

Company registration number 05392552 (England and Wales)

SEVERN POWER LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

SEVERN POWER LIMITED

COMPANY INFORMATION

Directors	Mr S M Magie Mr J J Holder
Company number	05392552
Registered office	Severn Power Station West Nash Road Newport United Kingdom NP18 2BZ
Auditor	Azets Audit Services Ty Derw Lime Tree Court Cardiff Gate Business Park Cardiff United Kingdom CF23 8AB

SEVERN POWER LIMITED

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SEVERN POWER LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

Principal Activity

The principal activity of the Group (being the Company and its subsidiaries together, the "Group") during the year was the operation and maintenance of a gas pipeline and gas-fired power station at Newport, South Wales.

The subsidiary and associated undertakings principally affecting the profits or net assets of the Group in the year are listed in note 15 to the financial statements.

Fair review of the business

Health, Safety and Environmental

Health and Safety ("H&S") has and will continue to be of utmost importance to the Group, its Directors and staff.

The Directors are happy to report that Health and Safety ("H&S") continued to be excellent with no lost time accidents, a low level of near misses and a high level of management and staff safety walks.

The Group's excellent environmental record continued, with no operational events outside of permit limits during the year.

Financial Performance

The loss for the year before taxation, amounts to £3,859,000 (2021: profit of £466,272,000).

The current year performance is inline with the Directors' expectations of a plant that is in a preserved state.

The prior year results are significantly impacted by an exceptional income balance in the year of £484,785,000.

On 24th August 2020 the Company went into administration and was put into a state of managed preservation which triggered a number of impairments in the year ended March 2020, however on 26th March 2021 the Company successfully exited administration via a creditors' voluntary agreement ("CVA").

As part of this process, £486,760,000 of liability balances were released, creating an exceptional income in the profit and loss account for the year ended 31 March 2021. This release comprised £475,709,000 of amounts previously due to group companies and £11,051,000 of trade creditor as certain external supplier contracts were terminated. The year ended 31 March 2021 also saw a further impairment being recognised against amounts due from group companies of £1,975,000, due to the impact of administration in these respective companies.

Following the restricting of liability from the CVA process, as at 31 March 2022 the Group strengthened its balance sheet significantly with net assets of £195,672,000 (2021: £199,530,000) and net current liabilities of £5,620,000 (2021: £7,448,000).

On March 27th 2022, the CVA was completed.

Future Outlook

Following the successful exit of administration, the Directors plan that the pipeline and station will be held in a managed preservation state whilst strategic options are explored.

In addition, the Directors are continually looking at ways to optimise the cost base to help the financial performance of the business.

The business still faces a number of areas of uncertainty such as those detailed in the principal risks and uncertainties section below.

SEVERN POWER LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Principal risks and uncertainties

The management of the Group and the execution of the Group's strategy are subject to risks typically associated with the operation of a power plant in the UK. The key business risks and uncertainties affecting the Group when operational and other power plants in the UK market include health and safety, plant availability and volatility within the UK and European energy markets.

As noted in the Future Outlook section of this report, following the successful exit of the administration, the station will be held in a state of managed preservation, the key principal risk to the Company still remains that of Health and Safety.

Health and safety risk

The Health and Safety of all employees, contractors and visitors who attend the site is a key focus for the Group. To mitigate this risk the Group staff attend regular H&S updates. H&S KPIs are key statistics managed by the senior staff. Feedback systems and other H&S initiatives are used to help create a culture that has H&S as one of its key priorities.

Key performance indicators

Whilst in preservation, the main objective of the Group is to maintain an exemplary Health and Safety record.

	Year ended 31-Mar-22	Year ended 31-Mar-21	Definition, method of calculation
Days without lost time accidents	1,217	852	The number of days since the last accident at the power station that requires an employee or contractor to be off work for a period greater than 24 hours.

The Directors have selected Days without Lost Time Accident as its Health and Safety KPI due to its industry standard calculation and comparison.

Future KPIs will be reviewed by the Directors in light of the ongoing preservation status.

On behalf of the board

Mr J J Holder
Director

30 March 2023

SEVERN POWER LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Results and dividends

The results for the year are set out on page 9.

The Directors cannot recommend the payment of a dividend (2021: £nil).

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S M Magie

Mr J J Holder

Qualifying third party indemnity provisions

The Group has made qualifying third party indemnity provisions for the benefit of its Directors. These remain in force at the date of this report. This is also for the benefit of a subsidiary company.

Financial Risk Management Objectives and Policies

Objectives and policies

The Company's operations expose it to a variety of financial risks that include the effects of interest rate risk and cash flow risk. The Company has in place a risk management program that seeks to limit the adverse effects of these risks on the financial performance of the Company.

Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

SEVERN POWER LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Going Concern

On 24 June 2020 Calon Energy Limited ('the parent Group') – the parent company of Severn Power Limited ('the Group') entered administration.

The Directors have prepared a cash flow forecast for the period to 31 March 2025 which represents the Directors' best estimate of the future development of the Group.

Having consulted with the secured lender, the Directors had agreed the material terms of an appropriate funding agreement which all parties envisaged would be signed. However whilst this arrangement was being finalised, the parties operated a flexible funding arrangement which provided funding on a month-by-month basis at the discretion of the secured lender.

Whilst it is still anticipated that the funding agreement will be entered into, the directors and secured lender anticipate that the flexible funding arrangement will be retained for the foreseeable future.

Based on the ongoing positive relationship with the secured lender and following preparation of detailed forecasts, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and as such, believe that it remains appropriate to prepare the financial statements on a going concern basis. In making this judgement, the Directors expect that the Group's principal activity of the operation of a gas pipeline and gas-fired power station at Newport, South Wales will continue.

The Directors also recognise that from an accounting perspective the absence of any formal long term funding arrangement creates a small level of uncertainty and therefore risk that the required level of support may not be received for the necessary timescales.

This constitutes a material uncertainty related to the assumptions described above which may cast doubt on the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern. In the event the Group ceased to be a going concern, the adjustments would include writing down the carrying value of assets, to their recoverable amount and providing for any further liabilities that might arise.

In addition to the third party funding, the directors have confirmation from the parent Group companies that the intercompany amounts due to them will not be requested within 12 months of the approval date of these accounts. The parent Group companies have confirmed that it is not currently their intention to demand repayment. Due to the relationship with the parent Group companies, the directors are of the view that the intercompany amounts will not be requested in the next 12 months, however the confirmation received does create a material uncertainty as it is not a guarantee that the intercompany creditors will not be recalled within 12 months from the approval dates of these accounts.

Notwithstanding the material uncertainties described above, on the basis of sensitivities applied to the cash flow forecast and that further support can be agreed in the relevant timescale, the Directors have a reasonable expectation that the Group can continue to meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of this report.

On behalf of the board

Mr J J Ilder
Director

30 March 2023

SEVERN POWER LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SEVERN POWER LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEVERN POWER LIMITED

Opinion

We have audited the financial statements of Severn Power Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the group statement of income and retained earnings, the group balance sheet, the company balance sheet, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1 in the financial statements, which indicates that the group and its funders have put in place short-term funding arrangements sufficient for the group and parent company. However, there remains some uncertainty on the exact timing of signing the longer-term funding arrangement thus giving rise to a risk that the required level of support may not be received in the necessary timescales or at all. In addition, note 1 also details that although the group has received confirmation that it is not the current intention for the lending group entities to recall the amounts owed by the company in the 12 months from the date of the approval of these accounts, this is not a guarantee and therefore creates some additional uncertainty.

As stated in note 1, these events or conditions, along with the other matters as set forth in note 1 to the financial statements, indicate that a material uncertainty exists that may cast doubt on the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

SEVERN POWER LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SEVERN POWER LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

SEVERN POWER LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SEVERN POWER LIMITED

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Howells (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

31 March 2023

Chartered Accountants
Statutory Auditor

Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
United Kingdom
CF23 8AB

SEVERN POWER LIMITED

GROUP STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £'000	2021 £
Turnover	3	-	28,743
Cost of sales		-	(33,255)
Gross loss		-	(4,512)
Administrative expenses		(7,343)	(6,415)
Other operating income		4,310	-
Exceptional item	8	-	484,785
Operating (loss)/profit	4	(3,033)	473,858
Interest receivable and similar income	9	-	305
Interest payable and similar expenses	10	(826)	(7,891)
(Loss)/profit before taxation		(3,859)	466,272
Tax on (loss)/profit	11	-	189
(Loss)/profit for the financial year		(3,859)	466,461
Retained earnings brought forward		(90,470)	(556,931)
Retained earnings carried forward		(94,329)	(90,470)

(Loss)/profit for the financial year is all attributable to the owner of the parent company.

Total comprehensive income for the year is all attributable to the owner of the parent company.

SEVERN POWER LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2022

		2022		2021	
	Notes	£'000	£'000	£	£
Fixed assets					
Intangible assets	12	-	-	5,352	
Tangible assets	13	215,821		215,805	
			215,821		221,157
Current assets					
Debtors	16	1,964		1,714	
Cash at bank and in hand		876		4,129	
		2,840		5,843	
Creditors: amounts falling due within one year	17	(8,460)		(13,291)	
Net current liabilities			(5,620)		(7,448)
Total assets less current liabilities			210,201		213,709
Creditors: amounts falling due after more than one year	18		(6,527)		(6,527)
Provisions for liabilities					
Provisions	20	8,002		7,652	
			(8,002)		(7,652)
Net assets			195,672		199,530
Capital and reserves					
Called up share capital	22		290,000		290,000
Profit and loss reserves			(94,328)		(90,470)
Total equity			195,672		199,530

The financial statements were approved by the board of directors and authorised for issue on 30 March 2023 and are signed on its behalf by:

Mr J J Holder
Director

SEVERN POWER LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £'000	2021 £'000	2021 £	2021 £
Fixed assets					
Intangible assets	12	-	-	5,352	5,352
Tangible assets	13	215,746	215,746	215,730	215,730
			215,746		221,082
Current assets					
Debtors	16	2,233		1,719	1,719
Cash at bank and in hand		876		4,129	4,129
			3,109	5,848	5,848
Creditors: amounts falling due within one year	17	(3,489)	(8,350)	(8,350)	(8,350)
Net current liabilities			(380)		(2,502)
Total assets less current liabilities			215,366		218,580
Provisions for liabilities					
Provisions	20	8,002	(8,002)	7,652	(7,652)
Net assets			207,364		210,928
Capital and reserves					
Called up share capital	22	290,000	290,000	290,000	290,000
Profit and loss reserves		(82,636)	(82,636)	(79,072)	(79,072)
Total equity			207,364		210,928

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £3,564,478 (2021 - £489,597,647 profit).

The financial statements were approved by the board of directors and authorised for issue on 30 March 2023 and are signed on its behalf by:

Mr J J Holder
Director

Company Registration No. 05392552

SEVERN POWER LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £'000	2021 £'000	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	26		10,966		(901)
Investing activities					
Purchase of intangible fixed assets		-		(5,352)	
Purchase of tangible fixed assets		(15)		(56)	
Proceeds on disposal of intangible fixed assets		9,662		-	
Interest received		-		2	
Net cash generated from/(used in) investing activities			9,647		(5,406)
Financing activities					
Repayment of loans		(1,934)		-	
Net cash used in financing activities			(1,934)		-
Net decrease in cash and cash equivalents			(3,253)		(6,307)
Cash and cash equivalents at beginning of year			4,129		10,436
Cash and cash equivalents at end of year			876		4,129

SEVERN POWER LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Severn Power Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Severn Power Station, West Nash Road, Nash, Newport, Gwent NP18 2BZ.

The group consists of Severn Power Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Severn Power Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

SEVERN POWER LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.3 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the group will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the group's ability to continue as a going concern.

On 24 June 2020 Calon Energy Limited ('the parent Group') – the parent company of Severn Power Limited ('the Group') entered administration.

The Directors have prepared a cash flow forecast for the period to 31 March 2025 which represents the Directors' best estimate of the future development of the Group.

Having consulted with the secured lender, the Directors had agreed the material terms of an appropriate funding agreement which all parties envisaged would be signed. However whilst this arrangement was being finalised, the parties operated a flexible funding arrangement which provided funding on a month-by-month basis at the discretion of the secured lender.

Whilst it is still anticipated that the funding agreement will be entered into, the directors and secured lender anticipate that the flexible funding arrangement will be retained for the foreseeable future.

Based on the ongoing positive relationship with the secured lender and following preparation of detailed forecasts, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and as such, believe that it remains appropriate to prepare the financial statements on a going concern basis. In making this judgement, the Directors expect that the Group's principal activity of the operation of a gas pipeline and gas-fired power station at Newport, South Wales will continue.

The Directors also recognise that from an accounting perspective the absence of any formal long term funding arrangement creates a small level of uncertainty and therefore risk that the required level of support may not be received for the necessary timescales.

This constitutes a material uncertainty related to the assumptions described above which may cast doubt on the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern. In the event the Group ceased to be a going concern, the adjustments would include writing down the carrying value of assets, to their recoverable amount and providing for any further liabilities that might arise.

In addition to the third party funding, the directors have confirmation from the parent Group companies that the intercompany amounts due to them will not be requested within 12 months of the approval date of these accounts.

The parent Group companies have confirmed that it is not currently their intention to demand repayment. Due to the relationship with the parent Group companies, the directors are of the view that the intercompany amounts will not be requested in the next 12 months, however the confirmation received does create a material uncertainty as it is not a guarantee that the intercompany creditors will not be recalled within 12 months from the approval dates of these accounts.

Notwithstanding the material uncertainties described above, on the basis of sensitivities applied to the cash flow forecast and that further support can be agreed in the relevant timescale, the Directors have a reasonable expectation that the Group can continue to meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of this report.

SEVERN POWER LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.4 Turnover

Turnover represents amounts receivable for services provided in the normal course of business, net of trade discounts, power buy-backs, VAT and other sales-related taxes derived from the production of electricity for customers. All turnover has arisen in the United Kingdom.

Revenues from the sale of electricity represent the value of the actual generated output from the plant provided to customers at the net rates reflected in the associated contract terms with customers or prevailing market rates as applicable to the extent there is a right to consideration and is recorded at the value of the consideration due.

Other revenue, e.g., Capacity market revenue, is recognised when there is a right to consideration and is recorded at the value of the consideration due. Capacity market income is an income to the Group to ensure sufficient reliable capacity is available.

1.5 Intangible fixed assets

Intangible assets are measured at fair value and value adjustments are included in the income statement.

EUA Certificates included in intangible assets are shown at cost.

Fixed asset investments are shown at cost less any provision for impairment.

1.6 Tangible fixed assets

Tangible fixed assets are included in the statement of financial position at historical cost, less accumulated depreciation and provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Interest relating to borrowings to fund specific assets is also capitalised as part of the cost of the asset during the period of construction.

Subsequent expenditure in respect of items of tangible fixed assets such as the replacement of major parts and major inspections are capitalised as part of the cost of the related asset where it is probable that future economic benefits will arise and the cost can be reliably measured. All other subsequent expenditure, including the costs of day-to-day maintenance, is expensed as incurred.

Capitalisation begins when expenditure for the asset is being incurred and activities that are necessary to prepare the asset for use are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the asset for use are complete. Depreciation commences at the point of commercial deployment.

An asset is removed from the statement of financial position on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal is the difference between the proceeds and the carrying amount and is recognised in the statement of income and retained earnings.

Depreciation is provided on tangible fixed assets other than freehold land and assets in the course of construction, at rates calculated to write off the cost of acquisition of each asset evenly over its expected useful life. Where upgrades have extended the useful life, depreciation rates are calculated to write off the remaining book value over the remaining new estimated useful life.

Plant and machinery	5 - 35 years straight-line
Equipment and fittings	3 - 5 years
Decommissioning asset	Up to 35 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

SEVERN POWER LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

Assets are assessed for indicators of impairment at each statement of financial position date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimator recoverable value of the asset has been reduced to a level below book value. The recoverable amount is calculated based on the Directors' best estimate of the present value of the future cash flows of the business.

Financial assets

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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 the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price.

Financial assets are derecognised when substantially all the risks and rewards of the ownership of the asset are transferred to another party.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow Group companies are initially recognised at transaction price.

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

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

SEVERN POWER LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and commodity price movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designed and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

1.10 Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised without discounting, in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred at the statement of financial position date, with the following exceptions:

- provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the statement of financial position date, there is a commitment to dispose of the replacement assets with no likely subsequent rollover or available capital losses;
- provision is made for gains on revalued fixed assets only where there is a commitment to dispose of the revalued assets and the attributable gain can neither be rolled over nor eliminated by capital losses; and
- 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 difference can be deducted.

1.11 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.12 Retirement benefits

For defined contribution schemes, the amount charged to the statement of income and retained earnings in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

SEVERN POWER LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.13 Operating leases

Rentals under operating leases are charged to the statement of income and retained earnings on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term.

1.14 Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

1.15 EU Emissions trading scheme

A liability is recognised when the level of emissions exceeds the level of allowances granted. The liability is measured at the cost of purchased allowances up to the level of purchased allowances held, and then at market price of allowances ruling at the statement of financial position date. Certificates are surrendered at the end of the compliance period reflecting the consumption of economic benefit.

SEVERN POWER LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amount recognised in the financial statements.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Critical judgements - impairment assumptions

An estimation is required of the value in use of the cash-generating unit to which the fixed assets belong. The value in use post-tax cash flow projections are based on the Group's business plan. The business plan is based on past experience, and adjusted to reflect market trends, economic conditions, key risks, the implementation of strategic objectives and changes in commodity prices, as appropriate. Commodity prices used in the planning process are based on observable market data. In completing the impairment review the Directors have satisfied themselves that the estimates made are reasonable. However, the Group's activities are in a complex market and historically challenging conditions, and a number of sensitivities indicate impairments, highlighting the importance of those judgements taken.

Critical judgement - going concern

In order to assess whether it is appropriate for the Group to be reported as a going concern, the Directors apply judgement, having considered the business activities, the Group's principal risks and uncertainties, cash flow projections and external factors. In arriving at this judgement there are a large number of assumptions and estimates involved in calculating these future cash flow projections and the prospect of securing the additional support that will be required.

SEVERN POWER LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Key source of estimation uncertainty - impairment review of tangible fixed assets and investments

Determining whether fixed assets and investments are impaired requires an estimation of the value in use of the cash-generating unit to which the fixed assets belong. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The future cash flows are based on estimates of commodity prices, plant activity and market conditions which are inherently uncertain.

Key source of estimation uncertainty - useful economic life of tangible fixed assets

The useful economic lives of the plants were determined on purchase of each company in accordance with the contracts in place with the operators. In addition, the Directors review the useful economic life of each plant following any major upgrade in order to determine the most appropriate period of use.

Key source of estimation uncertainty - decommissioning costs

The estimated costs of decommissioning at the end of the useful economic life of the plant is reviewed periodically and provision is made for the estimated cost at the statement of financial position date. The total expected future decommissioning costs are uncertain and dependent on the life of the plant and the future interest rates applied to the most recent valuation of decommissioning costs. The provision is also dependent on the selection of a suitable discount rate to calculate present value. Changes to these selected rates produce material changes in the value of the provision as shown below.

	£'000
Provision at 31 March 2022	8,002
Discount rate changed to 1.78%	8,132
Inflation changed to 5%	9,608

Key source of estimation uncertainty - recoverability of inter-company debt

Determining whether inter-company debt is impaired requires an estimation of the value in use of the underlying business of the counterparty. This value in use calculation requires the Directors to estimate the future cash flows expected to arise from the counterparty and a suitable discount rate in order to calculate present value. The future cash flows of the counterparty are based on estimates of commodity prices, plant activity and market conditions which are inherently uncertain.

3 Turnover and other revenue

	2022 £'000	2021 £'000
Turnover analysed by class of business		
Sale of electricity	-	23,562
Capacity market income	-	5,181
	<u>-</u>	<u>28,743</u>

SEVERN POWER LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3 Turnover and other revenue (Continued)

	2022	2021
	£'000	£'000
Other revenue		
Interest income	-	305
	<u> </u>	<u> </u>

Turnover, which is stated net of value added tax, arises entirely in the United Kingdom and is attributable to the activity of operating gas-fired power stations at Newport, South Wales.

4 Operating (loss)/profit

	2022	2021
	£'000	£'000
Operating (loss)/profit for the year is stated after charging:		
Exchange losses	485	-
Depreciation of owned tangible fixed assets	-	4,305
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2022	2021
	£'000	£'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	15	27
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	3	3
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

Group		Company	
2022	2021	2022	2021
Number	Number	Number	Number
-	17	-	17
<u> </u>	<u> </u>	<u> </u>	<u> </u>

SEVERN POWER LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Wages and salaries	-	1,818	-	1,818
Social security costs	-	60	-	60
Pension costs	-	25	-	25
	<u>-</u>	<u>1,903</u>	<u>-</u>	<u>1,903</u>

7 Directors' remuneration

Two directors were remunerated by the Group through salaries for services to the Group as a whole in the prior year. Their total remuneration paid by the Group was £0 (2021 - £626,000) with pension contributions for one Director of £0 (2021 - £17,000). The highest paid director received emoluments from the Group of £0 (2021 - £424,000) and pension contributions of £0 (2021 £0).

Of these values, the following amounts were paid by the Company. Total remuneration £0 (2021: £499,000) and pension contributions £0 (2021: £13,000). The highest paid Director received emoluments of £0 (2021: £337,000) from the Company. The number of directors accruing retirement benefits under a money purchase scheme was 0 (2021: 1).

Two directors were remunerated by the Company through fees for services to the Group as a whole.

Total fees paid in the year were £403,000 (2021: £173,000). It is not possible to allocate their remuneration between their services as Directors of different companies.

8 Exceptional item

	2022 £'000	2021 £'000
Expenditure		
Release of liability balances and provisions against receivable balances	-	(484,785)
	<u>-</u>	<u>(484,785)</u>

In the prior year, the Company successfully exited administration via a creditors' voluntary agreement ("CVA"). The exit from the CVA process saw £486,760,000 of liability balances released, creating an exceptional income in the profit and loss account. This release comprised £475,709,000 of amounts previously due to group companies and £11,051,000 of trade creditor balances as a number of external supplier contracts were terminated. The year ended 31 March 2021 also saw a further impairment recognised against amounts due from group companies of £1,975,000 due to the impact of administration in these respective companies.

SEVERN POWER LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

9 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest income		
Interest on bank deposits	-	2
Interest receivable from group companies	-	303
	<hr/>	<hr/>
Total income	-	305
	<hr/>	<hr/>

10 Interest payable and similar expenses

	2022 £'000	2021 £'000
Interest on bank overdrafts and loans	476	-
Interest payable to group undertakings	-	8,854
Gain on hedging instrument in a fair value hedge	-	(1,096)
Unwinding of discount on decommissioning provision	350	133
	<hr/>	<hr/>
Total finance costs	826	7,891
	<hr/>	<hr/>

11 Taxation

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on profits for the current period	-	(189)
	<hr/>	<hr/>

The actual charge/(credit) for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £'000	2021 £'000
(Loss)/profit before taxation	(3,859)	466,272
	<hr/>	<hr/>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(733)	88,592
Tax effect of expenses that are not deductible in determining taxable profit	145	607
Tax effect of income not taxable in determining taxable profit	-	(96,553)
Change in unrecognised deferred tax assets	28,326	7,383
Adjustment in respect of prior years	-	(218)
Effect of rate changes	(27,738)	-
	<hr/>	<hr/>
Taxation charge/(credit)	-	(189)
	<hr/>	<hr/>

SEVERN POWER LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

12 Intangible fixed assets

Group	EUA Certificates
	£'000
Cost	
At 1 April 2021	5,352
Disposals	(5,352)
	<hr/>
At 31 March 2022	-
	<hr/>
Amortisation and impairment	
At 1 April 2021 and 31 March 2022	-
	<hr/>
Carrying amount	
At 31 March 2022	-
	<hr/>
At 31 March 2021	5,352
	<hr/>
Company	EUA Certificates
	£'000
Cost	
At 1 April 2021	5,352
Disposals	(5,352)
	<hr/>
At 31 March 2022	-
	<hr/>
Amortisation and impairment	
At 1 April 2021 and 31 March 2022	-
	<hr/>
Carrying amount	
At 31 March 2022	-
	<hr/>
At 31 March 2021	5,352
	<hr/>

SEVERN POWER LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

13 Tangible fixed assets

Group	Freehold land and buildings £'000	Assets under construction £'000	Plant and machinery £'000	Equipment and fittings £'000	Decommissioning asset £'000	Total £'000
Cost						
At 1 April 2021	75	2,115	440,552	19	6,735	449,496
Additions	-	-	15	-	-	15
	<u>75</u>	<u>2,115</u>	<u>440,567</u>	<u>19</u>	<u>6,735</u>	<u>449,511</u>
At 31 March 2022	75	2,115	440,567	19	6,735	449,511
	<u>75</u>	<u>2,115</u>	<u>440,567</u>	<u>19</u>	<u>6,735</u>	<u>449,511</u>
Depreciation and impairment						
At 1 April 2021 and 31 March 2022	-	2,115	230,642	19	914	233,690
	<u>-</u>	<u>2,115</u>	<u>230,642</u>	<u>19</u>	<u>914</u>	<u>233,690</u>
Carrying amount						
At 31 March 2022	75	-	209,925	-	5,821	215,821
	<u>75</u>	<u>-</u>	<u>209,925</u>	<u>-</u>	<u>5,821</u>	<u>215,821</u>
At 31 March 2021	75	-	215,730	-	-	215,805
	<u>75</u>	<u>-</u>	<u>215,730</u>	<u>-</u>	<u>-</u>	<u>215,805</u>
Company		Assets under construction £'000	Plant and machinery £'000	Equipment and fittings £'000	Decommissioning asset £'000	Total £'000
Cost						
At 1 April 2021		2,115	440,533	19	6,735	449,402
Additions		-	15	-	-	15
		<u>2,115</u>	<u>440,548</u>	<u>19</u>	<u>6,735</u>	<u>449,417</u>
At 31 March 2022		2,115	440,548	19	6,735	449,417
		<u>2,115</u>	<u>440,548</u>	<u>19</u>	<u>6,735</u>	<u>449,417</u>
Depreciation and impairment						
At 1 April 2021 and 31 March 2022		2,115	230,623	19	914	233,671
		<u>2,115</u>	<u>230,623</u>	<u>19</u>	<u>914</u>	<u>233,671</u>
Carrying amount						
At 31 March 2022		-	209,925	-	5,821	215,746
		<u>-</u>	<u>209,925</u>	<u>-</u>	<u>5,821</u>	<u>215,746</u>
At 31 March 2021		-	215,730	-	-	215,730
		<u>-</u>	<u>215,730</u>	<u>-</u>	<u>-</u>	<u>215,730</u>

During the year, an impairment of £Nil (2021: £2,000) against the value of fixed assets (Assets Under Construction) was recognised.

The cumulative borrowing costs capitalised total £66,680,000 (2021: £66,680,000). Interest was charged on the loans relating to capital expenditure at a rate of 4.5% above the LIBOR base rate.

SEVERN POWER LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

14 Fixed asset investments

Company	Total £'000
Cost or valuation	
At 1 April 2021 and 31 March 2022	7,000,001
Impairment	
At 1 April 2021 and 31 March 2022	7,000,001
Carrying amount	
At 31 March 2022	-
At 31 March 2021	-

15 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
Severn Gas Transportation Limited	1	Gas transmission	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

1 c/o Severn Power Limited, West Nash Road, Nash, Newport, Gwent NP18 2BZ

16 Debtors

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Amounts falling due within one year:				
Amounts owed by group undertakings	1,016	555	1,290	565
Other debtors	878	722	878	722
Prepayments and accrued income	70	437	65	432
	<u>1,964</u>	<u>1,714</u>	<u>2,233</u>	<u>1,719</u>

Amounts owed by Group companies are unsecured and repayable on demand.

SEVERN POWER LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

17 Creditors: amounts falling due within one year

		Group 2022	2021	Company 2022	2021
	Notes	£'000	£'000	£'000	£'000
Other borrowings	19	2,688	4,622	2,688	4,622
Trade creditors		387	936	322	926
Amounts owed to group undertakings		4,865	4,864	-	-
Corporation tax payable		-	29	-	-
Accruals and deferred income		520	2,840	479	2,802
		<u>8,460</u>	<u>13,291</u>	<u>3,489</u>	<u>8,350</u>

The amounts owed to Group companies are unsecured, bear interest at 4.55% above LIBOR and are repayable on demand.

18 Creditors: amounts falling due after more than one year

		Group 2022	2021	Company 2022	2021
	Notes	£'000	£'000	£'000	£'000
Other borrowings	19	6,527	6,527	-	-
		<u>6,527</u>	<u>6,527</u>	<u>-</u>	<u>-</u>

Amounts owed to Group undertakings relates to an unsecured loan that had been repayable at 30 June 2022 and bore interest at 8.125% per annum. The loan doesn't currently bear any interest and there are no fixed terms for repayment.

19 Loans and overdrafts

		Group 2022	2021	Company 2022	2021
		£'000	£'000	£'000	£'000
Loans from group undertakings		6,527	6,527	-	-
Other loans		2,688	4,622	2,688	4,622
		<u>9,215</u>	<u>11,149</u>	<u>2,688</u>	<u>4,622</u>
Payable within one year		2,688	4,622	2,688	4,622
Payable after one year		6,527	6,527	-	-
		<u>9,215</u>	<u>11,149</u>	<u>2,688</u>	<u>4,622</u>

Other loans relate to the funding received from the secured lender. The funding has a variable interest rate and there are no fixed terms for repayment.

SEVERN POWER LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

20 Provisions for liabilities

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
	8,002	7,652	8,002	7,652

Movements on provisions:

Group	£'000
At 1 April 2021	7,652
Additional provisions in the year	350
At 31 March 2022	8,002
Company	£'000
At 1 April 2021	7,652
Additional provisions in the year	350
At 31 March 2022	8,002

The decommissioning provision has been made under FRS 102 'Provisions, contingent liabilities and contingent assets' for estimated decommissioning costs which are calculated as the present value of estimated decommissioning costs using a discount rate of 1.78% (2021: 1.78%). Included within fixed assets is an amount of £5,820,000 (2021: £5,820,000) which reflects the Group's expectation to recover future decommissioning costs from sales of electricity during 2023 and future years. This asset is being depreciated over the expected life of the power station.

21 Retirement benefit schemes

	2022 £'000	2021 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	-	25

During the prior year, the Group contributed into a defined contribution pension scheme held by its parent company, Calon Energy Limited. During the prior year, all employees were transferred to NAES Power Solutions Limited under TUPS regulations.

22 Share capital

Group and company	2022 Number	2021 Number	2022 £'000	2021 £'000
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	290,000,002	290,000,002	290,000	290,000

SEVERN POWER LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

23 Commitments

On 31 May 2016 Calon Energy Limited drew on an existing facility in place with Beal Bank. The details of the new facility are currently in negotiation with the secured lender and are expecting to be completed during the following year.

There are no capital commitments as at the year end.

24 Related party transactions

Transactions with related parties

In accordance with section 33 of FRS102 'Related party disclosures', the Group is exempt from disclosing transactions with entities that are part of the Calon Energy Group as it is a wholly-owned subsidiary of Calon Energy Limited.

During the prior year, the Group transacted on an arm's length basis with Macquarie Bank Limited in relation to the Energy Management Service Agreement as follows. There were no such transactions in the year ended 31 March 2021.

Year ended 31 March 2021

	Value of transactions (to)/from the Group during the year £'000	Outstanding amount due to/(from) the Group as at 31 March 2021 £'000
Transaction fees	(244)	-
Other fees	(598)	-
Net sales of power	29,612	-
Net purchases of gas	(16,555)	-
Net purchases of carbon	(16,445)	-
	(4,230)	-

25 Controlling party

Calon Energy (Severn) Limited owns 100% of the ordinary share capital in Severn Power Limited and is considered to be the immediate parent company.

Calon Energy Limited, a company incorporated in England and Wales, heads the smallest group for which consolidated financial statements would be prepared and is regarded as the ultimate controlling party of the Group. However, on 24 June 2020 both Calon Energy (Severn) Limited and Calon Energy Limited entered administration and therefore there is no requirement to prepare consolidated financial statements.

SEVERN POWER LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

26 Cash absorbed by group operations

	2022 £'000	2021 £
(Loss)/profit for the year after tax	(3,859)	466,461
Adjustments for:		
Taxation charged/(credited)	-	(189)
Finance costs	826	8,987
Investment income	-	(305)
Gain on disposal of intangible fixed assets	(4,310)	-
Depreciation and impairment of tangible fixed assets	-	4,307
Change in fair value of derivatives	-	(1,096)
Increase in provisions	350	-
Movements in working capital:		
(Increase)/decrease in debtors	(250)	10,009
Decrease in creditors	(3,723)	(489,075)
Cash absorbed by operations	(10,966)	(901)

27 Analysis of changes in net debt - group

	1 April 2021 £'000	Cash flows £'000	31 March 2022 £'000
Cash at bank and in hand	4,129	(3,253)	876
Borrowings excluding overdrafts	(11,149)	1,934	(9,215)
	<u>(7,020)</u>	<u>(1,319)</u>	<u>(8,339)</u>

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