Costessey Energy Limited

Annual report and financial statements
Registered number 03448770
Year ended 31 March 2020

Contents

Directors' report

The directors (the "Directors") present their report and audited financial statements for Costessey Energy Limited (the "Company") for the year ended 31 March 2020.

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.

Share Capital

The Company is limited by shares.

Principal activities

The principal activity of the Company is the generation and sale of low carbon electricity in the UK.

Methane Capture

Methane is around 25 times more harmful than carbon dioxide to the atmosphere. By capturing methane, the Company is providing an important role in protecting the environment.

The Company captures methane in a controlled way by applying a suction through a network of installed pipelines and gas wells on landfill sites. Modular gas reciprocating engines then use the methane as a fuel source to generate electricity.

COVID-19

In the year ended 31 March 2020 COVID-19 has not impacted the financial performance of the Company and is not expected to materially impact financial or operational performance for the year ending 31 March 2021. The measures taken by the Group in response to COVID-19 are set out in the Annual report and accounts for the year ended 31 March 2020 of Infinis Energy Group Holdings Limited. These financial statements are available on the website www.infinis.com or from the Company Secretary, First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ.

Future Developments

The business activities of this entity, being the generation of electricity from methane capture, were consolidated into an intermediary parent company, Infinis Limited, on 18 February 2021.

Dividends

The Directors do not recommend the payment of a dividend (2019: nil).

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
K A Reid (appointed 23 April 2019)

Directors' report (continued)

Section 172 of the Companies Act

Disclosures relating to s172 of the Companies Act came into force on 1 January 2019 requiring the Directors to identify the issues, factors and stakeholders they consider relevant to comply with their duty to have regard to stakeholders.

The Directors consider the effect of s172 in all of its decisions and the impact on any of the specified groups. The Directors considers the interests of stakeholders, including the impact of its activities on the community, environment and the Company's reputation, when making decisions. The Directors, acting fairly between members, and acting in good faith, considers what is most likely to promote the success of the Company for its shareholders in the long-term.

Further information in relation to the specific considerations of the Directors are set out in the Annual report and accounts 2020 of Infinis Energy Group Holdings Limited, the head of the largest consolidated group which the Company is a member. These are available on the website www.infinis.com or may be obtained from the Company Secretary, First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ.

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.

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.

Financial Risk Management

The Company finances its operations through cash generated from operations and cash resources. Where additional investment is required this is provided short term by intercompany trading accounts and longer term through intercompany loans.

Other financial assets and liabilities, such as trade receivables and trade payables, arise directly out of the Company's operating activities. The main risks associated with the Company's financial assets and liabilities are set out below.

Credit Risk

Credit risk arises principally from the Company's receivables from their customers who are predominantly blue-chip UK Energy Offtakers of high credit standing. The Infinis group only extends credit to recognised creditworthy third parties and uses third party credit management software to monitor their credit standing.

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 maximum credit risk exposure relating to financial assets is represented by the carrying value at the date of the statement of financial position.

Directors' report (continued)

Price risk

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

Principal risks and uncertainties

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

The Infinis Group's approach to risk management is continuous, collaborative and designed to eliminate or manage the risk of failure to achieve the Infinis Group's objectives. The Group Board exercises oversight of the risk management process at Board and Audit Committee meetings.

The Infinis Group has a well-established risk management process that is embedded in management processes, responsibilities and culture. It is proactive and designed to instil the principles of the risk management policy at functional level through a process of self-assessment and certification.

The Infinis Group's risk management process and the principal risks and uncertainties, including consideration of the impact of COVID-19, are materially unchanged from the assessment set out in the Annual report and accounts for the year ended 31 March 2020 of Infinis Energy Group Holdings Limited. These financial statements are available on the website www.infinis.com or from the Company Secretary, First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ.

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.

Directors' report (continued)

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, 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 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments 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 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.

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.

Directors' confirmations

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.

On behalf of the board

K A Reid
Director
26 March 2021

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

Independent auditors' report to the members of Costessey Energy Limited

Report on the audit of the financial statements

Opinion

In our opinion, Costessey Energy Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 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 2020; 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

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

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

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

Independent auditors' report to the members of Costessey 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 2020 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 5, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

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
30March 2021

Income statement

for the year ended 31 March 2020

	Note	**2020 £'000**	2019 £'000
Revenue	4	**224**	279
Cost of sales		**(137)**	(192)
Gross profit		**87**	87
Administrative expenses		**(18)**	(13)
Operating profit	5	**69**	74
Finance income	8	**1**	1
Finance costs	9	**(4)**	-
Finance (costs)/income - net		**(3)**	1
Profit before income tax		**66**	75
Income tax charge	10	**(25)**	(19)
Profit for the financial year		**41**	56

The Company has no other comprehensive income or expense items and therefore total comprehensive income for the year is £41,000 (2019: income £56,000).

The notes on pages 12 to 26 are an integral part of these financial statements.

Balance sheet

at 31 March 2020

	Note	**2020 £'000**	2019 £'000
Fixed assets			
Property, plant and equipment	11	**300**	189
		300	189
Current assets			
Inventories	12	**3**	40
Trade and other receivables	13	**86**	124
Cash and cash equivalents		**222**	262
		311	426
Creditors: amounts falling due within one year	15	**(89)**	(153)
Net current assets		**222**	273
Total assets less current liabilities		**522**	462
Provisions	16	**(38)**	(19)
Net assets		**484**	443
Equity			
Called up share capital	17	**418**	418
Profit and loss account		**66**	25
Total shareholders' funds		**484**	443

The notes on pages 12 to 26 are an integral part of these financial statements.

The financial statements on pages 9 to 26 were authorised for issue by the Board of Directors on 26 March 2021 and were signed on its behalf by:

K A Reid
Director
Company registration no. 03448770

Statement of changes in equity

for the year ended 31 March 2020

	Called up share capital £'000	Profit and loss account £'000	**Total equity £'000**
Balance at 1 April 2018	418	(31)	**387**
Total comprehensive income for the year			
Profit for the financial year	-	56	**56**
Total comprehensive income for the year	-	56	**56**
Balance at 31 March 2019	418	25	**443**

	Called up share capital £'000	Profit and loss account £'000	**Total equity £'000**
Balance at 1 April 2019	418	25	**443**
Total comprehensive income for the year			
Profit for the financial year	-	41	**41**
Total comprehensive income for the year	-	41	**41**
Balance at 31 March 2020	**418**	**66**	**484**

Notes *(forming part of the financial statements)*

1 General information

Costessey Energy Limited (the "Company") is a private limited company incorporated, domiciled and registered in England, in the UK. The registered number is 03448770 and the registered address is First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ.

The Company's principal activity is set out in the Directors' report.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 require the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the company's 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 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of capital management;
- 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 entered into between two or more members of a group.

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

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

Notes *(forming part of the financial statements)*

2 Significant accounting policies (continued)

2.1.1 Going concern

The financial statements have been prepared on the going concern basis, on the basis outlined in the Directors' Report.

2.1.2 New Standards, amendments and IFRS IC interpretations

There are no amendments to accounting standards, or IFRS IC interpretations that are effective for the year ended 31 March 2020 that have had a material impact on the Company's financial statements.

2.2 Accounting policies

Revenue from contracts with customers

The Company's revenue streams are set out below:

- **Traded power**

  Revenue relating to the sale of electricity produced by baseload power 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.

- **Sale of Renewable Obligation Certificates ("ROCs")**

  ROCs are a product related to Government initiatives to encourage investment in renewable energy sources. ROCs are certificates issued where electricity has been sourced from renewable energy sources. Revenue arises from two elements:
  - the 'Buy Out' price - the sale of the certificate itself (almost always to the customer purchasing the electricity); and
  - the 'Recycle' price - 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.

  Revenue from ROC Buy Out certificates is recognised as exported. The customer does not receive the certificate until confirmation is received from Ofgem but control relating to the certificates passes from the Company at export and the customer is contractually obliged to accept it.

  ROC Recycle revenue is also recognised in line with exported power. Whilst the ROC Recycle 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. ROC Recycle revenue is recognised to the extent receipt of the associated benefit is probable. The Company considers that ROC Recycle 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 in the following year.

Notes *(forming part of the financial statements)*

2 Significant accounting policies (continued)

2.2 Accounting policies (continued)

Revenue from contracts with customers (continued)

- **Other Revenue**

  Other revenue includes embedded benefits such as:

  - 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.
  - The sale of site infrastructure may occur when the Company exits a site. Revenue received in relation to the sale of this is recognised at the point in time that the asset is transferred.

Royalty payments

Royalty payments to landowners 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.

Finance income

Finance income arises on cash deposits and funds invested and is recognised in the income statement as it accrues, using the effective interest method.

Finance costs

Finance costs are recognised in the income statement as they accrue, using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are ready for use.

Notes *(forming part of the financial statements)*

2 Significant accounting policies (continued)

2.2 Accounting policies (continued)

Tax

Tax expense comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to the tax payable or receivable in previous years. It is measured using tax rates enacted or substantively enacted at 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 year end.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes *(forming part of the financial statements)*

2 Significant accounting policies (continued)

2.2 Accounting policies (continued)

Property, plant and equipment ("PP&E")

PP&E is stated at cost less accumulated depreciation and impairment. 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 PP&E 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.

PP&E includes plant, equipment and gas assets 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.

Plant and equipment includes:

- Plant and machinery used in operations
- Engine overhaul costs
- The cost of decommissioning operating sites

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	Over the shorter of the minimum lease term of each operating site and the expected life of the asset, being 2-20 years
• Engine overhauls	2 - 4 years
• Decommissioning	Over the expected life of the operating site

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

Inventories

Inventory 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.

Provisions

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

Provisions for the decommissioning of assets and site restoration are recognised where a legal or contractual obligation exists. An equivalent amount of the provision is captured within property, plant and equipment. Given recent experience the Directors consider they have sufficient information to estimate the costs required and timing for decommissioning and restoration on a reasonable basis.

Notes *(forming part of the financial statements)*

2 Significant accounting policies (continued)

2.2 Accounting policies (continued)

Impairment

Financial assets (including trade receivables and other receivables)

Financial assets are assessed for impairment using the expected credit loss model which requires expected credit losses and changes to expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Financial assets measured at amortised cost or fair value to other comprehensive income ('FVOCI') will be subject to the impairment provisions of IFRS 9. The Company applies the simplified model to recognise lifetime expected credit losses for its trade receivables and other receivables by making an accounting policy election.

An impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount, which is the higher of its value in use and its fair value less costs of disposal. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows of other asset or groups of assets ("CGUs"). Property, plant and equipment may be separately tested at an individual asset level when there is an impairment trigger and it is appropriate to do so.

To determine the value in use the discounted estimated future operating cash flows are calculated and compared to the net carrying value of the asset or cash generating unit's (CGUs) asset.

Any impairment losses are recognised in the income statement. An impairment loss recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. If it is determined a loss should be reversed it can only be to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial Instruments

Non-derivative financial instruments

The Company's non-derivative financial instruments are are set out below. They are recognised initially at fair value, subsequent to initial recognition they are measured as described below:

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

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

Trade and other payables
Trade and other payables are carried at cost. Due to their short-term nature, their carrying value approximates their fair value.

Notes *(forming part of the financial statements)*

3 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.

Accounting estimates

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:

- Market pricing
- 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 year. 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 assets 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 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.

Accounting judgments

There are no material judgments in the financial statements.

Notes *(forming part of the financial statements)*

4 Revenue

A description of the principal revenue streams is set out in the accounting policies. All revenue is generated in the UK.

	2020	2019
	£'000	£'000
Traded power	92	129
Renewable Obligation Certificates	106	122
Triads	5	8
GDUoS	12	12
Other revenue	9	8
	224	279

5 Operating profit

	2020	2019
	£'000	£'000
Operating profit is stated after charging:		
Depreciation of property, plant and equipment	37	30
Payments to landlords for rent and royalties	66	84
Inventories expensed in the year	40	-

6 Auditors' remuneration

	2020	2019
	£'000	£'000
Audit of these financial statements	5	4

Audit fees for the year ended 31 March 2020 and for the year ended 31 March 2019 were borne by another group company.

Notes *(forming part of the financial statements)*

7 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.

8 Finance income

	2020	2019
	£'000	£'000
Bank interest receivable and similar income	**1**	1
	1	1

9 Finance costs

	2020	2019
	£'000	£'000
Provisions: unwinding of discount	**1**	-
Other interest payable	**3**	-
	4	-

Notes *(forming part of the financial statements)*

10 Income tax

Income tax recognised in the income statement

	2020	2019
	£'000	£'000
Current tax:		
UK corporation tax charge in the year	**(7)**	(5)
Adjustment in respect of prior years	**3**	1
Total current tax charge	**(4)**	(4)
Deferred tax		
Origination and reversal of temporary differences	**(19)**	(9)
Adjustment in respect of prior years	**(2)**	(6)
Total deferred tax charge	**(21)**	(15)
Tax charge on profit	**(25)**	(19)

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

	2020	2019
	£'000	£'000
Profit before income tax	**66**	75
Profit before income tax multiplied by the standard rate of UK corporation tax of 19% (2019: 19%)	**(13)**	(14)
Effects of:		
Non-deductible expenses	**(13)**	-
Adjustments in respect of prior years	**1**	(5)
Total tax charge	**(25)**	(19)

Notes *(forming part of the financial statements)*

11 Property, plant and equipment

	Plant and machinery	Assets under construction	Total
	£'000	£'000	£'000
Cost			
At 1 April 2019	2,563	-	**2,563**
Additions	14	61	**75**
Disposals	(957)	-	**(957)**
Transfers	353	(61)	**292**
At 31 March 2020	**1,973**	**-**	**1,973**
Accumulated depreciation			
At 1 April 2019	2,374	-	**2,374**
Charge for the year	37	-	**37**
Disposals	(957)	-	**(957)**
Transfers	219	-	**219**
At 31 March 2020	**1,673**	**-**	**1,673**
Net book value			
At 31 March 2020	**300**	**-**	**300**
At 31 March 2019	189	-	189

Notes *(forming part of the financial statements)*

12 Inventories

	2020	2019
	£'000	£'000
Lubricants	**3**	40
	3	40

13 Trade and other receivables

	2020	2019
	£'000	£'000
Trade receivables	**-**	10
Accrued income	**46**	67
Amounts owed by group undertakings	**23**	10
Other receivables	**1**	-
Deferred tax assets	**9**	30
Prepayments	**7**	7
	86	124
Due within one year	**77**	94
Due after more than one year	**9**	30

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

Notes *(forming part of the financial statements)*

14 Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	2020	2019
	£'000	£'000
Property, plant and equipment	**9**	30

Movement in deferred tax during the current year

	1 April 2019	Recognised in income	**31 March 2020**
	£'000	£'000	**£'000**
Property, plant and equipment	30	(21)	**9**

Movement in deferred tax during the prior year

	1 April 2018	Recognised in income	31 March 2019
	£'000	£'000	£'000
Property, plant and equipment	45	(15)	30

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. Deferred taxes at the balance sheet date have been measured using these enacted rates and reflected in these financial statements.

An increase in the UK corporation tax rate from 19% to 25% was announced in the 2021 budget, legislation will be introduced in Finance Bill 2021 to set the charge to Corporation Tax and set the main rate at 25% for the financial year beginning 1 April 2023. The deferred tax as at 31 March 2020 has not been impacted by this announced rate change.

Notes *(forming part of the financial statements)*

15 Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Amounts owed to group undertakings	**23**	62
Taxation	**7**	4
Other creditors	**-**	3
Accruals	**59**	84
	89	153

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

16 Provisions

	Decommissioning provision
	£'000
At 1 April 2019	19
Movements in provision	18
Unwinding of discount	1
At 31 March 2020	**38**

Decommissioning provisions relate to the restoration of the Company's operating sites. As explained in the accounting policies note, provisions are calculated at a discounted value of expected future costs. The discount rate applied in the year ended 31 March 2020 was 1.75% (2019: 1.75%).

17 Called up Share Capital

	2020	2019	**2020**	2019
	Number	Number	**£'000**	£'000
Allotted, called up and fully paid				
Ordinary £1.00 each	**418,447**	418,447	**418**	418

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.

Notes *(forming part of the financial statements)*

18 Contingent liabilities

The Company is a member of a group VAT registration and as such has contingent liabilities for VAT in respect of other members of the VAT group. The Group VAT liability at 31 March 2020 was £1,900,000 (2019: £2,000,000).

19 Related parties

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

3i Infrastructure plc ("3iN"), a company incorporated in the Channel Islands, is the ultimate parent company of Infinis Energy Group Holdings Limited. 3iN therefore has the ability to exercise a controlling influence through its shareholding in each of the wholly owned subsidiaries (the "3iN 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 3iN Holding Companies, to be related parties.

There were no direct transactions between the Company and either 3iN or any of the 3iN Holding Companies during the year (2019: £nil). There were no balances outstanding between the Company and either 3iN or any of the 3iN Holding Companies at the end of the year (2019: £nil).

20 Ultimate parent company and ultimate controlling entity

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

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.

21 Events after the end of the reporting period

On 18 February 2021 the trade and assets of the business were sold to another Group entity, Infinis Limited, at book value.