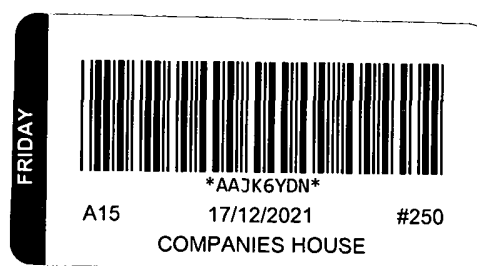


Registration number: 02902170

~ **Fibre Power (Slough) Limited**

**Directors report and Financial Statements**

**for the Year Ended 31 March 2021**



# **Fibre Power (Slough) Limited**

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# **Fibre Power (Slough) Limited**

## **Company Information**

### **Directors**

P Clements

M Hayward

### **Company secretary**

M S Khalid

### **Registered office**

No.1 Forbury Place

43 Forbury Road

Reading

RG1 3JH

### **Auditors**

Ernst & Young LLP

Apex Plaza

Forbury Road

Reading

RG1 1YE

### **Registered number**

02902170

## **Fibre Power (Slough) Limited**

### **Strategic Report for the Year Ended 31 March 2021**

The directors present their report for the year ended 31 March 2021.

This Strategic Report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006. Its purpose is to inform shareholders and help them assess how the directors have performed their duty to promote the success of Fibre Power (Slough) Limited.

The Strategic and Financial Review sets out the main trends and factors underlying the development and performance of Fibre Power (Slough) Limited (the "Company") during the year ended 31 March 2021, as well as those matters which are likely to affect its future development and performance.

#### **Fair review of the business**

The Company generates electricity from a 12MW waste wood plant and is Renewable Obligation Certificate (ROC) accredited.

Whilst the Company owns the plant, operational staffing is provided through Slough Heat and Power Limited. Slough Heat and Power Limited being the service company for the Slough Heat and Power group of companies located at Slough, Berkshire, of which, the Company is a member.

#### **Financial performance**

The loss for the year after taxation amounted to £1,865k (2020: loss of £3,225k), with the reduction compared to the prior year primarily due to increased revenue from higher generation output. The balance sheet at 31 March 2021 indicates net liabilities of £9,315k (2020: net liabilities of £7,450k).

The Company's key financial performance indicators during the year were as follows:

	<b>31 March 2021 £ 000</b>	<b>31 March 2020 £ 000</b>
Revenue	8,593	7,497
Gross profit	1,500	927
Operating loss	(2,953)	(3,519)
Loss before tax	(2,322)	(4,220)
Loss after tax	(1,865)	(3,225)
Net liabilities	(9,315)	(7,450)
Total assets	21,338	24,071

#### **Internal Control**

The Directors acknowledge that they have responsibility for the Company's systems of internal control and risk management and for monitoring their effectiveness. The purposes of these systems are to manage, rather than eliminate, the risk of failure to achieve business objectives, to provide reasonable assurance as to the quality of management information and to maintain proper control over the income, expenditure, assets and liabilities of the Company.

No system of control can, however, provide absolute assurance against material misstatement or loss. Accordingly, the Directors have regard to what controls, in their judgement, are appropriate to the Company's business and to the relative costs and benefits of implementing specific controls.

## **Fibre Power (Slough) Limited**

### **Strategic Report for the Year Ended 31 March 2021 (continued)**

#### **Principal risks and uncertainties**

The Company transacts with other companies within the SSE plc group and is a key part of the Group's business and strategies. The principal risks and uncertainties faced by the Group are set out in the SSE plc Annual Report 2021.

#### *Financial Risk*

The main financial risks that the Company could face have been considered by the directors and the Group's Risk and Trading Committee. These include mechanical failure of the Company's plant, competition, availability of fuel, wholesale market prices of electricity, gas and other commodities, economic regulation and government policies. Regular maintenance programs are in place to monitor the effective and efficient output of the plant. Management meetings are held at least monthly to address current market factors.


#### *Coronavirus*

The Directors have considered the impact of coronavirus on the future prospects of the Company. Due to the operations of the Company, the impact of the virus on future periods is also expected to be limited. The Directors have considered the expected impact of coronavirus in reaching their assessment of the Company's ability to continue as a going concern above.

#### *Brexit*

The Directors are aware of the political uncertainty as the UK transitions out of the European Union. Due to the nature of operations of the Company, with all trading taking place solely within the UK, the impact of Brexit was minimal in the year ended 31 March 2021 and is expected to still be minimal in the year ending 31 March 2022.

Approved by the Board on 07/12/2021 and signed on its behalf by:

  
P E Clements (Dec 7, 2021 20:01 GMT).....

P Clements  
Director

## **Fibre Power (Slough) Limited**

### **Directors' Report for the Year Ended 31 March 2021**

The directors present their report and the financial statements for the year ended 31 March 2021.

#### **Directors' of the company**

The directors, who held office during the year, were as follows:

P Clements (appointed 4 November 2020)

M Hayward

J Mullen (ceased 4 November 2020)

#### **Principal activity**

The principal activity of the Company is the generation and sale of electricity from a 12MW waste wood plant to SSE EPM Limited, a related company.

The Company is a wholly owned subsidiary of SSE plc and part of the SSE Group.

#### **Dividends**

The directors do not recommend payment of a dividend (2020: £Nil) be made in respect of the financial year ended 31 March 2021.

#### **Going concern**

The financial statements are prepared on a Going Concern basis which has been supported by the provision of a parental letter of support from SSE plc. The Group letter of support confirms it will provide support for a period of 12 months from the date of signing of these accounts where required. The Directors are satisfied that the Group has the ability to provide this support, should it be required.

In assessing the financial strength of the letter of support provided, the directors considered the cash balance of £1.6bn at 31 March 2021, the undrawn committed bank facilities of £1.5bn maintained by the Group, the current commercial paper market conditions, the recent success of the Group in refinancing maturing debt, as well as sensitivities on future cashflow projections that reflect the impact of the coronavirus pandemic and the Group's credit rating. The directors also considered the proceeds received through the Group's disposal programme and mitigating actions available to the Group under downside scenarios including non-essential capex postponement and refinancing of maturing debt. In considering these factors, the directors satisfied themselves that the SSE plc group has sufficient headroom to continue as a going concern and could provide support to the business as required.

Having reviewed the financial strength of the Group, the directors are satisfied that the Group, and the company itself, will remain funded for the foreseeable future. The Directors have concluded it is appropriate for the financial statements to be prepared on a going concern basis.

#### **Assessing the impact of coronavirus**

The Directors have considered the impact of coronavirus on the future prospects of the Company. Due to the operations of the Company, the impact of the virus on the current year has been limited and the impact on future periods is also expected to be limited. The Directors have also considered the expected impact of coronavirus on the Company and the Group in reaching their assessment of the Company's ability to continue as a going concern.

#### **Brexit**

The directors are aware of the political uncertainty as the UK transitions out of the European Union. Due to the nature of operations of the Company, the impact of Brexit was minimal in the year ended 31 March 2021 and is expected to still be minimal in the year ending 31 March 2022.

## **Fibre Power (Slough) Limited**

### **Directors' Report for the Year Ended 31 March 2021 (continued)**


#### **Disclosure of information to the auditors**

Each director has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditors**

The auditors Ernst & Young LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 07/12/2021 and signed on its behalf by:

  
P E Clements (Dec 7, 2021 20:01 GMT)  
P Clements  
Director

## **Fibre Power (Slough) Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and regulations.


Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not 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. Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report, that comply with that law and those regulations.

Approved by the Board on 07/12/2021 and signed on its behalf by:

  
P E Clements (Dec 7, 2021 20:01 GMT) ...  
P Clements  
Director



## **Independent Auditor's Report to the Members of Fibre Power (Slough) Limited**

### **Opinion**

We have audited the financial statements of Fibre Power (Slough) Limited for the year ended 31 March 2021 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (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 2021 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 director's 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 31 December 2022.

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

### **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 this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent Auditor's Report to the Members of Fibre Power (Slough) Limited (continued)**

### **Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of our 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 Directors' Report.

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

- adequate accounting records have not been kept, 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.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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.

## **Independent Auditor's Report to the Members of Fibre Power (Slough) Limited (continued)**

### **Explanation as to what extent 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, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and Companies Act 2006) and relevant tax compliance regulations in the UK.
- We understood how Fibre Power (Slough) Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We confirmed our enquiries through our review of board minutes, regulatory correspondence and papers provided to the SSE plc Audit Committee. We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence on efforts made by management to manage earnings. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls at a group level. Where the risk was considered to be higher, we performed audit procedures to address the identified fraud risk, management override of controls, specifically around revenue recognition.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they consider there was susceptibility to fraud. We considered the programmes and controls that the company has established to address risks identified, or that prevent, deter and detect fraud, and how senior management monitors those programmes and controls at a group level. Where the risk was considered to be higher, we performed audit procedures to address the identified fraud risk, management override of controls
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business and enquiries of management and those charged with governance. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements and accounts with all applicable requirements.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by considering there to be a potential for management override to achieve revenue targets via topside manual journal entries posted to revenue, further identifying revenue to be a fraud risk area. We performed walkthroughs of significant classes of revenue transactions to understand significant processes and identify and assess the design effectiveness of key controls. We used statistical techniques to sample from the entire population of journals, identifying specific transactions which did not meet our expectations based on specific criteria, which we investigated further to gain an understanding of the transaction and agree to source documentation ensuring appropriate authorisation of the transactions. We considered programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter, and detect fraud, and how senior management monitors those programmes and controls.

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

**Independent Auditor's Report to the Members of Fibre Power (Slough) Limited  
(continued)**

**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.

*Ernst & Young LLP*

Emily Butler (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

Apex Plaza  
Forbury Road  
Reading  
RG1 1YE

Date: 9 December 2021

## Fibre Power (Slough) Limited

### Profit and Loss Account for the Year Ended 31 March 2021

	Note	2021 £ 000	2020 £ 000
Turnover	3	8,593	7,497
Cost of sales		<u>(7,093)</u>	<u>(6,570)</u>
Gross profit		1,500	927
Administrative expenses		<u>(4,453)</u>	<u>(4,446)</u>
Operating loss	5	(2,953)	(3,519)
Interest payable and similar expenses	8	(744)	(700)
Other gains	4	<u>1,375</u>	<u>-</u>
Loss before tax		(2,322)	(4,220)
Tax on loss	10	<u>457</u>	<u>994</u>
Loss for the year		<u>(1,865)</u>	<u>(3,225)</u>


The above results were derived from continuing operations.

The company had no other comprehensive income in the current or prior financial years

**Fibre Power (Slough) Limited**  
**(Registration number: 02902170)**  
**Balance Sheet as at 31 March 2021**

	Note	31 March 2021 £ 000	31 March 2020 £ 000
<b>Fixed assets</b>			
Tangible assets	11	9,833	13,021
Deferred tax assets	10	756	741
		<u>10,589</u>	<u>13,762</u>
<b>Current assets</b>			
Stocks	12	867	855
Debtors: Amounts falling due within one year	13	5,200	4,304
Debtors: Amounts falling due after more than one year	13	4,200	4,200
Current tax receivable		482	950
		<u>10,749</u>	<u>10,309</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	14	<u>(5,727)</u>	<u>(7,512)</u>
<b>Net current assets</b>		<u>5,022</u>	<u>2,797</u>
<b>Total assets less current liabilities</b>		<u>15,611</u>	<u>16,559</u>
<b>Creditors: Amounts falling due after more than one year</b>			
Amounts due to related parties	14	(17,269)	(13,011)
Long term lease liabilities	15	<u>(2,647)</u>	<u>(5,924)</u>
		<u>(19,916)</u>	<u>(18,935)</u>
<b>Provisions for liabilities</b>	16	<u>(5,010)</u>	<u>(5,074)</u>
<b>Net liabilities</b>		<u>(9,315)</u>	<u>(7,450)</u>
<b>Capital and reserves</b>			
Called up share capital	17	0	0
Capital Contribution		14,758	14,758
Profit and loss account		<u>(24,073)</u>	<u>(22,208)</u>
<b>Shareholders' deficit</b>		<u>(9,315)</u>	<u>(7,450)</u>

Approved by the Board on 07/12/2021 and signed on its behalf by:

  
P E Clements (Dec 7, 2021 20:01 GMT)  
P Clements  
Director

# Fibre Power (Slough) Limited

## Statement of Changes in Equity for the Year Ended 31 March 2021

	Share capital £ 000	Capital Contribution £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2020	0	14,758	(22,208)	(7,450)
Loss for the year	-	-	(1,865)	(1,865)
At 31 March 2021	0	14,758	(24,073)	(9,315)

	Share capital £ 000	Capital Contribution £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2019	0	14,758	(17,963)	(3,205)
Change in accounting policy - IFRS 16	-	-	(1,020)	(1,020)
At 1 April 2019 (As restated)	0	14,758	(18,983)	(4,225)
Loss for the year	-	-	(3,225)	(3,225)
At 31 March 2020	0	14,758	(22,208)	(7,450)

## **Fibre Power (Slough) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2021**

#### **1 General information**

The company is a private company limited by share capital, incorporated and domiciled in the United Kingdom.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of preparation**

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

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

The financial statements are prepared in GBP (£) and the balances presented have been rounded to the nearest thousand.

##### **Summary of disclosure exemptions**

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 required by IAS 7;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets required by IAS 1, IAS 16 and IAS 36 respectively;
- The effect of new, but not yet effective, IFRSs required by IAS 1;
- Disclosures in respect of the compensation of key management personnel required by IAS 24;
- Disclosures in respect of capital management required by IAS 1; and
- Related party disclosures required by IAS 24.

As the consolidated financial statements of SSE plc include the equivalent disclosure, the company has also taken advantage the exemptions under FRS 101, available in respect of the following disclosures:

- Certain disclosures required by IAS 36, Impairment of assets, in respect of the impairment of goodwill and life intangible assets; and
- Certain disclosures required by IFRS 13, Fair value measurement, and the disclosures required by IFRS 7, Financial instrument disclosures.

Employee share based payments have not been disclosed on the basis of materiality.



## **Fibre Power (Slough) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Going concern**

The financial statements are prepared on a Going Concern basis which has been supported by the provision of a parental letter of support from SSE plc. The Group letter of support confirms it will provide support for a period of 12 months from the date of signing of these accounts where required. The Directors are satisfied that the Group has the ability to provide this support, should it be required.

In assessing the financial strength of the letter of support provided, the directors considered the cash balance of £1.6bn at 31 March 2021, the undrawn committed bank facilities of £1.5bn maintained by the Group, the current commercial paper market conditions, the recent success of the Group in refinancing maturing debt, as well as sensitivities on future cashflow projections that reflect the impact of the coronavirus pandemic and the Group's credit rating. The directors also considered the proceeds received through the Group's disposal programme and mitigating actions available to the Group under downside scenarios including non-essential capex postponement and refinancing of maturing debt. In considering these factors, the directors satisfied themselves that the SSE plc group has sufficient headroom to continue as a going concern and could provide support to the business as required.

Having reviewed the financial strength of the Group, the directors are satisfied that the Group, and the company itself, will remain funded for the foreseeable future. The Directors have concluded it is appropriate for the financial statements to be prepared on a going concern basis.

##### **Changes in accounting policy**

None of the standards, interpretations and amendments effective for the first time from 1 April 2020 have had a material effect on the financial statements.

##### **Revenue recognition**

###### *Electricity generation*

Revenue from the physical generation of electricity is recognised "point in time" as generated and supplied to the national settlements body. Revenue is measured at either the spot price at the time of delivery, or trade price where that trade is eligible for "own use" designation.

###### *Other Revenue*

Additional revenue is earned from ancillary services provided, including gate fees charged for the disposal of waste used for power generation. Revenue from these services is recognised at the time of delivery, and is measured at the value of consideration the Company receives net of VAT (where applicable).

##### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

## **Fibre Power (Slough) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)**

#### **2 Accounting policies (continued)**

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### **Tangible assets**

##### *Owned assets*

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Years</b>
Decommissioning Assets	14
Thermal Generation Assets	20

#### **Stock**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

#### **Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

#### *Decommissioning*

The estimated cost of decommissioning at the end of the useful lives of certain assets is reviewed periodically. Provision is made for the net present value of the estimated cost of decommissioning power stations at the end of the useful life of the facilities. The estimates are based on technology and prices at the balance sheet date and excludes any salvage value related to those assets. A corresponding decommissioning asset, including any residual scrap proceeds expected, is recognised and is included within property, plant and equipment when the provision gives access to future economic benefits. Changes in these provisions are recognised prospectively. The unwinding of the discount on the provision is included in finance costs and the depreciation for the asset is straight-line over the expected useful life of the asset.

## **Fibre Power (Slough) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Leases**

###### *Definition*

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

###### *Initial recognition and measurement*

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

###### *Subsequent measurement*

After the commencement date, the company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are [presented separately as non-operating /included in finance cost] in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

## Fibre Power (Slough) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

#### 3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021	2020
	£ 000	£ 000
Electricity generation	7,816	7,441
Other revenue	777	56
	<u>8,593</u>	<u>7,497</u>

#### 4 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2021	2020
	£ 000	£ 000
Gain from early termination of lease	<u>1,375</u>	-

The Company terminated a lease on 20 November 2020, by mutual agreement with the lessor. A gain of £1,375k was recognised, being the difference between the Right of Use asset with net book value of £5,138k, and the lease liability of £6,513k.

#### 5 Operating loss

Arrived at after charging:

	2021	2020
	£ 000	£ 000
Depreciation expense	<u>1,048</u>	<u>1,175</u>

#### 6 Staff costs

There are no employees directly employed by the Company (2020: nil).

#### 7 Directors' remuneration

The total remuneration received by the directors for qualifying and non-qualifying services during the year was £516k (2020: £472k). The above value is for 3 directors (2020: 2), who were remunerated via another Group company in the year. A value of services to the Company for these directors cannot be determined, therefore the above value reflects the remunerations received for services to the SSE Group as a whole.

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £375k (2020: £334k) including company pension contributions of £49k (2020: £48k) which were made to a money purchase scheme on their behalf.

## Fibre Power (Slough) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

#### 8 Interest payable and similar expenses

	2021 £ 000	2020 £ 000
Interest payable to Group companies	439	370
Lease obligations - unwind of discount rate	264	248
Decommissioning provision - unwind of discount	41	82
	<u>744</u>	<u>700</u>

#### 9 Auditors' remuneration

The company incurred an audit fee of £6,794 in the year (2020: £12,792). The fee in both the current and previous year was borne by another group company.

#### 10 Income tax

Tax charged/(credited) in the profit and loss account

	2021 £ 000	2020 £ 000
<b>Current taxation</b>		
UK corporation tax	(442)	(950)
Prior year adjustment	-	-
	<u>(442)</u>	<u>(950)</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	46	13
Adjustment in respect of prior years	(61)	-
Effect of change in tax rate	-	(57)
	<u>(15)</u>	<u>(44)</u>
Tax receipt in the profit and loss account	<u>(457)</u>	<u>(994)</u>

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

## Fibre Power (Slough) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

#### 10 Income tax (continued)

	2021 £ 000	2020 £ 000
Loss before tax	(2,322)	(4,220)
Corporation tax at standard rate of 19% (2019: 19%)	(411)	(802)
Decrease from effect of revenues exempt from taxation	-	(113)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	4	-
Increase from transfer pricing adjustments	41	34
Increase from effect of utilisation of provision not deductible for tax purposes	-	65
Deferred tax credit from unrecognised temporary difference from a prior period	(61)	-
Decrease from effect of capital allowances in excess of depreciation	-	(115)
Decrease from effect of other timing differences	-	(6)
Deferred tax credit relating to changes in tax rates or laws	-	(57)
Total tax credit	(457)	(994)

#### Deferred tax

Deferred tax assets and liabilities

Deferred tax movement during the year:

	At 1 April 2020 £ 000	Recognised in income £ 000	At 31 March 2021 £ 000
Revaluation of property, plant and equipment	(272)	562	290
Provisions	803	(337)	466
Transition adjustments arising from first time adoption	210	(210)	-
Net tax assets	741	15	756

Deferred tax movement during the prior year:

	At 1 April 2019 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 March 2020 £ 000
Revaluation of property, plant and equipment	(1,005)	733	-	(272)
Provisions	1,492	(689)	-	803
Transition adjustments arising from first time adoption	-	-	210	210
Net tax assets	487	44	210	741

## Fibre Power (Slough) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

#### 10 Income tax (continued)

##### Increase in Corporation Tax rate

The UK Budget 2021 announcements on 3 March 2021, subsequent to the balance sheet date, included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. If the company's deferred tax balances at the period end were remeasured at 25% this would result in a deferred tax credit of £239k.

#### 11 Tangible assets

	Right of Use assets £ 000	Assets under construction £ 000	Decommissioning assets £ 000	Generation assets £ 000	Total £ 000
<b>Cost or valuation</b>					
At 1 April 2020	5,246	449	4,476	44,915	55,086
Additions	2,997	-	-	-	2,997
Disposals	(5,401)	-	-	-	(5,401)
At 31 March 2021	2,842	449	4,476	44,915	52,682
<b>Depreciation</b>					
At 1 April 2020	156	-	1,417	40,492	42,065
Charge for the year	127	-	503	417	1,047
Eliminated on disposal	(263)	-	-	-	(263)
At 31 March 2021	20	-	1,920	40,909	42,849
<b>Carrying amount</b>					
At 31 March 2021	2,822	449	2,556	4,006	9,833
At 31 March 2020	5,090	449	3,059	4,423	13,021

#### 12 Stock

	31 March 2021 £ 000	31 March 2020 £ 000
Raw materials and consumables	867	855

## Fibre Power (Slough) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

#### 13 Trade and other debtors

##### *Amounts falling due within one year*

	31 March 2021 £ 000	31 March 2020 £ 000
Amounts due from related parties	3,954	2,463
Prepayments	1,133	1,640
Other debtors	113	201
	<u>5,200</u>	<u>4,304</u>

##### *Amounts falling due after more than one year*

	31 March 2021 £ 000	31 March 2020 £ 000
Amounts due from related parties	<u>4,200</u>	<u>4,200</u>

Amounts classified as non current consist of £4,200k (2020: £4,200k) of amounts due from related parties. This is in respect of decommissioning spend agreed to be recovered from SSE Thermal, on which no interest is earned.

#### 14 Creditors

##### *Amounts falling due within one year*

	31 March 2021 £ 000	31 March 2020 £ 000
Trade creditors	56	25
Accrued expenses	363	300
Amounts due to related parties	5,067	6,798
Other creditors	-	4
Current portion of long term lease liabilities	242	385
	<u>5,727</u>	<u>7,512</u>

##### *Amounts falling due after more than one year*

	31 March 2021 £ 000	31 March 2020 £ 000
Amounts due to related parties	<u>17,269</u>	<u>13,011</u>

The amounts disclosed in the balance sheet as owed to related parties and falling due after more than one year of £17,269k (2020: £13,011k), are in respect of amounts advanced to the company by its ultimate parent SSE plc. Interest is charged at 4.01% (2020: 5.06%).



## Fibre Power (Slough) Limited

### Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

#### 15 Leases

##### Leases included in creditors

	31 March 2021 £ 000	31 March 2020 £ 000
Current portion of long term lease liabilities	242	385
Non current portion of long term lease liabilities	2,647	5,924
	<u>2,889</u>	<u>6,309</u>

##### Lease liability maturity analysis

	31 March 2021 £ 000	31 March 2020 £ 000
Within one year	247	397
Between one and five years	781	1,589
After five years	6,302	10,870
Less: future finance charge	<u>(4,441)</u>	<u>(6,547)</u>
Present value of lease obligations	<u>2,889</u>	<u>6,309</u>

The existing lease for premises was surrendered on 20 November 2020 (see note 4), being replaced by two new leases commencing from 20 November 2020. This resulted in a reduction in the balance held for long term lease liabilities.

#### 16 Other provisions

	Decommissioning £ 000
At 1 April 2020	5,074
Provisions used	(105)
Increase due to passage of time or unwinding of discount	<u>41</u>
At 31 March 2021	<u>5,010</u>
Non-current liabilities	<u>5,010</u>

##### *Decommissioning provision*

In accordance with the company's accounting policy a provision has been made for the decommissioning of the company's power generation assets. A discount rate of 0.8% (2020: 0.8%) has been applied to discount the decommissioning cost provision to present values. The unwinding of discount rate in relation to decommissioning costs is charged to interest payable in the profit and loss account.

Decommissioning costs of £105k were incurred in the year.

## **Fibre Power (Slough) Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)**

#### **16 Other provisions (continued)**

##### *Sensitivity analysis*

The key assumptions made when calculating the decommissioning provision centre around cost estimate and discount rate applied:

An increase of 1% in the discount rate would result in a decrease to the provision of £455k

A decrease of 1% in the discount rate would result in an increase to the provision of £475k

An increase of 10% in the cost estimate for decommissioning would result in an increase to the provision of £1,039k and a corresponding adjustment to the decommissioning assets.

A decrease of 10% in the cost estimate for decommissioning would result in a decrease to the provision of £1,039k and a corresponding adjustment to the decommissioning assets.

#### **17 Share capital**

##### **Allotted, called up and fully paid shares**

	<b>31 March 2021</b>		<b>31 March 2020</b>	
	<b>No.</b>	<b>£</b>	<b>No.</b>	<b>£</b>
Ordinary shares of £1 each	100	100	100	100

#### **18 Parent and ultimate parent undertaking**

The company's immediate parent is Power from Waste Ltd.

The ultimate parent is SSE plc. These financial statements are available upon request from the Company Secretary, SSE plc, Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ, or by accessing the Company's website at [www.sse.com](http://www.sse.com).

##### **Relationship between entity and parents**

The parent of the largest group in which these financial statements are consolidated is SSE plc, incorporated in Scotland. The consolidated financial statements of the Group (which include the Company) are available from the Company Secretary, SSE plc, Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ or by accessing the parent company's website at [www.sse.com](http://www.sse.com).

The address of SSE plc is:  
Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ