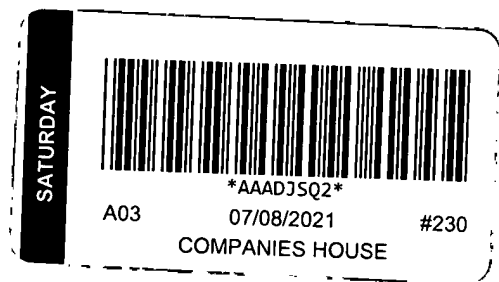


BECKTON ENERGY LIMITED
ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



Registered Number 06300207

BECKTON ENERGY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their Strategic Report of the Company for the year ended 31 December 2020.

BUSINESS REVIEW

The Company is focused on high levels of availability of the Beckton CHiP facility and ongoing optimisation of the generating equipment to ensure optimum availability and profitability. During the year the Company progressed a number of projects to increase plant performance. These included improvements to the main engine control system and turboexpanders, both designed to reduce unscheduled outages. The resulting improved reliability led to improved generation of 117,679 MWh (2019: 112,338 MWh). Work is ongoing to make continued improvements to the plant's availability and output.

RESULTS AND DIVIDENDS

The Company's loss for the year was £5,575,000 (2019: loss of £10,924,000) after exceptional bank charges of £nil (2019: £4,211,000) and other operating income of £85,000 (2019: £nil) which represents liquidated damages proceeds. EBITDA before exceptional items was £2,035,000 (2019: £2,898,000). All comparative information presented in this paragraph was for the year ended 31 December 2019.

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

FINANCIAL POSITION

The financial position of the Company is presented in the balance sheet on page 13 of the Annual Report and Financial Statements. Total shareholders' funds at 31 December 2020 was £19,116,000 (2019: deficit of £19,346,000), comprising fixed assets of £65,748,000 (2019: £69,759,000), net current liabilities of £521,000 (2019: £1,535,000) and long term liabilities of £46,111,000 (2019: £87,570,000).

KEY PERFORMANCE INDICATORS ("KPIs")

Key financial measures of turnover, gross profit on ordinary activities before taxation are shown in the profit and loss account on page 11. The Company also considers KPIs relating to Health and Safety, plant output and plant efficiency.

IMPACT OF THE EUROPEAN UNION ("EU") REFERENDUM

The UK's exit from the EU has had a minimal impact on the operations of the Company and its investments in 2020 and beyond. The potential for disruption to the importing of goods and services is being mitigated by maintaining a good relationship with suppliers, and using a reputable shipping agent where required. There has been no negative impact on production either during or after the end of the transition period on 31 December 2020.

BECKTON ENERGY LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

COVID-19

During the year, the prolonged outbreak of Covid-19 has had the potential to threaten the continuing operations of the Company and its investments.

In order to mitigate these risks, a comprehensive range of measures including enhanced hygiene procedures, minimising physical interaction and temperature checks were implemented at the Beckton CHP facility.

These procedures and their diligent application by all site staff and visitors have avoided any outbreak of Covid-19 at the facility, and the Directors continue to monitor the ongoing situation to ensure that the measures in place are appropriate for the remaining level of risk. Accordingly, Covid-19 has not had a significant impact on the Company to date.

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risks and uncertainties affecting the Group are considered to be related to operational performance which could impact operating profit, including:

- Unplanned outages due to equipment breakdowns;
- Underperforming plant performance leading to higher usage of consumables and lower output

The Company is aware of these risks and the impact they could have from a financial perspective and has systems, procedures and contingency plans in place to help identify, monitor and mitigate these risks on a frequent basis.

ON BEHALF OF THE BOARD

REGISTERED OFFICE

One Glass Wharf
Bristol
BS2 0ZX

Registered in England and Wales
Number 06300207



N Hildyard
Director
30 April 2021

BECKTON ENERGY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company's principal activity is the operation of assets to generate renewable electricity and heat near the Beckton gas pressure reduction station in East London (known as "the Beckton CHP facility").

RESULTS AND DIVIDENDS

See disclosure within the Strategic Report on page 2.

DIRECTORS

The Directors of the Company during the year and up to the date of signing the financial statements, unless otherwise stated, were:

N Hildyard

J Skinner (appointed on 20 May 2020)

C Hazelwood (resigned on 20 May 2020)

FUTURE DEVELOPMENTS

The Company remains committed to the operation, maintenance and contract management associated with the operational plant.

FINANCIAL RISK MANAGEMENT

The Company's contracting structure exposes it to limited financial risks that include liquidity risk. The Directors of the Company review these risks and set appropriate policies to help mitigate them.

LIQUIDITY RISK

The Company seeks to maintain cash balances so as to ensure the Company has sufficient available funds for operations.

DIRECTORS' INDEMNITIES AND INSURANCE

The Company maintained throughout the year, and at the date of approval of the financial statements, liability insurance for its directors and officers. This is a qualifying provision for the purposes of the Companies Act 2006

BECKTON ENERGY LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

GOING CONCERN

The directors have prepared financial forecasts that indicates the Group should have adequate resources to remain in operation for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements. In addition, the directors have received written assurances from a fellow group company that no transactions will be performed in the period of at least 12 months from the date of approval of these financial statements that could impair the Group's ability to continue as a going concern.

After making enquiries, the directors' expectation is that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

GROUP RESTRUCTURE

On 28 May 2020 £41,459,000 of the Shareholder loan from Gemini Energy Limited and £2,578,000 of the interest payable on the Shareholder loan from Gemini Energy Limited was capitalised by the issue of one share of £1.00 in Beckton Energy Limited with a share premium of £44,037,000. Subsequently all of the share premium was cancelled.

POST BALANCE SHEET EVENTS

On 15 March 2021 the company made a cash distribution of £3,000,000 to its immediate parent, Gemini Energy Limited.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

BECKTON ENERGY LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS
(continued)**

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.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) they have taken all the steps that they ought to have taken as directors 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



N Hildyard
Director
30 April 2021

REGISTERED OFFICE

One Glass Wharf
Bristol
BS2 0ZX

Registered in England and Wales
Number 06300207

BECKTON ENERGY LIMITED
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BECKTON ENERGY LIMITED

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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 December 2020; the profit and loss account, the statement of comprehensive income and 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

BECKTON ENERGY LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BECKTON ENERGY LIMITED

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 Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 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 Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities in respect of the financial statements, 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.

BECKTON ENERGY LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BECKTON ENERGY LIMITED

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of unusual journals to revenue, the misappropriation of cash or the manipulation of accounting estimates which could be subject to management bias. Audit procedures performed included:

- Enquiries of management;
- Review of board meeting minutes;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulation;
- Inspecting correspondence with HMRC and the third party supplier with regards to the fuel duty claim;
- Auditing the risk of management override of controls and fraud in revenue recognition, including through the testing of unusual journal entries and unpredictable procedures around cash payments;
- Testing of cash including the audit of bank reconciliations and independently gaining bank confirmations from the company's bankers; and
- Testing of accounting estimates which could be subject to management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

BECKTON ENERGY LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BECKTON ENERGY LIMITED

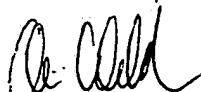
Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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.



Alan Walsh (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

East Midlands

30 April 2021

BECKTON ENERGY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

| | | For the year ended 31 December 2020 | For the year ended 31 December 2019 |
|---|------|--|---|
| | Note | £'000 | £'000 |
| Turnover | 6 | 23,618 | 22,023 |
| Cost of sales | | (18,882) | (17,282) |
| Gross profit | | 4,736 | 4,741 |
| Administrative expenses | | (7,317) | (6,253) |
| Other operating income including insurance liquidated damages proceeds of £85,000 (2019: £nil) | 7 | 85 | - |
| EBITDA before exceptional items | | 2,035 | 2,898 |
| Depreciation and amortisation | 8 | (4,531) | (4,410) |
| Operating loss | 8 | (2,496) | (1,512) |
| Interest receivable and similar income | 9 | - | 5 |
| Interest payable and similar expenses including exceptional bank charges of £nil (2019: £4,211,000) | 10 | (4,293) | (9,713) |
| Loss before taxation | | (6,789) | (11,220) |
| Tax on loss | 11 | 1,214 | 296 |
| Loss for the financial year | | (5,575) | (10,924) |

BECKTON ENERGY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

| | | For the year ended 31 December 2020 £'000 | For the year ended 31 December 2019 £'000 |
|---|------|--|--|
| | Note | | |
| Loss for the financial year | | <u>(5,575)</u> | <u>(10,924)</u> |
| Other comprehensive income / (expense) | | | |
| Cash flow hedges | | | |
| - Tax on components of other comprehensive income | 16 | - | (604) |
| - Change in value of hedging instrument during the year | 18 | - | (437) |
| - Early settlement | 18 | - | 3,987 |
| Other comprehensive income for the year, net of tax | | - | 2,946 |
| Total comprehensive income / (expense) for the year | | <u>(5,575)</u> | <u>(7,978)</u> |
| Total comprehensive income / (expense) for the year attributable to owners of the parent | | <u><u>(5,575)</u></u> | <u><u>(7,978)</u></u> |

BECKTON ENERGY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

| | Note | As at 31 December 2020 £'000 | As at 31 December 2019 £'000 |
|--|------|---------------------------------------|---------------------------------------|
| Fixed assets | | | |
| Intangible assets | 12 | 163 | 159 |
| Tangible assets | 13 | 65,585 | 69,600 |
| | | <u>65,748</u> | <u>69,759</u> |
| Current assets | | | |
| Inventories | 14 | 378 | 311 |
| Debtors: amounts falling due within one year | 15 | 13,303 | 7,900 |
| Debtors: amounts falling due after more than one year | 16 | 5,771 | 4,557 |
| Cash at bank and in hand | | 7,443 | 4,678 |
| | | <u>26,895</u> | <u>17,446</u> |
| Creditors: amounts falling due within one year | 17 | <u>(27,416)</u> | <u>(18,981)</u> |
| Net current liabilities | | <u>(521)</u> | <u>(1,535)</u> |
| Total assets less current liabilities | | 65,227 | 68,224 |
| Creditors: amounts falling due after more than one year | 19 | <u>(46,111)</u> | <u>(87,570)</u> |
| Net assets / (liabilities) | | <u>19,116</u> | <u>(19,346)</u> |
| Capital and reserves | | | |
| Called up share capital | 20 | 7,040 | 7,040 |
| Retained earnings / (Accumulated losses) | | 12,076 | (26,386) |
| Total equity | | <u>19,116</u> | <u>(19,346)</u> |

The financial statements on pages 11 to 30 were approved by the Board of Directors on 30 April 2021 and signed on its behalf by:



N Hildyard

Director

Registered company number - 06300207

BECKTON ENERGY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

| | Called up share capital £'000 | Hedging reserve £'000 | Share premium £'000 | Retained earnings / (Accumulated losses) £'000 | Total equity £'000 |
|------------------------------------|---|-----------------------------|---------------------------|--|--------------------------|
| Balance at 1 January 2019 | 7,040 | (2,946) | - | (15,462) | (11,368) |
| Loss for the financial year | - | - | - | (10,924) | (10,924) |
| Other comprehensive income | - | 2,946 | - | - | 2,946 |
| Balance at 31 December 2019 | <u>7,040</u> | <u>-</u> | <u>-</u> | <u>(26,386)</u> | <u>(19,346)</u> |
| Loss for the financial year | - | - | - | (5,575) | (5,575) |
| Issue of shares | - | - | 44,037 | - | 44,037 |
| Cancellation of share premium | - | - | (44,037) | 44,037 | - |
| Balance at 31 December 2020 | <u>7,040</u> | <u>-</u> | <u>-</u> | <u>12,076</u> | <u>19,116</u> |

The accounting policies and the notes on pages 15 to 30 form part of these financial statements

BECKTON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 General information

Beckton Energy Limited's ('the Company') principal activity is the operation of assets to generate renewable electricity and heat near the Beckton gas pressure reduction station in East London (known as "the Beckton CHP facility").

The Company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is One Glass Wharf, Bristol, England, BS2 0ZX.

2 Compliance statement

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of Significant Accounting Policies

(a) Basis of preparation

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

The financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical 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 4.

(b) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. Exemptions under FRS 102 paragraph 1.12 have been applied in relation to presentation of a cash flow statement, related party transactions, certain financial instrument disclosures and the non-disclosure of key management personnel compensation.

BECKTON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Summary of Significant Accounting Policies (continued)

(c) Going concern

The directors have prepared financial forecasts that indicates the Group should have adequate resources to remain in operation for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements. In addition the directors have received written assurances from a fellow group company that no transactions will be performed in the period of at least 12 months from the date of approval of these financial statements that could impair the Group's ability to continue as a going concern.

After making enquiries, the directors' expectation is that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements. Further information on the Group's borrowings is given in notes 17 and 19.

(d) Turnover

Turnover represents the income receivable for services provided in the ordinary course of business, excluding VAT. Turnover represents the amounts derived from the production and sale of electricity which includes wholesale power and renewable obligation certificates. Turnover from the production and sale of electricity is recognised when the commodity is delivered on the basis of the agreed volumes and rates within the sales contracts. Turnover also includes an estimate for the recycled price of ROCs sold during the financial year. See note 4 for further information on the estimate for the recycled price of ROCs sold during the financial year.

(e) Taxation

Current tax for the current and prior periods is provided at the amount expected to be recovered using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on all timing differences which result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax, at a future date, at tax rates expected to apply when the timing differences reverse based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(f) Interest receivable / payable

Interest receivable is recognised in the profit and loss account in the period in which it is earned. Interest payable is capitalised up until commissioning and, thereafter, recognised in the profit and loss account in the period in which it is incurred.

BECKTON ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

3 Summary of Significant Accounting Policies (continued)

(g) Leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. During the construction period operating lease payments will be capitalised. Operating lease payments will be charged to the profit and loss account on a straight-line basis over the term of the lease.

(h) Foreign currencies

The company's functional and presentational currency is the pound sterling.

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 the 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 profit and loss account.

(i) Intangible assets

Intangible assets represent computer software and are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight line basis until 30 March 2035. The estimated useful economic life (i.e. the expected life of the plant being 18 years, 4.5 months).

(j) Tangible fixed assets and depreciation

Tangible fixed assets are included in the balance sheet at their purchase cost (together with any incidental costs of acquisition) less accumulated depreciation and impairment. Cost includes finance costs which are directly attributable to the construction of the tangible fixed assets.

Depreciation is provided on all tangible fixed assets when commissioned, excluding land and assets in the course of construction, at rates calculated to write off the cost, less estimated residual value, of each asset over its estimated useful economic life. Post commissioning (i.e. on plant take-over) depreciation is charged on a straight line basis until 30 March 2035. The estimated useful economic life (i.e. the expected life of the plant being 18 years, 4.5 months).

Impairment reviews are carried out if there is some indication that impairment may have occurred, or where otherwise required to ensure that fixed assets are not carried above their estimated recoverable amounts. Impairments are recognised in the profit and loss account, and, where material, are disclosed as exceptional. Impairment reversals are recognised when, in management's opinion, the reversal is permanent. Impairments of fixed assets are calculated as the difference between the carrying value of the net assets of income generating units including,

BECKTON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Summary of Significant Accounting Policies (continued)

(j) Tangible fixed assets and depreciation (continued)

where appropriate, investments and their recoverable amounts. Recoverable amount is defined as the higher of net realisable value or estimated value in use at the date the impairment review is undertaken. Net realisable value represents the amount that can be generated through the sale of assets. Value in use represents the present value expected from future cash flows discounted on a pre-tax basis, using the estimated cost of capital of the income generating unit.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method.

(l) Exceptional items

The company recognises charges to the income statement as exceptional items where they are considered to be significant, one-off and not part of the underlying business performance of the company.

(m) Financial instruments

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

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at market rates of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

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

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

BECKTON ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

3 Summary of Significant Accounting Policies (continued)

(m) Financial instruments (continued)

Financial liabilities

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

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

Borrowings, which include interest-bearing loans and overdrafts, are recorded at their initial fair value which normally reflects the proceeds received, net of direct issue costs less any repayments. Subsequently these are stated at amortised cost, using the effective interest rate method. Any difference between proceeds and the redemption value is recognised over the term of the borrowing in the profit and loss account using the effective interest method.

(n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax from the proceeds.

(o) Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

(p) Related party transactions

The company has taken advantage of the exemption granted under FRS 102 paragraph 1.12 (e) to not disclose transactions with other group companies where they are wholly owned by a common parent entity.

(q) Cash flow statement

The company is a wholly owned subsidiary company of Gemini Energy Limited and is included in the consolidated financial statements of that company, which are publicly available at the company's registered office or Companies House. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 102 paragraph 1.12(b).

BECKTON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

4 Critical accounting judgements and estimation uncertainty

Company management and the board of directors make estimates and assumptions about the future. These estimates and assumptions impact recognised assets and liabilities, as well as revenue and expenses and other disclosures. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within financial year include:

Deferred tax assets

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Management have produced a forecast which suggests that the deferred tax asset is expected to be recovered and therefore has been recognised in the accounts. The Company has recognised a deferred tax asset of £5,771,000 (2019: £4,557,000) which it forecasts to be fully recovered by 2033.

ROC recycle valuation

ROC recycle income is accrued in the accounts at a rate of 10% (2019: 10%) of the total ROCs rewarded. In the year end accounts the 10% equated to £797,000 (2019: £722,000) of accrued ROC recycle income relating to April to December. The 10% is management's expectation of the level of ROC recycle income based on previous years actuals. Actual ROC recycle income related to the previous ROC period (April to March) is known towards the end of the calendar year at which point the 10% accrual is adjusted to reflect actual income received.

5 Directors' emoluments and employees

Directors' emoluments in respect of those paid for services wholly attributable to the Company were £nil (2019: £nil). There were no employees of the Company during the year (2019: none). The Company received a management charge of £273,000 (2019: £nil) from the ultimate owner. The charge attributable for the services of the Directors is not separately distinguishable from the total management charge.

6 Revenue

All revenue is derived from sales in the UK from continuing operations. The Company's revenue for the year was £23,618,000 (2019: £22,023,000).

BECKTON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

7 Other operating income

| | For the year ended 31 December 2020 £'000 | For the year ended 31 December 2019 £'000 |
|---|---|---|
| Insurance and liquidated damages proceeds | <u>85</u> | <u>-</u> |

8 Operating loss

| | For the year ended 31 December 2020 £'000 | For the year ended 31 December 2019 £'000 |
|--|---|---|
| Operating loss is stated after charging: | | |
| Amortisation of intangible assets (note 12) | 11 | 11 |
| Amortisation of debt issue costs | - | 42 |
| Depreciation of tangible assets (note 13) | 4,520 | 4,357 |
| Inventory recognised as cost of sales in the year | 14,323 | 12,796 |
| Services provided by the company's auditors: | | |
| Fees payable for the audit | 39 | 37 |
| Fees payable for other services – taxation | 31 | 7 |
| Fees payable for other services – sustainability audit | 14 | 14 |
| Fees payable for other services – other | - | 4 |

9 Interest receivable and similar income

| | For the year ended 31 December 2020 £'000 | For the year ended 31 December 2019 £'000 |
|---------------|---|---|
| Bank interest | <u>-</u> | <u>5</u> |

BECKTON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Interest payable and similar expenses

| | For the year ended 31 December 2020 £'000 | For the year ended 31 December 2019 £'000 |
|--------------------------------|---|---|
| Bank interest | - | 81 |
| Shareholder loan note interest | 4,293 | 4,758 |
| Exceptional bank charges | - | 4,211 |
| Debt issue costs | - | 644 |
| Bank facility charges | - | 19 |
| | <u>4,293</u> | <u>9,713</u> |

Exceptional bank charges of £nil (2019: £4,211,000) were paid in the year in relation to early repayment of the Term loan and VAT Facility with Deutsche Bank Luxembourg, plus the early close out of the interest rate swap with Deutsche Bank AG.

11 Tax on loss

(a) Analysis of credit in the year

| | For the year ended 31 December 2020 £'000 | For the year ended 31 December 2019 £'000 |
|--|---|---|
| Current tax: | | |
| UK corporation tax | - | - |
| Total current tax | <u>-</u> | <u>-</u> |
| Deferred tax: | | |
| Origination and reversal of timing differences | (638) | (598) |
| Adjustment in respect of prior years | (576) | 302 |
| Total deferred tax | <u>(1,214)</u> | <u>(296)</u> |
| Total tax credit | <u>(1,214)</u> | <u>(296)</u> |

BECKTON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Tax on loss (continued)

(b) Factors affecting the current tax credit

The tax assessed on the loss for the year differs (2019: differs) from the standard rate of corporation tax in the UK. The differences are reconciled below:

| | For the year ended 31 December 2020 £'000 | For the year ended 31 December 2019 £'000 |
|--|--|--|
| Loss on ordinary activities before taxation | (6,789) | (11,220) |
| Loss multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%) | (1,290) | (2,132) |
| Effect of: | | |
| Expenses not deductible for tax purposes | 508 | 1,310 |
| Adjustment in respect of prior years | (576) | 302 |
| Tax rate changes | 144 | - |
| Difference in current and deferred tax rates | - | 224 |
| Total tax | (1,214) | (296) |

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 15 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. As part of Finance Bill 2020 (on 22 July 2020), the main rate was amended to 19% from 1 April 2020. The UK Chancellor of the Exchequer announced on 3 March 2021 as part of the 2021 Budget that the UK government would be increasing the rate of UK corporation tax to 25% from 1 April 2023. This increase in tax rate to 25% has not yet been substantively enacted. The deferred tax assets and liabilities in these financial statements have been calculated based on these assets and liabilities reversing at 19% (2019: 17%) as this rate has been substantively enacted at the balance sheet date.

BECKTON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Intangible assets

| | Computer software |
|----------------------------------|------------------------------|
| | £'000 |
| Cost: | |
| At 1 January 2020 | 192 |
| Additions | 15 |
| Disposals | - |
| At 31 December 2020 | 207 |
| Accumulated amortisation: | |
| At 1 January 2020 | 33 |
| Charge for the year | 11 |
| Disposals | - |
| At 31 December 2020 | 44 |
| Net book value: | |
| At 31 December 2020 | 163 |
| At 31 December 2019 | 159 |

BECKTON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Tangible assets

| | Land | Buildings, plant & machinery | Total |
|---|------------|---------------------------------|---------------|
| | £'000 | £'000 | £'000 |
| Cost: | | | |
| At 1 January 2020 | 894 | 88,758 | 89,652 |
| Additions | - | 505 | 505 |
| At 31 December 2020 | 894 | 89,263 | 90,157 |
| Accumulated depreciation and Impairment: | | | |
| At 1 January 2020 | - | 20,052 | 20,052 |
| Charge for the year | - | 4,520 | 4,520 |
| At 31 December 2020 | - | 24,572 | 24,572 |
| Net book value: | | | |
| At 31 December 2020 | 894 | 64,691 | 65,585 |
| At 31 December 2019 | 894 | 68,706 | 69,600 |

Buildings, plant and machinery includes interest and commitment fees on the Term Loan Facility and VAT Facility of £7,660,000 (2019: £8,198,000), amortised debt issue costs of £855,000 (2019: £915,000) and interest on loans from group undertakings of £2,880,000 (2019: £3,082,000).

The depreciation charge for the year includes depreciation on debt issue costs of £60,000 (2019: £60,000).

BECKTON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

14 Inventories

| | At 31 December 2020 £'000 | At 31 December 2019 £'000 |
|------------------------------|------------------------------------|------------------------------------|
| Raw material and consumables | 314 | 259 |
| Emissions consumables | 64 | 52 |
| | <u>378</u> | <u>311</u> |

There is no material difference between the replacement costs of inventories and their carrying amounts.

15 Debtors: amounts falling due within one year

| | As at 31 December 2020 £'000 | As at 31 December 2019 £'000 |
|-----------------------------------|---------------------------------------|---------------------------------------|
| Trade debtors | 269 | 2,620 |
| Amounts owed by group undertaking | 1,066 | - |
| Fuel duty | 5,546 | - |
| Other debtors | 1,246 | 1,200 |
| Prepayments and accrued income | 5,176 | 4,080 |
| | <u>13,303</u> | <u>7,900</u> |

Amounts owed by group undertaking as at 31 December 2020 includes £1,056,000 (2019: £nil) owed from Gemini Finco Limited. No interest is charged on this debt and it is repayable on demand.

Amounts owed by group undertaking as at 31 December 2020 includes £10,000 (2019: £nil) owed from Gemini Energy Limited. No interest is charged on this debt and it is repayable on demand.

The fuel duty debtor as at 31 December 2020 of £5,546,000 (2019: £nil) relates to a rebate due from HMRC for fuel duty incurred for the period 19 January 2017 to 20 December 2020. See note 17 for the contra entry to this transaction.

Other debtors as at 31 December 2020 includes a £1,000,000 (2019: £1,000,000 letter of credit with Deutsche Bank AG) deposit with Cadent Gas Limited under the terms of the Asset Use Agreement and a £200,000 (2019: £200,000 letter of credit with Deutsche Bank AG) deposit with British Gas Trading Limited under the terms of the Power Purchase Agreement.

BECKTON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

16 Debtors: amounts falling due after more than one year

The company has a net deferred tax asset totalling £5,771,000 (2019: £4,557,000), calculated at 19% (2019: 17%), made up as follows:

| | As at 31 December 2020 £'000 | As at 31 December 2019 £'000 |
|----------------------------------|---|---|
| Accelerated capital allowances | (7,357) | (6,055) |
| Tax losses carried forward | 13,128 | 10,612 |
| Derivative financial instruments | - | - |
| Total deferred tax asset | <u>5,771</u> | <u>4,557</u> |

| | For the year ended 31 December 2020 £'000 | For the year ended 31 December 2019 £'000 |
|--|--|--|
| Deferred tax asset at 1 January | 4,557 | 4,865 |
| Adjustment in respect of prior years | 576 | (302) |
| Deferred tax credit in profit and loss account | 638 | 598 |
| Movement in deferred tax on derivative financial instruments | - | (604) |
| Deferred tax asset at 31 December | <u>5,771</u> | <u>4,557</u> |

The deferred tax asset is regarded as more likely than not that it will be recovered based on the Company's forecasts and projections.

BECKTON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 Creditors: amounts falling due within one year

| | As at 31 December 2020 £'000 | As at 31 December 2019 £'000 |
|------------------------------------|---------------------------------------|---------------------------------------|
| Trade creditors | 3,152 | 1,247 |
| Amounts owed to group undertakings | 17,331 | 15,617 |
| Value added tax payable | 628 | 772 |
| Other creditors | - | 87 |
| Accruals and deferred income | 6,305 | 1,258 |
| | <u>27,416</u> | <u>18,981</u> |

The amounts owed to group undertakings includes £16,131,000 (2019: £14,417,000) of accrued interest on the capital amount of unsecured shareholder loan notes payable to Gemini Energy Limited. This interest is repayable on demand.

The amounts owed to group undertakings includes a £1,200,000 (2019: £1,200,000) credit support loan from Water Twins Limited. No interest is charged on this loan and it is repayable on demand.

Included within accruals and deferred income is £5,546,000 (2019: £nil) relating to fuel duty incurred for the period 19 January 2017 to 20 December 2020 which was not charged to the company by the supplier until 2020. See note 15 for the contra entry to this transaction.

18 Derivative financial instruments

The Company has the following interest rate swap included at fair value in the financial statements:

| | 2020 £'000 | 2019 £'000 |
|--|---------------|---------------|
| Creditor at 1 January | - | (3,550) |
| Changes in value during the year dealt with through other comprehensive income | - | (437) |
| Early settlement dealt with through other comprehensive income | - | 3,987 |
| Creditor at 31 December | <u>-</u> | <u>-</u> |

On 28 March 2013 the Company entered into a fixed swap arrangement with Deutsche Bank AG in respect of 100% of the value of the Term Loan Facility. The cash flow hedge has identical critical terms and is highly effective thereby qualifying for hedge accounting. On 21 February 2019 £3,987,000 was paid to Deutsche Bank AG upon early termination of the swap instrument, this amount has been recognised within interest payable as part of exceptional bank charges.

BECKTON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

19 Creditors: amounts falling due after more than one year

| | As at 31 December 2020 £'000 | As at December 2019 £'000 |
|------------------------------------|---------------------------------------|------------------------------------|
| Amounts owed to group undertakings | 46,111 | 87,570 |
| | <u>46,111</u> | <u>87,570</u> |

There are two (2019: two) shareholder loan agreements.

One relates to loan notes of £20,111,000 (2019: £20,111,000) provided by Gemini Energy Limited which are repayable in 2027 with a fixed rate of interest rate of 15.0%.

The second is an unsecured Loan from Gemini Energy for £26,000,000 (2019: £67,459,000), originally advanced on 21 February 2019. This loan accrues interest at 2.8% (2019: 3%) and is repayable in 2029. As part of the capital restructure £41,459,000 of long-term shareholder loan notes and £2,578,000 of short-term amounts owed to group undertaking were capitalised in May 2020. See note 20 below.

20 Called up share capital

| | As at 31 December 2020 £'000 | As at December 2019 £'000 |
|--|---------------------------------------|------------------------------------|
| Allotted, called up and fully paid | | |
| 7,040,114 (2019: 7,040,113) ordinary shares of £1 each | 7,040 | 7,040 |
| | <u>7,040</u> | <u>7,040</u> |

On 28 May 2020 £41,459,000 of the Shareholder loan from Gemini Energy Limited and £2,578,000 of the interest payable on the Shareholder loan from Gemini Energy Limited was capitalised by the issue of one share of £1.00 in Beckton Energy Limited with a share premium of £44,037,000. Subsequently all of the share premium was cancelled.

BECKTON ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

21 Related party transactions

2OC Ltd were a minority shareholder of the Company's parent company Gemini Energy Limited up until 21 February 2019. Related party transactions are made up of amounts charged by 2OC Ltd to the Company in respect of professional services.

| | Charged in the year from 1 January 2020 to 31 December 2020 £'000 | Balance at 31 December 2020 £'000 |
|----------------------|---|--|
| Charged from 2OC Ltd | - | - |

| | Charged in the year from 1 January 2019 to 31 December 2019 £'000 | Balance at 31 December 2019 £'000 |
|----------------------|---|--|
| Charged from 2OC Ltd | 152 | - |

Amounts charged from 2OC Ltd relate to Management Service Agreement charges of £nil (2019: £152,000). Amounts charged from AIP Infrastructure LLP for management services have been disclosed in note 5.

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

22 Post balance sheet events

On 15 March 2021 the company made a cash distribution of £3,000,000 to its immediate parent, Gemini Energy Limited.

23 Ultimate parent undertaking and controlling party

Beckton Energy Limited is a wholly owned subsidiary of Gemini Energy Limited. The registered office of Gemini Energy Limited is One Glass Wharf, Bristol, BS2 0ZX.

The ultimate controlling party and ultimate parent of the company is AIP Infrastructure LP. AIP Infrastructure LP is a company registered in Scotland whose registered office is 15 Atholl Crescent, Edinburgh, EH3 8HA.

Gemini Finco Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2020. The consolidated financial statements of Gemini Finco Limited are available from Birchin Court, 20 Birchin Lane, London, BC3V 9DU.