

Mayton Wood Energy Limited

Annual report and financial statements

Registered number 02984571

Year ended 31 March 2019



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Directors' report

The directors (the "Directors") present their report and audited financial statements for Mayton Wood Energy Limited (the "Company") for the year ended 31 March 2019.

The Company has adopted the exemptions available in Sections 414(B) and 416(3) of the Companies Act 2006 with regard to the Small Companies Regime. Accordingly the Company has elected not to prepare a strategic report or as part of the Directors' report, disclosures relating to the dividends declared and (if any) paid during the year under review.

Share Capital

The Company is limited by shares.

Principal activities

The principal activity of the Company is the capture of methane created by the decomposition of waste in a landfill site. The methane is then used as a fuel source for engines which convert the methane to electricity, and which is then sold to major energy companies in the UK. By capturing the methane, the Company performs a positive impact on the environment by preventing methane, which is 25 times more harmful than CO₂, reaching the atmosphere. The Company therefore operates with a negative carbon footprint.

Future Developments

No change in activities is anticipated in the future.

Directors

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

J H Milne	
S S Pickering	
M D Holton	(resigned 1 March 2019)
K A Reid	(appointed 23 April 2019)

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 set out in the Corporate Governance Policy for the group headed by Infinis Energy Group Holdings Limited, 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 and are in place at the date of approval of the Directors' report.

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

Directors' report (continued)

Financial Risk Management

The Company finances its operations through cash and cash equivalents. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly out of the Company's operating activities. The main purpose of these transactions is to provide finance for the Company's operations.

The main risks associated with the Company's financial assets and liabilities are set out below.

Credit Risk

The Company extends credit to recognised creditworthy third parties. Trade receivable balances are monitored to minimise the Company's exposure to bad debts. The Company has no overdue debts at the balance sheet date. Credit risk also arises from cash and cash equivalents deposited with banks and financial institutions. The Company deposits its surplus funds only with banks and financial institutions with a high credit rating. The short term credit ratings must be a minimum of A-1 (Standard & Poors), P-1 (Moody's) or F1 (Fitch). The maximum credit risk exposure relating to financial assets is represented by the carrying value at the date of the statement of financial position.

Price risk

A significant proportion of revenues are dependent on wholesale power prices which can be volatile. The Company manages this risk through the documented Infinis Group trading strategy which considers forward contracting and index-linked agreements among other pricing strategies.

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 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



K A Reid
Director

16 December 2019

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

Directors' responsibility statement 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 Mayton Wood Energy Limited

Report on the audit of the financial statements

Opinion

In our opinion, Mayton Wood Energy Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 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 2019; the income statement, 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

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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

Independent auditors' report to the members of Mayton Wood Energy 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 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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2019 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 Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibility statement in respect of the annual report and the financial statements set out on page 4, 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.

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.

Independent auditors' report to the members of Mayton Wood Energy Limited (continued)

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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report.

We have no exceptions to report arising from this responsibility.



Alan Walsh (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
17 December 2019

Income statement

for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Revenue	3	315	262
Cost of sales		(202)	(256)
Gross profit		113	6
Administrative expenses		(14)	(13)
Operating profit/(loss)	4	99	(7)
Profit/(loss) before income tax		99	(7)
Income tax charge	7	(21)	(13)
Profit/(loss) for the financial year		78	(20)

The Company has no other comprehensive income or expense items and therefore total comprehensive income for the year is £78,000 (2018: expense £20,000).

The notes on pages 11 to 24 are an integral part of these financial statements.


Balance sheet

at 31 March 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Property, plant and equipment	8	125	34
		<u>125</u>	<u>34</u>
Current assets			
Inventories	9	4	-
Trade and other receivables	10	123	87
Cash and cash equivalents		201	152
		<u>328</u>	<u>239</u>
Creditors: amounts falling due within one year	12	(177)	(76)
Net current assets		<u>151</u>	<u>163</u>
Total assets less current liabilities		<u>276</u>	<u>197</u>
Provisions for liabilities			
Provisions	13	(12)	(11)
Net assets		<u>264</u>	<u>186</u>
Equity			
Called up share capital	14	62	62
Profit and loss account		202	124
Total Shareholders' funds		<u>264</u>	<u>186</u>

The notes on pages 11 to 24 form part of these financial statements.

The financial statements on pages 8 to 24 were approved by the board of Directors on 16 December 2019 and were signed on its behalf by:



K A Reid
Director
Company registration no. 02984571

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Notes (forming part of the financial statements)

1 Significant accounting policies

Mayton Wood Energy Limited is a private limited company incorporated, domiciled and registered in England, in the UK. The registered number is 02984571 and the registered address is First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton NN4 7YJ.

Basis of preparation

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, property and plant and equipment;
- Disclosures in respect of capital management;
- Disclosures for IFRS 7 "Financial Instruments: Disclosures"
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures in respect of related party transactions with other wholly owned members of the group headed by Infinis Energy Group Holdings Limited.

New Standards

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 31 March 2019 and have had no material impact on the Company. There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2019 that have had a material impact on the company.

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 Significant accounting policies (continued)

Going concern

Having reviewed the company's current position and cash flow projections for the next 12 months from the date of approval of these financial statements, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing the financial statements.

IFRS 15 Revenue from Contracts with Customers

The Company's revenue streams can be grouped into three main categories:

- sale of electricity produced by its' baseload and peaking operations (traded power);
- sale of Renewable Obligation Certificates (ROCs; a product related to government initiatives to encourage investment in renewable energy sources), and;
- other revenue.

Traded power

Revenue relating to the sale of electricity is recognised at the point in time that electricity is exported i.e. when the customer obtains control. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the supply.

Renewable Obligation Certificates

ROCs are certificates issued where electricity has been sourced from renewable energy sources. Revenue arises from two elements; the sale of the certificate itself called the "Buy Out" price (almost always to the customer purchasing the electricity) and a share of a central fund comprising aggregate penalty payments Ofgem receives from electricity suppliers who did not meet their obligations to obtain supply from renewable sources, called the "Recycle" price.

Revenue from Buy Out certificates is recognised as exported. The customer is not in receipt of the certificate until confirmation is received from Ofgem but contractually control relating to the certificates pass from the Company at export and the customer is contractually obliged to accept it.

Recycle Buy Out revenue is also recognised on a monthly basis in line with exported power. Whilst the Recycle Buy Out is separately identified as a component of revenue it is intrinsically linked to the generation of power and is therefore recognised as it accrues. The obligation of the customer to settle any penalty calculated by Ofgem is contractually and legislatively based. Recycle Buy Out revenue is recognised based on the most likely amount and to the extent that it is probable that a significant reversal in the amount of cumulative revenue will not occur. The Company considers that Recycle Buy Out revenue can be estimated reliably given its market knowledge and experience. The final Recycle Buy Out value is not known until the October following the end of the financial year when Ofgem announce the final associated price. Any difference between the estimate and the final amount will give rise to an 'out of period' variance.

Notes (forming part of the financial statements)

1 Significant accounting policies (continued)

Other Revenue

Other revenue includes embedded benefits such as Triad, Generator Distribution Use of System (GDUoS) and Balancing Services Use of System (BSUoS).

Triad periods are the three 30-minute time periods with the highest energy demand across the grid between the start of November and the end of February each year. National Grid incentivises high power production during these periods. Prices for the year are announced by National Grid in March and attract a significant income premium. Triad income is recognised once the Triad periods and the associated prices are announced.

GDUoS income is received for generating in the local network and revenue is recognised in line with exported power. BSUoS income is received for the avoidance of charges levied on electricity suppliers who use National Grid to transmit their electricity from one point in the UK to another to fund National Grid's balancing services. Revenue is recognised on delivery in line with recognition of traded power as it is contractual income with the customer.

Royalty payments

Royalty payments to landlords are recognised in the income statement as they accrue, based on the level of electricity generation at each site and according to specific site agreements.

Interest payable

Interest payable is recognised in the income statement as it accrues, using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Tax

Tax comprises current and deferred tax.

Current tax is the expected tax payable (or to be recovered) on the taxable income for the year, using tax rates enacted or substantively enacted by the year end.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (other than in a business combination). The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Notes (forming part of the financial statements)

1 Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and attributable borrowing costs during its construction. During the construction phase these assets are held separately with depreciation commencing once the asset is commissioned and ready for use.

The cost of replacing an item of property, plant and equipment is recognised if it is probable that the future economic benefits will flow to the Company. The carrying amount of the asset replaced is then de-recognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Plant and equipment include plant and equipment used in running the operating sites. The cost of decommissioning the sites is included within plant and equipment. Engines are subject to overhauls and are depreciated over the period between each overhaul.

Depreciation is charged to the income statement on a straight-line basis, with no residual value, over the estimated useful life of the asset, as follows:

Plant and machinery (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.

Inventories

Stock is measured at the lower of cost and net realisable value. Cost is based on average costs and includes expenditure in acquiring the stocks and bringing them to their existing location and condition. Costs comprise materials and third party transport cost to site.

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. 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.

Notes (forming part of the financial statements)

1 Significant accounting policies (continued)

Impairment excluding stocks and deferred tax assets

Financial assets (including trade receivables and other receivables)

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 inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. Where an indication exists, testing for impairment is undertaken.

A value in use model is used to determine the recoverable amount of assets subject to impairment testing. The discounted estimated future operating cash flows are compared to the net carrying value of the asset or cash generating unit's (CGUs) assets. Property, plant and equipment are separately tested at an individual asset level when there is an impairment trigger.

An impairment loss is recognised if the carrying amount of the single CGU exceeds its recoverable amount, which is equal to the value of the future discounted cash flows. Any impairment losses are recognised in the income statement. An impairment loss is reversed only to the extent that the CGU'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.

Notes (forming part of the financial statements)

1 Significant accounting policies (continued)

Financial Instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments, trade and other receivables, cash and cash equivalents, 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:

(i) Trade and other receivables

Trade and other receivables are carried at original invoice amount less any allowance for uncollectible amounts. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets (such as accrued income). To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash and cash equivalents include restricted cash balances, which principally relate to the debt service requirements of certain borrowings undertaken by the Group.

(iii) Trade and other payables

Trade and other payables are carried at cost.

Notes (forming part of the financial statements)

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.

Where there is a need to determine the recoverable amount of an asset, this requires estimates and judgments relating to assumptions for:

- gas volumes and pricing of exported output;
- operational costs, calculated as a cost per megawatt hour (MWh);
- capital expenditure is based on historic maintenance CAPEX averaged over the MWh exported over the historical period;
- the discount rate used;

The values assigned to the key assumptions represent management's assessment of future trends and are based on both external and internal sources (prospective and historical data).

ROC Recycle revenue

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.

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 Revenue

A description of the principal revenue streams is set out in the accounting policies. All revenue is generated in the UK. The Company recognises all revenue from the transfer of goods and services at a point in time in the following revenue types:

	2019 £'000	2018 £'000
Traded power	144	112
Renewable Obligation Certificates	137	114
Other revenue	34	36
	<u>315</u>	<u>262</u>

4 Operating profit/(loss)

	2019 £'000	2018 £'000
Operating profit/(loss) is stated after charging:		
Depreciation of fixed assets	11	66
Payments to landlords for rent and royalties	94	69
	<u>105</u>	<u>135</u>

5 Auditors' remuneration

	2019 £'000	2018 £'000
Audit of these financial statements	2	2

Audit fees for the year ended 31 March 2019 and for the year ended 31 March 2018 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. All services provided by employees of the Infinis group were re-charged to the Company.

Notes (forming part of the financial statements)

7 Income tax

Recognised in the income statement

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax charge in the year	(14)	(7)
Total current tax charge	(14)	(7)
Deferred tax		
Origination and reversal of temporary differences	(4)	8
Adjustment in respect of prior year	(3)	(14)
Total deferred tax charge	(7)	(6)
Tax charge on profit/(loss)	(21)	(13)

The difference between the income tax for the year and the standard rate of corporation tax in the UK is explained below:

	2019 £'000	2018 £'000
Profit/(loss) before income tax	99	(7)
Profit/(loss) before income tax multiplied by the standard rate of UK corporation tax of 19% (2018: 19%)	(18)	1
Adjustments in respect of prior year	(3)	(14)
Total tax charge	(21)	(13)

Changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2017 (on 6 September 2017). These include reductions in the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes (forming part of the financial statements)

8 Property, plant and equipment

	Plant and machinery £'000	Assets under construction £'000	Total £'000
Cost			
At 1 April 2018	1,393	-	1,393
Additions	1	101	102
Transfers	101	(101)	-
At 31 March 2019	1,495	-	1,495
Accumulated depreciation			
At 1 April 2018	1,359	-	1,359
Charge for the year	11	-	11
At 31 March 2019	1,370	-	1,370
Net book value			
At 31 March 2019	125	-	125
At 31 March 2018	34	-	34

9 Inventories

	2019 £'000	2018 £'000
Parts and spares	4	-

Notes (forming part of the financial statements)

10 Trade and other receivables

	2019 £'000	2018 £'000
Trade receivables	13	2
Amounts owed by group undertakings	15	-
Deferred tax assets	7	14
Prepayments and accrued income	88	71
	<u>123</u>	<u>87</u>
Due within one year	116	73
Due after more than one year	<u>7</u>	<u>14</u>

Intercompany trading balances within the Infinis Group, which provide short term working capital funding, are repayable on demand and generally settled on a monthly basis. They bear no interest.

11 Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	2019 £'000	2018 £'000
Property, plant and equipment	<u>7</u>	<u>14</u>

Movement in deferred tax during the year

	1 April 2018 £'000	Recognised in income £'000	31 March 2019 £'000
Property, plant and equipment	<u>14</u>	<u>(7)</u>	<u>7</u>

Notes (forming part of the financial statements)

11 Deferred tax assets (continued)

Movement in deferred tax during the prior year

	1 April 2017 £'000	Recognised in income £'000	31 March 2018 £'000
Property, plant and equipment	20	(6)	14

12 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts owed to group undertakings	48	8
Taxation	14	7
Other creditors	2	9
Accruals	113	52
	177	76

Intercompany trading balances within the Infinis Group, which provide short term working capital funding, are repayable on demand and generally settled on a monthly basis. They bear no interest.

13 Provisions

	Decommissioning £'000
At 1 April 2018	11
Additional provision charge to plant and equipment during the year	1
At 31 March 2019	12

Notes (forming part of the financial statements)

14 Called up Share Capital

	2019 Number	2018 Number	2019 £'000	2018 £'000
Allotted, called up and fully paid				
Ordinary shares of £1 each	62,482	62,482	62	62

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.

15 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.

16 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 (2018: £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 (2018: £nil).

Notes (forming part of the financial statements)

17 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.

Novera Energy Generation No. 3 Limited 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.

18 Events after the end of the reporting period

There were no subsequent events.