of their expected useful life. These provisions are the discounted estimated costs of the work required at the expected date of decommissioning. Significant judgments and estimates are required about both the costs and the expected dates. The Company's estimates are based on limited actual experience of decommissioning to date.

Notes (forming part of the financial statements)

3 Turnover

Turnover consists entirely of sales of electrical power, and associated renewable certificates and embedded benefits, made to customers within the United Kingdom.

4 Operating profit

	2018 £'000	2017 £'000
Operating profit is stated after charging:		
Depreciation of fixed assets	3,834	4,593
Amortisation of intangible assets	288	310
Payments to landlords	14,307	14,007
	<u>14,307</u>	<u>14,007</u>

5 Auditors' remuneration

	2018 £'000	2017 £'000
Audit of these financial statements	6	8
	<u>6</u>	<u>8</u>

Audit fees for the year ended 31 March 2018 and for the year ended 31 March 2017 were borne by another group company.

6 Directors' emoluments and employees

None of the Directors received any remuneration or benefits from the Company during the current year or prior year, nor are they employees of the Company. The Company had no employees during the current year or prior year.

Notes (forming part of the financial statements)

7 Interest receivable and similar income

	2018	2017
	£'000	£'000
Bank interest receivable and similar income	6	2
	<hr/>	<hr/>
	6	2
	<hr/> <hr/>	<hr/> <hr/>

8 Interest payable and similar expenses

	2018	2017
	£'000	£'000
Payable to group undertakings	-	7
	<hr/>	<hr/>
	-	7
	<hr/> <hr/>	<hr/> <hr/>

Notes (forming part of the financial statements)

9 Tax

Recognised in the profit and loss account

	2018 £'000	2017 £'000
<i>United Kingdom corporation tax</i>		
Current tax charge in the year	(1,314)	(1,536)
Adjustment in relating to prior years	63	-
Total current tax charge	<u>(1,251)</u>	<u>(1,536)</u>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	337	431
Adjustment relating to prior years	(249)	(145)
Reduction in tax rate	(5)	(65)
Total deferred tax credit	<u>83</u>	<u>221</u>
Tax charge on profit	<u>(1,168)</u>	<u>(1,315)</u>

Reconciliation of effective tax rate

	2018 £'000	2017 £'000
Profit for the financial year	3,855	4,064
Total tax charge	1,168	1,315
Profit before tax	<u>5,023</u>	<u>5,379</u>
Tax using the UK corporation tax rate of 19% (2017: 20%)	(954)	(1,076)
Non-deductible expenses	(23)	(29)
Reduction in tax rate on deferred tax balances	(5)	(65)
Adjustments relating to prior years	(186)	(145)
Total tax charge	<u>(1,168)</u>	<u>(1,315)</u>

The Finance (No. 2) Act 2015 introduced legislation reducing the rate of corporation tax from 20% at 1 April 2016 to 19% from 1 April 2017 and to 18% from 1 April 2020. The Finance Act 2017 (which was substantively enacted on 6 September 2016) further reduced the corporation tax rate to 17% from 1 April 2020. These rates, including the further reduction in the future corporation tax rates from 19% to 17%, have been used in the calculation of deferred tax assets and liabilities for the year ended 31 March 2018.

Notes (forming part of the financial statements)

10 Intangible fixed assets

	Landfill gas rights £'000	Total £'000
Cost		
At 1 April 2017	6,000	6,000
At 31 March 2018	6,000	6,000
Accumulated amortisation		
At 1 April 2017	1,310	1,310
Charge for the year	288	288
At 31 March 2018	1,598	1,598
Net book value		
At 31 March 2018	4,402	4,402
At 31 March 2017	4,690	4,690

Amortisation charge

The amortisation charge is recognised in the following line items in the profit and loss account:

	2018 £'000	2017 £'000
Administrative expenses	288	310
	288	310

Notes (forming part of the financial statements)

11 Tangible fixed assets

	Freehold land £'000	Plant and machinery £'000	Assets under construction £'000	Total £'000
Cost				
At 1 April 2017	442	58,295	294	59,031
Additions	-	459	3,104	3,563
Disposals	-	-	-	-
Transfers	-	2,538	(2,538)	-
At 31 March 2018	442	61,292	860	62,594
Accumulated depreciation				
At 1 April 2017	435	48,244	-	48,679
Charge for the year	5	3,829	-	3,834
Disposals	-	-	-	-
At 31 March 2018	440	52,073	-	52,513
Net book value				
At 31 March 2018	2	9,219	860	10,081
At 31 March 2017	7	10,051	294	10,352

Freehold land includes cost of £36,000 (2017: £36,000) and net book value of £nil (2017: £nil) relating to freehold property.

Notes (forming part of the financial statements)

12 Debtors

	2018	2017
	£'000	£'000
Trade debtors	16	503
Amounts owed by group undertakings	1,370	638
Other debtors	2	4
Deferred tax assets	228	145
Prepayments and accrued income	8,671	7,678
	10,287	8,968
Due within one year	10,059	8,823
Due after more than one year	228	145

Intercompany trading balances within the Infinis Group are repayable on demand and generally settled on a monthly basis. They bear no interest.

13 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018	2017	2018	2017	2018	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	80	30	-	-	80	30
Other temporary differences	148	115	-	-	148	115
	228	145	-	-	228	145

Notes (forming part of the financial statements)

13 Deferred tax assets and liabilities (continued)

Movement in deferred tax during the year

	1 April 2017	Recognised in income	Recognised in equity	Effect of rate change	31 March 2018
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	30	55	-	(5)	80
Other temporary differences	115	33	-	-	148
	<u>145</u>	<u>88</u>	<u>-</u>	<u>(5)</u>	<u>228</u>

Movement in deferred tax during the prior year

	1 April 2016	Recognised in income	Recognised in equity	Effect of rate change	31 March 2017
	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	(201)	290	-	(59)	30
Other temporary differences	125	(4)	-	(6)	115
	<u>(76)</u>	<u>286</u>	<u>-</u>	<u>(65)</u>	<u>145</u>

14 Creditors: amounts falling due within one year

	2018	2017
	£'000	£'000
Trade creditors	575	1,208
Amounts owed to group undertakings	907	1,321
Tax	1,210	1,536
Other creditors	130	-
Accruals	3,897	3,896
	<u>6,719</u>	<u>7,961</u>

Intercompany trading balances within the Infinis Group are repayable on demand and generally settled on a monthly basis. They bear no interest.

Notes (forming part of the financial statements)

15 Other provisions

	Decommissioning £'000	Environmental and aftercare provisions £'000	Total £'000
At 1 April 2017	-	862	862
Provisions made during the year	459	-	459
Provisions used during the year	-	(14)	(14)
At 31 March 2018	459	848	1,307

During the year the Company reassessed provisions in respect of its liabilities for the decommissioning of operating assets and the restoration of LFG sites. As explained in the accounting policies note provisions increased at 31 March 2018 and represent the discounted value of expected future costs.

16 Capital and reserves

Called up Share Capital

	2018 Number	2017 Number	2018 £'000	2017 £'000
Allotted, called up and fully paid				
Ordinary shares of £1 each	11,750	11,750	12	12

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

17 Contingent liabilities

The Company is a member of a group VAT registration and as such has contingent liabilities for VAT in respect of other members of the VAT group.

The Company has guaranteed the indebtedness of certain other Companies in the Infinis Group in relation to the banking facility provided to Infinis Energy Management Limited and has contingent liabilities in this respect of £246,500,000 (2017: £276,700,000).

18 Commitments

During the year the Company entered into various contracts relating to the development of assets to be used in the generation of electricity from landfill gas. The commitment outstanding at 31 March 2018 was £385,000 (2017: £70,000).

Notes (forming part of the financial statements)

19 Related parties

The Company is a wholly-owned subsidiary of the Infinis Group. The head of the Infinis Group, Infinis Energy Group Holdings Limited, has the ability to exercise a controlling influence over the Company and other subsidiary undertakings within the Infinis Group, and consequently the Directors also consider these subsidiary undertakings to be related parties.

3i Infrastructure plc ("3iN"), a company incorporated in the Channel Islands, is the ultimate parent company of Infinis Energy Group Holdings Limited. 3iN therefore has the ability to exercise a controlling influence through its shareholding in each of the wholly-owned subsidiaries (the "3i Holding Companies") through which it owns the entire issued share capital of the Company. The Directors therefore consider 3iN and the entities it controls, including each of the 3i Holding Companies, to be related parties.

There were no transactions between the Company and either 3iN or any of the 3i Holding Companies during the year (2017: £nil). There were no balances outstanding between the Company and either 3iN or any of the 3i Holding Companies at the end of the year (2017: £nil).

20 Ultimate parent company and ultimate controlling entity

The Company is a member of the Infinis Group which is headed by Infinis Energy Group Holdings Limited. 3i LFG Topco Limited, a company registered in the Channel Islands, is the immediate parent and sole shareholder of Infinis Energy Group Holdings Limited. The ultimate controlling entity is 3i Infrastructure plc, a company registered in the Channel Islands.

Infinis Ltd is the Company's immediate parent company.

The head of the smallest group for which consolidated financial statements are prepared and of which the Company is a member is Infinis Energy Management Limited. The consolidated financial statements of this group are available to the public and may be obtained from the Company Secretary, First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ.

The head of the largest group for which consolidated financial statements are prepared and of which the Company is a member is Infinis Energy Group Holdings Limited. The consolidated financial statements of this group are available to the public and may be obtained from the Company Secretary, First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ.

21 Subsequent events

On 15 August 2018 the outstanding banking facility of £246,500,000 provided to Infinis Energy Management Limited was repaid and was replaced by a new banking facility of £318,000,000, consisting of a £278,000,000 term loan and £40,000,000 revolving credit facility. The Company continues to guarantee the indebtedness of certain other Companies in the Infinis Group in relation to the banking facility.