

WELSH POWER GROUP LIMITED

FILLETED ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2018




WELSH POWER GROUP LIMITED

**BALANCE SHEET
AS AT 31 MARCH 2018**

	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	6	225	58
Investment property	7	371	366
Investments	8	-	1,069
		<hr/> 596	<hr/> 1,493
Current assets			
Debtors: amounts falling due within one year	9	2,021	16,375
Cash at bank and in hand	10	1,194	4,997
		<hr/> 3,215	<hr/> 21,372
Creditors: amounts falling due within one year	11	(853)	(3,705)
Net current assets		<hr/> 2,362	<hr/> 17,667
Total assets less current liabilities		2,958	19,160
Provisions for liabilities			
Deferred tax	12	(38)	(37)
Net assets		<hr/> <hr/> 2,920	<hr/> <hr/> 19,123
Capital and reserves			
Called up share capital	13	100	114,672
Share premium account	14	-	34,478
Profit and loss account	14	2,820	(130,027)
Shareholder funds		<hr/> <hr/> 2,920	<hr/> <hr/> 19,123

These filled accounts are delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS102 Section 1A – small entities. The Company has opted not to file the profit and loss account.

The filled accounts Welsh Power Group Limited (registered number 05766467) were approved and authorised for issue by the board and were signed on its behalf on 19 December 2018.


M Tucker
 Director

The notes on pages 3 to 13 form part of these financial statements.

WELSH POWER GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 April 2016	114,672	34,478	(132,148)	17,002
Profit for the financial year	-	-	2,121	2,121
Total comprehensive income	-	-	2,121	2,121
At 31 March 2017	<u>114,672</u>	<u>34,478</u>	<u>(130,027)</u>	<u>19,123</u>
Profit for the financial year	-	-	5,076	5,076
Total comprehensive income	-	-	5,076	5,076
Capital reduction	(114,572)	(34,478)	149,050	-
Dividends paid on equity shares	-	-	(21,279)	(21,279)
At 31 March 2018	<u>100</u>	<u>-</u>	<u>2,820</u>	<u>2,920</u>

WELSH POWER GROUP LIMITED

NOTES TO THE FILLETED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

1. General information

Welsh Power Group Limited is a company incorporated in the United Kingdom under the Companies Act.

The Company is a private company limited by shares and is registered in England and Wales. The address of the registered office is Fourth Floor, 2 Kingsway, Cardiff, CF10 3FD.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice applicable for Smaller Entities, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

2.3 Revenue

The revenue, all of which arises in the United Kingdom, is attributable to the activities of providing management services to the power generation industry.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

WELSH POWER GROUP LIMITED

NOTES TO THE FILLETED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Motor vehicles	- 3 years
Office equipment	- 5 years
Computer equipment	- 3 - 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of profit and loss.

2.5 Investment property

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the statement of profit and loss.

Investment properties are stated based on a valuation undertaken by the Company. The significant assumptions used were a discount rate of 10%, inflation of 2.5%, discounted cash flow term of 19 years and a market valuation subject to existing tenancy rather than vacant possession.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted company shares, whose market value can be reliably determined, are re-measured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in the statement of profit and loss for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.7 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

WELSH POWER GROUP LIMITED

NOTES TO THE FILLETED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of profit and loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

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

WELSH POWER GROUP LIMITED

NOTES TO THE FILLETED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.10 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period-end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit and loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit and loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of profit and loss within 'other operating income'.

2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the statement of profit and loss on a straight-line basis over the lease term.

2.13 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the statement of profit and loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Interest income

Interest income is recognised in the statement of profit and loss using the effective interest method.

WELSH POWER GROUP LIMITED

NOTES TO THE FILLETED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of profit and loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.16 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Valuation of the investment property is considered to be a critical judgement. Further information as to the calculation and the assumptions used in the valuation can be found in note 7.

WELSH POWER GROUP LIMITED

**NOTES TO THE FILLETED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

4. Employees

Staff costs, including directors' remuneration, were as follows:

	2018	2017
	£'000	£'000
Wages and salaries	1,309	893
Social security costs	162	117
Cost of defined contribution scheme	109	102
	<u>1,580</u>	<u>1,112</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018	2017
	No.	No.
Administration and finance	<u>25</u>	<u>19</u>

5. Directors' remuneration

	2018	2017
	£'000	£'000
Directors' emoluments	187	178
Company contributions to defined contribution pension schemes	61	71
	<u>248</u>	<u>249</u>

During the year retirement benefits were accruing to 3 directors (2017 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £83,000 (2017 - £74,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,500 (2017 - £18,000).

WELSH POWER GROUP LIMITED

**NOTES TO THE FILLETED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

6. Tangible fixed assets

	Motor vehicles £'000	Office equipment £'000	Computer equipment £'000	Total £'000
Cost or valuation				
At 1 April 2017	43	91	57	191
Additions	-	193	41	234
Disposals	-	-	(1)	(1)
At 31 March 2018	<u>43</u>	<u>284</u>	<u>97</u>	<u>424</u>
Depreciation				
At 1 April 2017	30	65	38	133
Charge for year on owned assets	13	33	21	67
Disposals	-	-	(1)	(1)
At 31 March 2018	<u>43</u>	<u>98</u>	<u>58</u>	<u>199</u>
Net book value				
At 31 March 2018	<u>-</u>	<u>186</u>	<u>39</u>	<u>225</u>
At 31 March 2017	<u>13</u>	<u>26</u>	<u>19</u>	<u>58</u>

7. Investment property

	Freehold investment property £'000
Valuation	
At 1 April 2017	366
Revaluation	5
At 31 March 2018	<u>371</u>

Investment properties are stated based on a valuation undertaken by the company. The significant assumptions used were a discount rate of 10%, inflation of 2.5%, discounted cash flow term of 19 years and a market valuation subject to the existing tenancy rather than vacant possession.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2018 £'000	2017 £'000
Historic cost	<u>160</u>	<u>160</u>

WELSH POWER GROUP LIMITED

NOTES TO THE FILLETED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

8. Fixed asset investments

	Investments £'000
Cost or valuation	
At 1 April 2017	1,069
Disposals	(1,069)
At 31 March 2018	-
Net book value	
At 31 March 2018	-
At 31 March 2017	1,069

Details of investments

At the balance sheet date the Company had investments in the following undertakings:

Name	Country of incorporation	Class of shares	Holding %	Principal activity
WPG Energy Limited	United Kingdom	Ordinary	100	Non-trading
Carron Energy Holdings Limited	United Kingdom	Ordinary	100	Non-trading
Uskmouth Holding Company Limited	United Kingdom	Ordinary	100	Non-trading
Dragon Generation Limited	United Kingdom	Ordinary	100	Non-trading
Cale Power Limited *	United Kingdom	Ordinary	100	Non-trading
Apus Energy Limited	United Kingdom	Ordinary	50	Development

*held indirectly by Welsh Power Group Limited.

All investments listed above are registered at: Fourth Floor, 2 Kingsway, Cardiff, CF10 3FD.

Welsh Power Group Limited has at 50 per cent interest in Apus Energy Limited, making it a joint venture of the Company. At 31 March 2018, Apus Energy Limited, had net liabilities of £490,000 (2017 – assets of £723,000) and a net loss for the year of £1,213,000 (2017 profit - £2,299,000).

WELSH POWER GROUP LIMITED

**NOTES TO THE FILLETED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

9. Debtors

	2018	2017
	£'000	£'000
Trade debtors	311	838
Amounts owed by group undertakings	77	13,799
Amounts owed by joint ventures and associated undertakings	961	1,381
Other debtors	74	265
Prepayments and accrued income	598	92
	<u>2,021</u>	<u>16,375</u>

Amounts owed by group undertakings are repayable on demand and carry no interest. The directors of Welsh Power Group Limited have considered the likely recovery of the amounts due from group companies.

Loans to directors were outstanding during the year. The loans are unsecured and interest-free. The amount outstanding at the beginning of the year was £209,500; the maximum during the year was £209,500 and the amount outstanding at the end of the year was £nil. Director loan balances are included in other debtors.

WELSH POWER GROUP LIMITED

**NOTES TO THE FILLETED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2018**

10. Cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	1,194	4,997

11. Creditors: Amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	126	110
Amounts owed to group undertakings	7	3,040
Other tax and social security	142	215
Accruals and deferred income	343	320
Other creditors	87	20
Corporation tax	148	-
	<u>853</u>	<u>3,705</u>

Amounts owed to group undertakings accrue no interest and are repayable on demand.

12. Deferred taxation liability

	2018 £'000	2017 £'000
At beginning of year	37	45
Charged to profit or loss	1	(8)
At end of year	<u>38</u>	<u>37</u>

The provision for deferred taxation is made up as follows:

	2018 £'000	2017 £'000
Deferred tax on investment property	<u>38</u>	<u>37</u>

13. Share capital

	2,018 £'000	2,017 £'000
Shares classified as equity		
Allotted, called up and fully paid		
100,000 (2017: 114,672,425) Ordinary shares of £1 each	<u>100</u>	<u>114,672</u>

During the year under review a share reduction took place in Welsh Power Group Limited.

In March 2018, Welsh Power Group Limited carried out a share reduction. The share capital of the Company was reduced from £114,672,423 to £100,000 by the cancellation of 114,572,423 ordinary shares of £1.00 each.

WELSH POWER GROUP LIMITED

NOTES TO THE FILLETED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

14. Reserves

Profit and loss account

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the re-measurement of investment properties, net of dividends paid and other adjustments.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

15. Pension commitments

The Company operates a defined contribution benefit scheme for qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The total expense charged to profit and loss in the period ended 31 March 2018 was £109,000 (2017 - £102,000). Contributions of £9,464 were outstanding at 31 March 2018 (2017 - £20,000).

16. Commitments under operating leases

At 31 March 2018 and 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	£'000	£'000
Within one year	52	50
In the second to fifth years inclusive	336	42
After five years	381	-
	<u>769</u>	<u>92</u>

17. Subsequent events

There are no subsequent events after the reporting date which require disclosure.

18. Related party transactions

During the year Welsh Power Group Limited has continued to provide loan funding to Apus Energy Limited, a joint venture of Welsh Power Group Limited. The loan amount outstanding at 31 March 2018 was £700,000 (2017 - £1,200,000). The loan has an unsecured interest rate of 10% from 31 March 2016. Interest charged during the year was £74,000 (2017 - £120,000). The accrued interest outstanding at 31 March 2018 was £194,000 (2017 - £120,000). During the year the Company sold goods and services in the ordinary course of business to Apus Energy Limited to the value of £540,000 (2017 - £540,000). The amount outstanding at 31 March 2018 for trading balances was £67,000 (2017 - £61,000).

19. Controlling party

The immediate and ultimate parent is Carron Energy Limited, a company incorporated in the United Kingdom. The directors are of the opinion that there is no ultimate controlling party.

20. Auditor's information

The company has chosen to file filleted accounts without a profit and loss account. Consequently, the company is not required to file an auditor's report.

The auditor's report on the financial statements for the year ended 31 March 2018 was unqualified. The audit report was signed by David Hedditch (Senior Statutory Auditor) on behalf of Deloitte LLP.