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EPR ELY

# EPR Ely Limited

## Annual report and unaudited financial statements

for the year ended 30 June 2023

Registered number: 03401618

# Company information

## Directors
M J Bullard
E W Fellows
E J Wilkinson

## Company secretary
Octopus Company Secretarial Services Limited
$6^{th}$ Floor
33 Holborn
London
EC1N 2HT

## Bankers
Barclays Bank Plc
1 Churchill Place
London
E14 5HP

## Registered office
$6^{th}$ Floor
33 Holborn
London
England
EC1N 2HT

# Strategic report for the year ended 30 June 2023

The directors present their strategic report for the company for the year ended 30 June 2023.

## Business review

The results of the company for the year ended 30 June 2023 and financial position as at that date were satisfactory but below expectations.

Ely Power Station generated 233GWh in the year ended 30 June 2023 (2022: 252GWh). The station suffered from gas path restrictions (caused by water ingress) and several boiler and grate tube leaks which restricted output and reduced availability during the year. These issues have been addressed in the annual maintenance outage in July 2023 with extensive re-tubing in these areas.

The 2022 straw harvest was very good, with fuel in plentiful supply. The expectations for the 2023 harvest remain positive although harvest took place later this year following the wet weather in July and the beginning of August.

Turnover in the year ended 30 June 2023 was £32,523,000 (2022: £36,917,000). Electrical output and embedded benefits are sold pursuant to a long term PPA with Axpo UK Limited ("Axpo"). Under this PPA the electricity price receivable has been fixed at various rates through to 31 March 2026. Renewable obligation certificates ("ROCs") are sold under a separate ROC trading master agreement with EDF Energy Limited covering the transfer and sale of all of ROCs (buy-out and recycle) at fixed discounts for the three compliance years ending 31 March 2022, 2023 and 2024.

*Macroeconomic factors*

The recovery of the UK and global economies during 2021 coincided with a sharp increase in wholesale UK electricity prices. These effects were exacerbated following Russia's invasion of Ukraine and the imposition of economic sanctions, with sustained increases in electricity prices throughout 2022. Whilst wholesale prices have reduced during 2023, they are still well above long term historic average prices.

Since the early part of 2022 the UK has seen a significant increase in inflation which has impacted businesses and the wider population. The company is not immune to these wider inflationary pressures and was impacted by higher costs in terms of haulage, biomass fuel, gas oil, maintenance contracts, salaries, import electricity and abatement.

## Results

The results of the company show an operating loss of £477,000 (2022: £5,661,000 profit) and a loss for the financial year of £1,046,000 (2022: £3,869,000 profit).

The company paid no dividends during the year (2022: £nil).

## Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with those of the group and are not managed separately. The group has an agreed formal risk management policy and framework that covers identification, mitigation, control, monitoring and review of risks on a regular basis. Further discussion of group wide risks is provided within the directors' report of Melton Renewable Energy UK Limited, which does not form part of this report.

## Key performance indicators

The directors of Melton Renewable Energy UK Limited manage the group's operations on a group wide basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of EPR Ely Limited. The development, performance and position of Melton Renewable Energy UK Limited, which includes this wholly owned UK subsidiary, is discussed in the group's report and financial statements which does not form part of this report.

# Strategic report for the year ended 30 June 2023

## Going concern

The company made a loss of £1.046,000 for the year ended 30 June 2023 however it is in a net asset position of £5,383,000 as at 30 June 2023 and is expecting to return to profitable trading in the foreseeable future based on forecasts. Based on these facts, the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future and for at least 12 months from the point of approving this annual report and financial statements. The company therefore continues to adopt the going concern basis in preparing the annual report and financial statements.

## Statement by the directors in performance of their statutory duties in accordance with s172(1)(a) to (f) Companies Act 2006

From the perspective of the company's directors, the matters that they are responsible for considering under Section 172 (1) of the Companies Act 2006 ("s172") have been considered to an appropriate extent by the directors of Melton Renewable Energy UK Limited in relation to both the group and the company. To the extent necessary for an understanding of the development, performance and position of the company, an explanation of how the group has considered the matters relating to s172 is included within the group's report and financial statements which does not form part of this report.

**The report was approved by the board on 29 February 2024 and signed on its behalf by:**

**E J Wilkinson**
**Director**

# Directors' report for the year ended 30 June 2023

The directors present their annual report and the unaudited financial statements for the company for the year ended 30 June 2023.

## Principal activities

The company's principal activity is to operate and maintain a 38 MW electricity power station near Ely in Cambridgeshire, fuelled by the combustion of straw.

## Future developments

The directors anticipate no significant changes in the company's operations in the year ending 30 June 2024 and that results will continue to be satisfactory.

## Dividends

The company paid no dividends during the year (2022: £nil).

## Directors

The directors of the company, who held office during the year and up to the date of signing the financial statements, are given below:

E J Wilkinson
M J Bullard (appointed 24 January 2023)
E W Fellows (appointed 12 December 2022)
P S Latham (resigned 12 December 2022)
M G Setchell (resigned 24 January 2023)

## Directors' third-party indemnity provision

A qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006 was in force throughout the financial year and at the date of approval of the financial statements, for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, the company maintained a directors' and officers' liability insurance policy throughout the financial year and up to the date of approval of the financial statements.

## Employee information

The company fully realises that its employees wish to be informed and consulted on matters affecting their work and to be involved in problem-solving affecting their own areas of interest and responsibility. The group and the company are firmly committed to a policy of good communication at all levels and aim to establish a climate which constantly encourages the open flow of information and ideas. Presently this includes a combination of monthly team briefings at a local level, quarterly newsletters and the publication of key performance indicators covering output, operating costs and health and safety on a weekly and monthly basis.

# Directors' report for the year ended 30 June 2023

## Financial risk management

The company's operations expose it to limited financial risk that includes price risk and liquidity risk.

Given the size of the company, the directors have not delegated responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

*Price Risk*

The company is exposed to straw and electricity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to these price risks exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

The price of fuel for the biomass power station is affected by a number of factors, including competition for existing fuels from other biomass power stations or alternative users, adverse weather, supply chain issues or changes to the regulatory regime governing the availability or price of these fuels. To mitigate the effect of price volatility and availability, where possible, the company sources the majority of biomass fuels pursuant to renewable four year contracts with a variety of long-standing suppliers.

The straw fuel contracts are generally for between two and four years with an option to renew for a further two or four years.

*Liquidity risk*

The company maintains cash balances and has access to short-term finance so as to ensure it has sufficient available funds for operations.

## Statement of directors' responsibilities

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the 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 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

# Directors' report for the year ended 30 June 2023

## Audit exemption

The company was entitled to exemption from audit under section 479A of the Companies Act 2006 (the "Act") and the members have not required the company to obtain an audit of its financial statements for the year ended 30 June 2023 in accordance with section 476 of the Companies Act 2006. Accordingly, no auditors have been appointed. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

**The report was approved by the board on 29 February 2024 and signed on its behalf by:**

**E J Wilkinson**
**Director**

# Statement of income and retained earnings
## for the year ended 30 June 2023

| | Note | 2023 £000s | 2022 £000s |
|---|---|---|---|
| ***Turnover*** | 5 | **32,523** | 36,878 |
| Cost of sales | | **(29,379)** | (27,639) |
| ***Gross profit*** | | **3,144** | 9,239 |
| Administrative expenses | | **(3,927)** | (3,617) |
| Other operating income | 6 | **306** | 39 |
| ***Operating (loss)/profit*** | 7 | **(477)** | 5,661 |
| Interest receivable and similar income | 9 | **50** | 5 |
| Interest payable and similar charges | 10 | **(935)** | (890) |
| ***(Loss)/profit before taxation*** | | **(1,363)** | 4,776 |
| Taxation | 11 | **317** | (907) |
| ***(Loss)/profit for the financial year*** | | **(1,046)** | 3,869 |
| ***Retained earnings brought forward*** | | **5,429** | 1,560 |
| (Loss)/profit for the financial year | | **(1,046)** | 3,869 |
| ***Retained earnings carried forward*** | 18 | **4,383** | 5,429 |

All items dealt with in the statement of income and retained earnings above relate to continuing operations.

There is no material difference between the (loss)/profit before taxation and the (loss)/profit for the financial year stated above and their historical cost equivalents.

The company has no other comprehensive income other than the results above and therefore no separate statement of comprehensive income has been prepared.

The notes on pages 9 to 19 form an integral part of these financial statements.

# Balance Sheet
## as at 30 June 2023

| | *Note* | ***2023 £000*** | *2022 £000* |
|---|---|---|---|
| ***Fixed assets*** | | | |
| Tangible assets | 12 | **83** | 57 |
| ***Current assets*** | | | |
| Stocks | 13 | **6,727** | 5,868 |
| Debtors: amounts falling due within one year | 14 | **9,842** | 11,212 |
| Deferred tax asset | 16 | **-** | 2 |
| Cash at bank and in hand | | **1,577** | 131 |
| | | **18,146** | 17,213 |
| ***Creditors: amounts falling due within one year*** | 15 | **(12,841)** | (10,841) |
| ***Net current assets*** | | **5,305** | 6,372 |
| ***Total assets less current liabilities*** | | **5,388** | 6,429 |
| ***Provisions for liabilities*** | | | |
| Deferred tax | 16 | **(5)** | - |
| ***Net assets*** | | **5,383** | 6,429 |
| ***Capital and reserves*** | | | |
| Called up share capital | 17 | **1,000** | 1,000 |
| Retained earnings | 18 | **4,383** | 5,429 |
| **Total shareholders' funds** | | **5,383** | 6,429 |

For the year ended 30 June 2023 the directors consider that the company is entitled to exemption from audit under section 479A of the Companies Act 2006 ("the Act") and the members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Act.

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

The financial statements on pages 7 to 19 were approved by the board of directors on 29 February 2024 and were signed on its behalf by:

**E J Wilkinson**
**Director**

Registered number: 03401618

The notes on pages 9 to 19 form an integral part of these financial statements.

# Notes to the financial statements
## for the year ended 30 June 2023

### 1. General information

EPR Ely Limited operates and maintains a 38 MW electricity power station at Sutton, Cambridgeshire.

The company is a private company limited by shares and is incorporated and registered in England, United Kingdom, company number: 03401618. The address of its registered office is 6th Floor, 33 Holborn, London, England, EC1N 2HT.

### 2. Statement of compliance

The financial statements of EPR Ely Limited have been prepared in compliance with the United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

### 3. Accounting policies

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

***Basis of preparation***

The financial statements are prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102").

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

***Exemptions for qualifying entities under FRS 102***

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

(i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the consolidated financial statements of the group in which the entity is consolidated, includes the company's cash flows;

(ii) from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7;

(iii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statements disclosures.

***Related parties***

The company is exempt from disclosing transactions with related entities, these being other 100% owned subsidiaries of Fern Trading Limited, as required by FRS 102, paragraph 33.1.

# Notes to the financial statements
## for the year ended 30 June 2023

## 3. Accounting policies (continued)

***Turnover***

Turnover represents the invoiced value of goods and services for electricity supplied, net of value added tax and trade discounts. Turnover is derived from and recognised when electricity generated is exported to third party customers.

ROC Recycle income is recognised on an accruals basis and based on an estimate of the declared value for each compliance period.

Turnover generated from ash sales is recognised on dispatch of the material.

Accrued income comprises income relating to the current year, which has not been invoiced as at the balance sheet date.

***Cash and cash equivalents***

Cash and cash equivalents include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

***Tangible fixed assets***

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is provided on all tangible fixed assets, excluding freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset as follows:

Other equipment - over 4 to 10 years

***Sale and leaseback***

During 2012 the directors made the decision to consolidate the asset position within the group. As a result Ely power station and land was sold to Energy Power Resources Limited ("EPRL") at the directors' valuation and subsequently leased under an operating lease to the company for an initial period of six years. During 2023 the company entered into a new operating lease agreement with EPRL for a term of four years to March 2027. The only remaining fixed assets within the company relate to other equipment.

***Stocks***

Spare parts are valued at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stock. Fuel stock is valued at the historical cost per tonne of straw. A provision for unusable straw is identified on an individual stack basis and is reviewed monthly.

***Current tax***

Current tax is the amount of corporation tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

# Notes to the financial statements
## for the year ended 30 June 2023

## 3. Accounting policies (continued)

### *Deferred tax*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

### *Group relief*

Credits for amounts receivable in respect of tax losses surrendered to group companies are recognised in the year in which the losses are surrendered, as are charges in respect of tax losses claimed from group companies.

### *Pension costs*

All employees of the company are entitled to contribute to a group defined contribution personal pension scheme. Employee contributions of varying amounts together with employer contributions of between 2.0% and 7.5% are paid monthly to the scheme providers. Pension costs are recognised in the statement of income and retained earnings on an accruals basis.

### *Share Capital*

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

### *Leases*

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement and whether the lease should be classified as either a finance lease or an operating lease.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the fair value of the leased asset and depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of income and retained earnings on a straight line basis over the period of the lease.

# Notes to the financial statements
## for the year ended 30 June 2023

## 3. Accounting policies (continued)

***Financial instruments***

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

*Financial assets*

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of income and retained earnings.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

*Financial liabilities*

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

*Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

# Notes to the financial statements
## for the year ended 30 June 2023

## 4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

a) Critical judgements in applying the company's accounting policies.

The directors consider that there are no critical judgements in the application of the company's accounting policies which would have a material impact on the financial statements.

b) Key accounting estimates and assumptions.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i) Stock obsolescence

The company provides for unusable straw stock assessed to have too high a moisture content for use at the power station. The company also provides for the value of items within the spare parts and consumables balance which have been deemed to have no net realisable value. As at 30 June 2023 the total provision was £203,000 (2022: £195,000).

ii) Useful economic life of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed periodically.

iii) ROC Recycle income

ROC Recycle income is recognised on an accruals basis using an estimate of the declared value per ROC for each compliance year ending 31 March. The company utilises the latest available external forecast information to derive its estimate of the value. The actual value per ROC for each compliance year is confirmed in arrears during the quarter ended 31 December.

## 5. Turnover

Turnover arises solely from the company's principal activities in the United Kingdom, net of value added tax.

## 6. Other operating income

| | ***2023*** | *2022* |
|---|---|---|
| | ***£000s*** | *£000s* |
| Electricity generator levy credits | **166** | - |
| Government grants - research and development expenditure | **140** | 39 |
| | **306** | 39 |

*Electricity generator levy credits*

With effect from 1 January 2023 the government introduced a tax on energy generators, at a rate of 45% on electricity sales revenue above £75 per MWh, referred to as the Electricity Generator Levy ("EGL"). In the six months to 30 June 2023, the company's average electricity price receivable was below £75 per MWh meaning no EGL liability arose during this period.

To the extent that its below threshold position offsets EGL liabilities arising elsewhere in the UK parent group, the company receives EGL credits at the prevailing 45% rate. For the year ended 30 June 2023 these credits have been recognized within other operating income.

# Notes to the financial statements
## for the year ended 30 June 2023

## 7. Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting) the following:

| | 2023 £000s | 2022 £000s |
|---|---|---|
| Fixed asset depreciation | **30** | 22 |
| Operating lease rentals | | |
| - Plant and machinery | **3,753** | 3,350 |
| - Motor vehicles | **45** | 50 |
| Government grants – research and development credits | **(140)** | (39) |
| Inventory recognised as an expense | **17,612** | 17,194 |
| Impairment of inventory | **9** | 120 |

Head office and administration services were provided by Energy Power Resources Limited throughout the year for a fixed monthly fee. The total sum charged by Energy Power Resources Limited in respect of such services in the financial year ended 30 June 2023 was £2,030,000 (2022: £2,030,000).

## 8. Employee information

The average number of persons employed by the company during the year, analysed by category, was as follows:

| | 2023 Number | 2022 Number |
|---|---|---|
| Production | **37** | 35 |

The aggregate payroll costs of these persons were as follows:

| | 2023 £000s | 2022 £000s |
|---|---|---|
| Wages and salaries | **1,726** | 1,410 |
| Social security costs | **196** | 174 |
| Other pension costs | **77** | 67 |
| | **1,999** | 1,651 |

The company paid no remuneration or wages to its directors during the year (2022: £nil). The emoluments of E J Wilkinson are paid by Melton Renewable Energy UK Limited and recharged to the company as part of a management charge. This management charge also includes a recharge of central administration costs and it is not possible to identify separately the amount of E J Wilkinson's emoluments. M J Bullard, E W Fellows, P S Latham and M G Setchell did not receive any payment for their services to the Melton Renewable Energy UK Limited group.

## 9. Interest receivable and similar income

| | 2023 £000s | 2022 £000s |
|---|---|---|
| Bank interest receivable | **50** | 5 |

# Notes to the financial statements
## for the year ended 30 June 2023

## 10. Interest payable and similar charges

| | **2023** | 2022 |
|---|---|---|
| | **£000s** | £000s |
| Intercompany loan interest payable | **935** | 890 |

## 11. Taxation

a) Analysis of (credit)/charge in the year

| | **2023** | 2022 |
|---|---|---|
| | **£000s** | £000s |
| *Current tax* | | |
| UK corporation tax | **-** | 903 |
| Adjustments in respect of prior period | **27** | 7 |
| Group relief receivable | **(351)** | - |
| Total current tax (credit)/charge | **(324)** | 910 |
| *Deferred tax* | | |
| Origination and reversal of timing differences | **6** | (3) |
| Adjustments in respect of prior period | **1** | - |
| Total deferred tax charge/(credit) (note 16) | **7** | (3) |
| Total tax (credit)/charge | **(317)** | 907 |

b) Reconciliation of tax (credit)/charge

The tax assessed on the (loss)/profit before taxation for the year is less than (2022: equal to) the effective rate of corporation tax in the UK of 20.5% (2022: 19%). The differences are explained below:

| | **2023** | 2022 |
|---|---|---|
| | **£000s** | £000s |
| (Loss)/profit before taxation | **(1,363)** | 4,776 |
| (Loss)/profit before taxation multiplied by the effective rate of corporation tax of 20.5% (2022: 19%) | **(279)** | 907 |
| Adjustments in respect of prior period | **28** | 7 |
| Non taxable income | **(66)** | (7) |
| Total tax (credit)/charge | **(317)** | 907 |

c) Factors that may affect future charges

The Finance Act 2021 included measures to increase the standard rate of UK corporation tax from 19% to 25%, effective from 1 April 2023. The Finance Act 2021 was enacted in June 2021 and accordingly, these rates are applicable to the measurement of deferred tax balances at 30 June 2023.

# Notes to the financial statements
## for the year ended 30 June 2023

## 12. Tangible assets

| | *Other equipment £000* | *Assets under construction £000* | *Total £000* |
|---|---|---|---|
| Cost | | | |
| At 1 July 2022 | 153 | - | 153 |
| Additions | 46 | 10 | 56 |
| **At 30 June 2023** | **199** | **10** | **209** |
| Accumulated depreciation | | | |
| At 1 July 2022 | (96) | - | (96) |
| Depreciation charge for the year | (30) | - | (30) |
| **At 30 June 2023** | **(126)** | **-** | **(126)** |
| Net book value | | | |
| **At 30 June 2023** | **73** | **10** | **83** |
| At 30 June 2022 | 57 | - | 57 |

During 2012 the directors made the decision to consolidate the asset position within the group. As a result Ely power station and land were sold to Energy Power Resources Limited ("EPRL") and subsequently leased under an operating lease to the company. During 2023 the company entered into a new operating lease agreement with EPRL for a term of four years to March 2027. The only remaining fixed assets within the company relates to other equipment.

## 13. Stocks

| | ***2023 £000s*** | *2022 £000s* |
|---|---|---|
| Baled straw | **2,980** | 2,314 |
| Spare parts and consumables | **3,747** | 3,554 |
| | **6,727** | 5,868 |

The replacement cost of stocks does not differ materially from the numbers disclosed above. Included in the stock value is a provision of £203,000 for unusable straw stock and spare parts with no net realisable value (2022: £195,000).

# Notes to the financial statements
## for the year ended 30 June 2023

## 14. Debtors

| | 2023 £000s | 2022 £000s |
|---|---|---|
| **Amounts falling due within one year** | | |
| Trade debtors | **1** | 6 |
| Amounts owed by group undertakings | **35** | 5 |
| Taxation and social security | **75** | 118 |
| Prepayments and accrued income | **9,731** | 11,083 |
| | **9,842** | 11,212 |

All amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

## 15. Creditors: amounts falling due within one year

| | 2023 £000s | 2022 £000s |
|---|---|---|
| Trade creditors | **499** | 174 |
| Loans owed to group undertakings | **9,400** | 7,200 |
| Group relief | **633** | 423 |
| Corporation tax | **-** | 903 |
| Accruals and deferred income | **2,309** | 2,141 |
| | **12,841** | 10,841 |

Loans owed to group undertakings are unsecured, bear interest at 5.5% (2022: 5.5%) and are repayable on demand.

## 16. Provisions for liabilities

Deferred tax

| | 2023 £000s | 2022 £000s |
|---|---|---|
| Accelerated/(decelerated) capital allowances | **8** | (1) |
| Short term timing differences | **(3)** | (1) |
| Deferred tax liability/(asset) | **5** | (2) |
| At 1 July | **(2)** | 1 |
| Deferred tax charge/(credit) in statement of income and retained earnings (note 11(a)) | **7** | (3) |
| **Deferred tax liability/(asset)** | **5** | (2) |

Deferred tax has been calculated at 25% (2022: 25%)

# Notes to the financial statements
## for the year ended 30 June 2023

### 17. Called up share capital

| | 2023 £000s | 2022 £000s |
|---|---|---|
| *Allotted, called up and fully paid* | | |
| 1,000,000 (2022: 1,000,000) ordinary shares of £1 each | **1,000** | 1,000 |

### 18. Retained earnings

| | Retained earnings £000s |
|---|---|
| At 1 July 2022 | 5,429 |
| Loss for the year | (1,046) |
| **At 30 June 2023** | **4,383** |

### 19. Reconciliation of movements in total shareholders' funds

| | 2023 £000s | 2022 £000s |
|---|---|---|
| Opening shareholders' funds | **6,429** | 2,314 |
| (Loss)/profit for the year | **(1,046)** | 3,869 |
| **Closing shareholders' funds** | **5,383** | **6,429** |

### 20. Other financial commitments

At 30 June 2023 the company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Plant and machinery £000** | **Motor vehicles £000** | *Plant and machinery £'000* | *Motor vehicles £000* |
| Payments due: | | | | |
| Not later than 1 year | **4,260** | **55** | 2,625 | 44 |
| Later than 1 year and not later than 5 years | **11,715** | **83** | - | 101 |
| | **15,975** | **138** | 2,625 | 145 |

During 2012 the directors made the decision to consolidate the asset position within the group. As a result Ely power station and land were sold to Energy Power Resources Limited ("EPRL") and subsequently leased under an operating lease to the company. During 2023 the company entered into a new operating lease agreement with EPRL for a term of four years to March 2027.

# Notes to the financial statements
## for the year ended 30 June 2023

### 21. Contingent liabilities

At 30 June 2023 the company was guarantor with other group companies for a bank debt facility provided by the group's financiers. The outstanding loan balance at 30 June 2023 was £74,852,000 (2022: £88,422,000). The company has no other off balance sheet arrangements.

### 22. Pension costs

The company contributes to its employees' personal pension schemes. The cost for the year is shown in note 7. Outstanding contributions at 30 June 2023 amount to £6,755 (2022: £5,376).

### 23. Ultimate parent undertaking and controlling party

Energy Power Resources Limited is the immediate parent undertaking and is registered in England, United Kingdom. The ultimate parent undertaking as at the year ended 30 June 2023 was Fern Trading Limited, a company limited by shares incorporated in the United Kingdom with its registered office at 6th Floor, 33 Holborn, London, England, EC1N 2HT.

Melton Renewable Energy UK Limited, registered in England and Wales, is the holding company of the smallest group of undertakings for which group financial statements are drawn up and Fern Trading Limited is the holding company of the largest group of undertakings for which group financial statements are drawn up. Copies of the group financial statements may be obtained from the address above.

### 24. Events since the balance sheet date

There have been no material adjusting or disclosable events since the financial year end.