

Dafen Reserve Power Limited
Annual report and financial statements
for the year ended 30 June 2015

Registered Number 08836682

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Dafen Reserve Power Limited
Annual report and financial statements
for the year ended 30 June 2015
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Dafen Reserve Power Limited

Directors and advisers

Directors

T Senior

AD Fraser

PS Latham

OCS Services Limited

Registered office

6th Floor

33 Holborn

London

EC1N 2HT

Independent auditors

PricewaterhouseCoopers LLP

Central Square South

Orchard Street

Newcastle upon Tyne

NE1 3AZ

Dafen Reserve Power Limited

Directors' report for the year ended 30 June 2015

The directors present their annual report and the audited financial statements for the year ended 30 June 2015.

Principal activities

The principal activities of the company are that of construction and operation of reserve power relief for the national grid.

Going concern

The financial statements have been prepared on the going concern basis. The directors have prepared forecasts and reviewed capital requirements for twelve months from the date of approving these financial statements, which indicate the business can continue to trade for at least twelve months.

Directors

The directors who were in office during the year and up to the date of signing the financial statements were:

E Keelan (resigned 02/02/15)
T Senior (appointed 02/02/15)
AD Fraser (appointed 27/08/15)
PS Latham
OCS Services Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 prepared 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 company and of the profit or loss of the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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. They 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.

Dafen Reserve Power Limited

Directors' report for the year ended 30 June 2015 (continued)

Independent auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

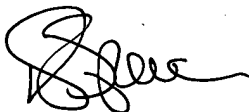
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Small company provision

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

On behalf of the board



Tracey Spevack
For OCS Services Limited
Director
18 December 2015

Dafen Reserve Power Limited

Independent auditors' report to the members of Dafen Reserve Power Limited

Report on the financial statements

Our opinion

In our opinion, Dafen Reserve Power Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its 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.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- Balance sheet as at 30 June 2015;
- Profit and loss account for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Dafen Reserve Power Limited

Independent auditors' report to the members of Dafen Reserve Power Limited (continued)

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies' exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

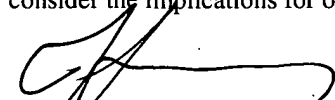
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

Dafen Reserve Power Limited

Independent auditors' report to the members of Dafen Reserve Power Limited (continued)

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Jonathan Greenaway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
18 December 2015

Dafen Reserve Power Limited

Profit and loss account for the year ended 30 June 2015

	Note	Year ended 30 June 2015	Period ended 30 June 2014
		£	£
Turnover	1	41,204	-
Gross profit/result		41,204	-
Administrative expenses		(193,496)	(94,418)
Operating loss	2	(152,292)	(94,418)
Interest receivable and similar income	3	2,077	1,215
Interest payable and similar charges	4	(506,349)	(83,249)
Loss on ordinary activities before taxation		(656,564)	(176,452)
Tax on loss on ordinary activities	5	133,576	22,008
Loss for the financial year/period	10	(522,988)	(154,444)

All of the company's activities are continuing.

The company has no recognised gains and losses other than the loss for the financial year/period.

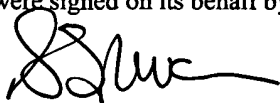
There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year/period stated above and their historical cost equivalents.

Dafen Reserve Power Limited

Balance sheet as at 30 June 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	6	4,967,179	1,705,352
Current assets			
Debtors	7	305,590	384,099
Cash at bank and in hand		366,171	850,001
		671,761	1,234,100
Creditors: amounts falling due within one year	8	(6,304,532)	(3,093,895)
Net current liabilities		(5,632,771)	(1,859,795)
Total assets less current liabilities		(665,592)	(154,443)
Provisions for liabilities	8	(11,839)	-
Net liabilities		(677,431)	(154,443)
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	(677,432)	(154,444)
Total shareholders' deficit	11	(677,431)	(154,443)

The financial statements on pages 7 to 16 were approved by the board of directors on 18 December 2015 and were signed on its behalf by:



Tracey Spevack
For OCS Services Limited
Director

Registered number 08836682

Dafen Reserve Power Limited

Statement of accounting policies for the year ended 30 June 2015

Basis of preparation of financial statements

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principle accounting policies, which have been applied consistently throughout the year, are set out below.

Going concern

The financial statements have been prepared on a going concern basis. The directors have prepared forecasts and reviewed capital requirements for twelve months from the date of approving these financial statements, which indicate the business can continue to trade for at least twelve months. These forecasts are supported by the ultimate parent who will provide support to meet liabilities as they fall due.

Turnover

Turnover comprises income receivable from the electricity generated during the year. Any uninvoiced income is accrued in the year in which it has been generated.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Plant and machinery - 4% and 10% straight line

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducing all of its financial liabilities.

Where the contractual obligations of the financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Dafen Reserve Power Limited

Statement of accounting policies for the year ended 30 June 2015 (continued)

Cash flow statement

The company is a wholly owned subsidiary company of a group headed by Fern Trading Limited, and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) 'Cash flow statements'.

Dafen Reserve Power Limited

Notes to the financial statements for the year ended 30 June 2015

1 Turnover

All turnover arose within the United Kingdom under one class of business.

2 Operating loss

The operating loss is stated after charging:

	Year ended 30 June 2015	Period ended 30 June 2014
	£	£
Depreciation of tangible fixed assets owned by the company	62,878	-
Auditors' remuneration	2,000	2,000
Auditors' remuneration – non audit services	-	625
Auditors' remuneration – taxation compliance services	1,125	1,500

During the year, no director received any emoluments in respect of the services to the company (2014: none).
There are no employees other than directors (2014: none).

3 Interest receivable and similar income

	Year ended 30 June 2015	Period ended 30 June 2014
	£	£
Bank interest receivable	2,077	1,215

4 Interest payable and similar charges

	Year ended 30 June 2015	Period ended 30 June 2014
	£	£
Group interest payable	(506,349)	(83,249)

Dafen Reserve Power Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

5 Tax on loss on ordinary activities

	Year ended 30 June 2015	Period ended 30 June 2014
	£	£
Current taxation:		
UK corporation tax credit on loss for the year	(167,423)	-
Deferred taxation:		
Origination and reversal of timing differences	30,770	(24,759)
Effects of change in tax rate	3,077	2,751
Total deferred taxation	33,847	(22,008)
Total tax credit	(133,576)	(22,008)

The tax assessed for the year is lower than (2014: higher than) the standard rate of corporation taxation in the UK of 20.75% (2014: 22.5%). The differences are explained below:

	Year ended 30 June 2015	Period ended 30 June 2014
	£	£
Loss on ordinary activities before taxation	(656,564)	(176,452)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.75% (2014: 22.5%)	(136,237)	(39,702)
Effects of:		
Expenses not deductible for tax purposes	738	14,943
Capital allowances in excess of depreciation	(12,283)	
Group relief not paid for	-	18,405
Utilisation of tax losses	(19,641)	6,354
Current tax charge for the year	(167,423)	-

The Summer Finance Bill of 2015 included reductions to the main rate of corporation tax to reduce the rate to 19% from 1 April 2017 and 18% from 1 April 2020. As these changes had not been substantially enacted at the balance sheet date their effects are not included in these financial statements.

Dafen Reserve Power Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

6 Tangible assets

	Plant and machinery £	Total £
Cost		
At 1 July 2014	1,705,352	1,705,352
Additions	3,324,705	3,324,705
At 30 June 2015	5,030,057	5,030,057
Accumulated depreciation		
At 1 July 2014	-	-
Charge for the year	62,878	62,878
At 30 June 2015	62,878	62,878
Net book value		
At 30 June 2015	4,967,179	4,967,179
At 1 July 2014	1,705,352	1,705,352

7 Debtors

	2015 £	2014 £
Other debtors	99,208	358,340
Corporation tax debtor	167,423	-
Deferred tax asset	-	22,008
Prepayments and accrued income	38,959	3,751
	305,590	384,099

Dafen Reserve Power Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

8 Creditors: amounts falling due within one year

	2015	2014
	£	£
Trade creditors	11,871	-
Amounts owed to group undertakings	5,499,000	3,089,680
Accruals and deferred income	793,661	4,215
	6,304,532	3,093,895

Included within amounts owed to group undertakings are unsecured loans totalling £5,499,000 (2014: £3,000,000). The loans bear interest at 10% and are repayable on demand.

	Deferred taxation
	£
At 1 July 2014	(22,008)
Change in tax rates	3,077
Transferred from the profit and loss account	30,770
At 30 June 2015	11,839

	2015
	£
Accelerated capital allowances	11,839

Dafen Reserve Power Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

9 Called up share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
1 (2014: 1) Ordinary shares of £1 each	1	1

10 Profit and loss account

	2015
	£
At 1 July 2014	(154,444)
Loss for the financial year	(522,988)
At 30 June 2015	(677,432)

11 Reconciliation of movements in shareholders' deficit

	2015	2014
	£	£
Opening shareholders' deficit	(154,443)	-
Issues of share capital	-	1
Loss the financial year	(522,988)	(154,444)
Closing shareholders' deficit	(677,431)	(154,443)

12 Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provision of Financial Reporting Standard 8 ('Related Party Disclosures') on the grounds that it is a wholly owned subsidiary of a group headed by Fern Trading Limited, whose financial statements are publicly available.

Dafen Reserve Power Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

13 Ultimate parent undertaking and controlling party

The immediate parent undertaking is The Fern Power Company Limited.

The ultimate parent undertaking and controlling party is Fern Trading Limited, a company incorporated in England and Wales.

Fern Trading Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 30 June 2015. The consolidated financial statements of Fern Trading Limited are available from 6th Floor, 33 Holborn, London EC1N 2HT.