

**Wharf Power Limited**

**Unaudited**

**Directors' report and financial statements**

**For the period ended 30 June 2016**



## **Wharf Power Limited**

### **Company information**

|                              |  |
|------------------------------|--|
| <b>Directors</b>             | OCS Services Limited (appointed 29 February 2016)<br>C Carlson (appointed 2 November 2016)<br>A D Fraser (appointed 9 August 2016) |
| <b>Company secretary</b>     | S Ludlow (appointed 16 May 2016)   |
| <b>Registered number</b>     | 09752795   |
| <b>Registered office</b>     | 6th Floor<br>33 Holborn<br>London<br>EC1N 2HT  |
| <b>Chartered Accountants</b> | PricewaterhouseCoopers LLP<br>Chartered Accountants<br>Central Square South<br>Orchard Street<br>Newcastle upon Tyne<br>NE1 3AZ    |
| <b>Bankers</b>               | Coutts & Co<br>440 Strand<br>London<br>WC2R 0QS  |
| <b>Solicitors</b>            | Shakespeare Martineau LLP<br>No. 1 Colmore Square<br>Birmingham<br>B4 6AA  |

## **Wharf Power Limited**

### **Directors' report For the period ended 30 June 2016**

The directors present their report and the unaudited financial statements of the company for the period ended 30 June 2016.

#### **Incorporation**

The company was incorporated on 27 August 2015.

#### **Principal activities**

The company's principal activities are that of construction and operation of Reserve Power plants.

#### **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.

#### **Director**

The director who served during the period and up to the date of signing the financial statements was:

OCS Services Limited (appointed 29 February 2016)  
C Carlson (appointed 2 November 2016)  
A D Fraser (appointed 9 August 2016)  
E Keelan (appointed 29 February 2016 and resigned 2 November 2016)  
T Senior (appointed 27 August 2015 and resigned 29 February 2016)  
M Tucker (appointed 27 August 2015 and resigned 29 February 2016)

#### **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.

**Wharf Power Limited**

**Directors' report  
For the period ended 30 June 2016**

**Small companies' exemption**

In preparing this report, the directors have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on *28 April 2017* and signed on its behalf.

A handwritten signature in black ink, appearing to read 'C. Carlson', written in a cursive style.

**C Carlson**  
Director

## **Wharf Power Limited**

### **Chartered Accountants' report to the directors on the preparation of the unaudited statutory financial statements of Wharf Power Limited for the period ended 30 June 2016.**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the company's financial statements for the period ended 30 June 2016, as set out on pages 5 to 11 from the company's accounting records and from information and explanations you have given us.

As a member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at [icaew.com/regulations](http://icaew.com/regulations).

This report is made solely to the company's board of directors, as a body, in accordance with the terms of our engagement letter dated 12 February 2016. Our work has been undertaken solely to prepare for your approval the company's financial statements and state those matters that we have agreed to state to the company's board of directors, as a body, in this report in accordance with Audit and Assurance Faculty Technical Release 2/10 (AAF 02/10) as detailed at [icaew.com/compilation](http://icaew.com/compilation). To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its board of directors as a body for our work or for this report.

It is your duty to ensure that the company has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of the company. You consider that the company is exempt from the statutory audit requirement for the period ended 30 June 2016.

We have not been instructed to carry out an audit or a review of the company's financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

## **PricewaterhouseCoopers LLP**

Chartered Accountants  
Central Square South  
Orchard Street  
Newcastle upon Tyne  
NE1 3AZ

Date:

**Wharf Power Limited**

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*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**

Chartered Accountants  
Central Square South  
Orchard Street  
Newcastle upon Tyne  
NE1 3AZ

Date: 28 April 2017

**Wharf Power Limited**

**Profit and loss account  
For the period ended 30 June 2016**

|  | Note | Period ended<br>30 June<br>2016<br>£ |
|--|------|--------------------------------------|
| Administrative expenses                            |      | (239,813)                            |
| <b>Operating loss</b>                              | 2    | (239,813)                            |
| Interest payable and similar charges               |      | (142,937)                            |
| <b>Loss on ordinary activities before taxation</b> |      | (382,750)                            |
| Tax on loss on ordinary activities                 | 3    | -                                    |
| <b>Loss for the financial period</b>               | 9    | (382,750)                            |

All amounts above relate to continuing operations.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

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

The notes on pages 7 to 11 form part of these financial statements.

**Wharf Power Limited**  
**Registered number: 09752795**

**Balance sheet**  
**As at 30 June 2016**

|  | Note | £         | 2016<br>£               |
|--|------|-----------|-------------------------|
| <b>Fixed assets</b>  |      |           |                         |
| Tangible assets  | 4    |           | 4,035,560               |
| <b>Current assets</b>  |      |           |                         |
| Debtors  | 5    | 970,234   |                         |
| <b>Creditors: amounts falling due within one year</b>          | 6    | (191,007) |                         |
| <b>Net current assets</b>                                      |      |           | <u>779,227</u>          |
| <b>Total assets less current liabilities</b>                   |      |           | <u>4,814,787</u>        |
| <b>Creditors: amounts falling due after more than one year</b> | 7    |           | <u>(5,197,536)</u>      |
| <b>Net liabilities</b>   |      |           | <u><u>(382,749)</u></u> |
| <b>Capital and reserves</b>                                    |      |           |                         |
| Called up share capital  | 8    |           | 1                       |
| Profit and loss account  | 9    |           | <u>(382,750)</u>        |
| <b>Total shareholders' deficit</b>                             | 10   |           | <u><u>(382,749)</u></u> |

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the period in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 30 June 2016 and of its loss for the period in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
**28 April 2017**



**C Carlson**  
Director

The notes on pages 7 to 11 form part of these financial statements.



## **Wharf Power Limited**

### **Notes to the financial statements For the period ended 30 June 2016**

#### **1. Accounting policies**

##### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015) and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the period, are set out below.

##### **1.2 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.

##### **1.3 Tangible assets and depreciation**

Plant and machinery represents the cost of construction of a reserve power plant: EPC contracts, grid connection, gas connection, MSA management fees and legal and professional fees are capitalised and depreciated at 5% per annum on a straight line basis.

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

|                     |   |                  |
|---------------------|---|------------------|
| Plant and machinery | - | 5% straight line |
|---------------------|---|------------------|

##### **1.4 Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

##### **1.5 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 deducting 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.

## Wharf Power Limited

### Notes to the financial statements For the period ended 30 June 2016

#### 1. Accounting policies (continued)

##### 1.6 Debtors

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful of collection.

#### 2. Operating loss

During the period, no director received any emoluments.

#### 3. Tax on loss on ordinary activities

|  | Period ended<br>30 June<br>2016<br>£ |
|--|--------------------------------------|
| UK corporation tax charge on loss for the period | -                                    |

The company has no tax liability for the period and there are tax losses of approximately £250,426 available to carry forward. The company has not recognised a deferred tax asset in respect of losses available to carry forward due to there being insufficient certainty regarding its recovery.

#### 4. Tangible assets

|                                    | Plant and<br>machinery<br>£ |
|------------------------------------|-----------------------------|
| <b>Cost</b>                        |                             |
| At 27 August 2015                  | -                           |
| Additions                          | 4,035,560                   |
| At 30 June 2016                    | 4,035,560                   |
| <b>Accumulated depreciation</b>    |                             |
| At 27 August 2015 and 30 June 2016 | -                           |
| <b>Net book value</b>              |                             |
| At 30 June 2016                    | 4,035,560                   |

#### 5. Debtors

|                                    | 2016<br>£ |
|------------------------------------|-----------|
| Amounts owed by group undertakings | 70,327    |
| VAT recoverable                    | 819,091   |
| Prepayments and accrued income     | 80,815    |
| Other debtors                      | 1         |
|                                    | 970,234   |

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

**Wharf Power Limited****Notes to the financial statements  
For the period ended 30 June 2016****6. Creditors:  
Amounts falling due within one year**

|                                    | 2016<br>£           |
|------------------------------------|---------------------|
| Trade creditors                    | 12,654              |
| Amounts owed to group undertakings | 30,750              |
| Accruals and deferred income       | 147,603             |
|                                    | <hr/> 191,007 <hr/> |

Included within accruals and deferred income is accrued interest on the unsecured loan of £134,797 and accrued interest on the debenture loan of £8,139 and non-utilisation fees of £4,667.

**7. Creditors:  
Amounts falling due after more than one year**

|                                    | 2016<br>£             |
|------------------------------------|-----------------------|
| Debenture loans                    | 453,000               |
| Amounts owed to group undertakings | 4,744,536             |
|                                    | <hr/> 5,197,536 <hr/> |

Included within debenture loans is an amount of £453,000 which is secured by a fixed and floating charge over the assets of the company. The loans bears interest of 10.51%. The total facility is £6,046,764, however, £453,000 represents the amount drawn down at 30 June 2016.

Included within amounts owed to group undertakings is an unsecured loan with a period end balance totalling £4,744,536. The loan bears interest at 8.5%.

**8. Called up share capital**

|                                  | 2016<br>£     |
|----------------------------------|---------------|
| <b>Allotted and fully paid</b>   |               |
| 90 Ordinary shares of £0.01 each | 1             |
| 10 Deferred shares of £0.01 each | -             |
|                                  | <hr/> 1 <hr/> |

90 ordinary shares were issued for cash at a premium of £nil per share. The nominal value of these shares was £0.01 and the consideration received was £0.90 after deducting expenses of £nil. 10 deferred shares were issued for cash at a premium of £nil per share. The nominal value of these shares was £0.01 and consideration received was £0.10 after deducting expenses of £nil.

**9. Profit and loss account**

|                               | £               |
|-------------------------------|-----------------|
| Loss for the financial period | (382,750)       |
|                               | <hr/>           |
| At 30 June 2016               | (382,750) <hr/> |

## Wharf Power Limited

### Notes to the financial statements For the period ended 30 June 2016

#### 10. Reconciliation of movements in shareholders' funds/(deficit)

|                                 | 2016<br>£ |
|---------------------------------|-----------|
| Opening shareholders' funds     | -         |
| Loss for the financial period   | (382,750) |
| Shares issued during the period | 1         |
|                                 | <hr/>     |
| Closing shareholders' deficit   | (382,749) |
|                                 | <hr/>     |

#### 11. Related party transactions

##### Red Poll Power Limited

On 29 February 2016, Red Poll Power Limited acquired Wharf Power Limited by purchasing 90 ordinary shares from Apus Energy Limited for a total consideration of £0.01. On this date a facility agreement was executed whereby Red Poll Limited provided Wharf Power Limited with a shareholder loan of £4,750,000 (less various fees) to finance the construction of a reserve power plant at an interest rate of 8.5% per annum. At the period end, a balance of £4,744,536 was outstanding and is included within creditors and interest of £134,797 (2015 - £nil) was outstanding and also included within creditors.

##### Terido LLP

A facility and debenture agreement was executed between Terido LLP and Wharf Power Limited for a total commitment of £6,046,764 at an interest rate of 10.51% per annum. The facility was drawn to finance the construction of a reserve power plant. At the period end, a balance of £453,000 was outstanding and is included within creditors and accrued interest was outstanding totalling £8,139 (2015 - £nil) and non-utilisation fees of £4,667 (2015 - £nil).

##### Apus Energy Limited

The remaining 10 ordinary shares held by Apus Energy Limited were converted to 10 deferred shares.

##### Octopus Investments Limited

During the period ended 30 June 2016, the company was invoiced a fixed fee of £75,000 (1.5% of equity invested) in respect of monitoring fees due to Octopus Investments Limited, a related party due to its significant influence over the company. This fee is an annual charge from the acquisition date and is released as an expense over the relevant periods. As at 30 June 2016, £25,479 was released as at expense.

##### Welsh Power Limited

During construction and once in operation the sites will be managed by Welsh Power Limited. Management includes dealing with the day to day issues on the operations of the plants, procurement of operating costs and the formation of the bidding strategy into the key revenues. Welsh Power Limited will be rewarded for their ability to manage the plants through 2 management fees: a fixed management fee of £8k/MW p.a. (increasing with inflation) which is payable during construction and operation and a variable fee deferred for 3 years and based on the ability of the plant to capture STOR hours and TRIAD revenues when operational. The variable fee is only payable when the sites are operational and the investor hurdle is met.

## **Wharf Power Limited**

### **Notes to the financial statements For the period ended 30 June 2016**

#### **12. Ultimate controlling party**

Red Poll Power Limited is the immediate parent company. The directors do not consider the company to have an ultimate controlling party or ultimate parent company, by the nature of its parents' share structure. The results of the company are not consolidated within any other company.