Registered number: 10309446

Warrington Power Limited

Directors' report and financial statements for the year ended 30 June 2019

Warrington Power Limited

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Warrington Power Limited

Company information

Directors	Dr M J Bullard OCS Services LLimited
Company secretary	Octopus Company Secretarial Services Limited
Registered number	10309446
Registered office	6th Floor 33 Holborn London EC1N 2HT
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ

Warrington Power Limited

Directors' report
for the year ended 30 June 2019

The directors present their report and the audited financial statements of the company for the year ended 30 June 2019.

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

As at the date of these financial statements, the company is in a net current liabilities position due to interest accrued owed to Terido LLP. Following year end the accrued interest owed to Terido LLP up until 6 March 2020 has been capitalised as part of the debenture loan balance owed after more than one year to Terido LLP. As a result, the amount is no longer due for repayment in less than one year.

As part of the company's ongoing review of going concern, the directors have reviewed the company's position in detail, including the impact of the recent outbreak of COVID-19 on the company's performance and cash flows. The Directors have prepared cash flow forecasts, taking into account data available for the wider energy market. The forecasts show that whilst covenants are expected to be met in the twelve months from signing these accounts, there is limited headroom on the covenants. The Directors have not been able to obtain Reserve Power forecasts specific for Covid-19 and therefore sensitivity analysis using Reserve Power forecasts specific for Covid-19 has not been performed. If due to a period of significantly reduced demand for energy or significantly reduced energy prices actual results are lower than forecasts, this could result in a covenant breach. Based on previous experience the Directors have a reasonable expectation that any covenant breaches will be waived by the lender.

A period of significantly reduced demand for energy or significantly reduced energy prices could also have an adverse impact on the company's cash position and its ability to meet its obligations as they fall due. Greater visibility on demand and price is not expected until the end of the second quarter of 2020. The loan arrangement includes terms where interest payments, if required, can be deferred to the lender. The Directors therefore believe they can manage future cash payments to allow the company to continue to meet its obligations as they fall due for a period of at least twelve months from signing the accounts.

No written confirmation, confirming the lender's intention to provide covenant waivers in the event of a breach, has been provided by the lender as at the date of signing these accounts. Therefore whilst the Directors believe that any covenant breaches would be waived, there can be no assurance that that the Company will be able to do so on terms acceptable to the Company, on a timely basis or at all. As a result of which the amounts due to the lender may be payable within one year. This could impact the Company's ability to continue as a going concern and indicates the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Directors
The directors who served during the year and up to the date of signing the financial statements, unless otherwise indicated, are given below:

Dr M J Bullard (appointed 6 August 2018)
C H Carlson (resigned 6 August 2018)
A D Fraser (resigned 11 March 2020)
OCS Services Limited

Warrington Power Limited

Directors' report
for the year ended 30 June 2019

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, 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 Section 1A, 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.

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.

Prior year restatement

As at 1 July 2017, which is the beginning of the earliest prior period presented, the amounts for Creditors: amounts falling due after one year was understated by £100,578 and the amount for Creditors: amounts falling due within one year, was overstated by £100,578. £503,996 of the prior year figure as at 30 June 2018 for Accruals and deferred income, relating to accrued interest payable on the unsecured amount owed to group undertakings, has been reclassified to Amounts falling due after more than one year as this amounts is repayable at the final repayment date and was classified incorrectly in prior years. This restatement has reduced the Creditors: amounts falling due within one year balance by £503,996 to £401,250 and increased the Creditors: amounts falling due after one year balance by £503,996 to £11,005,092. There is no impact of this restatement on profit or loss or equity.

The financial statements have also been restated to incorporate the impact of a double counting of an expense in the prior period. The change has resulted in profits after tax available for distribution at 30 June 2018 increasing by £154,316. A summary of the prior period accounting impact is detailed below:

	2018
	£
Decrease in Trade Creditors	185,179
Increase in VAT Creditor	30,863
Increase in Retained Earnings	154,316

Directors' report
for the year ended 30 June 2019

Change in accounting policy

In the year, there has been a change in accounting policy to reclass certain administrative expenses to cost of sales. The costs reclassed relate to site costs which are considered directly attributable to generating revenue. The directors consider the change in accounting policy results in the accounts providing reliable and more relevant information about the company's financial performance. As at 30 June 2019, the change in accounting policy has caused an increase in costs of sales by £217,152 and a decrease in administrative expenses by £217,152. As at 30 June 2018, the change in accounting policy has caused a retrospective increase in prior year costs of sales by £40,592 and a decrease in administrative expenses by £40,592. For the previous periods before those presented, the change in accounting policy would cause an increase in costs of sales by £10,217 and a decrease in administrative expenses by £10,217.

Statement of disclosure of information to auditors

Each of the persons who are directors at the time of approval of this report has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Small company exemption

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

The directors have also taken advantage of the small company exemptions provided by section 414B of the Companies Act 2006 and have not prepared a strategic report.

This report was approved by the board on 25 June 2020 and signed on its behalf.

Mike Bullard

Dr M J Bullard
Director

Independent auditors' report to the members of Warrington Power Limited

Report on the audit of the financial statements

Opinion

In our opinion, Warrington Power Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 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" Section 1A, 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 Directors' report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 30 June 2019 and the Statement of income and retained earnings 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.3 to the financial statements concerning the company's ability to continue as a going concern. A severe but plausible downside involving a period of significantly reduced demand for energy or significantly reduced energy prices could result in the company breaching its covenants. Whilst the Directors believe that any covenant breaches would be waived, there is currently no assurance that any covenant waivers can be obtained. These conditions, along with the other matters explained in note 2.3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Independent auditors' report to the members of Warrington Power 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 Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 30 June 2019 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 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 set out on page 3, 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.

Warrington Power Limited

Independent auditors' report to the members of Warrington Power 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.

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.

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 received 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.

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: prepare financial statements in accordance with the small companies regime; 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.

Craig Willis

Craig Willis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
Date: 25 June 2020

Warrington Power Limited

Statement of income and retained earnings
for the year ended 30 June 2019

	2019	As restated 2018
	£	£
Turnover	**224,217**	16,773
Cost of sales	**(435,963)**	91,555
Gross (loss)/profit	**(211,746)**	108,328
Administrative expenses	**(209,481)**	(276,747)
Operating loss	**(421,227)**	(168,419)
Interest receivable and similar income	**-**	123
Interest payable and similar charges	**(973,651)**	(778,675)
Loss on ordinary activities before taxation	**(1,394,878)**	(946,971)
Tax on loss on ordinary activities	**-**	-
Loss for the financial year	**(1,394,878)**	(946,971)
Accumulated losses at the beginning of the year	**(1,272,317)**	(325,346)
Loss for the financial year	**(1,394,878)**	(946,971)
Accumulated losses at the end of the year	**(2,667,195)**	(1,272,317)

All amounts above relate to continuing operations.

The company has no items of other comprehensive income for the current or preceding financial year. Therefore no separate statement of other comprehensive income has been presented.

The notes on pages 10 to 20 form part of these financial statements.

Balance sheet
as at 30 June 2019

	Note	2019	2019	As restated 2018	As restated 2018
		£	£	£	£
Fixed assets					
Tangible assets	5		**10,185,014**		9,873,331
Current assets					
Debtors	6	**446,657**		141,646	
Cash at bank and in hand		**205,889**		119,049	
		652,546		260,695	
Creditors: amounts falling due within one year	7	**(1,211,083)**		(401,250)	
Net current liabilities			**(558,537)**		(140,555)
Total assets less current liabilities			**9,626,477**		9,732,776
Creditors: amounts due after more than one year	8		**(12,293,671)**		(11,005,092)
Net liabilities			**(2,667,194)**		(1,272,316)
Capital and Reserves					
Called up share capital	9		**1**		1
Accumulated losses			**(2,667,195)**		(1,272,317)
Total shareholders' deficit			**(2,667,194)**		(1,272,316)

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the provisions of Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" as amended by Section 1A "Small Entities".

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 June 2020.

Mike Bullard

Dr M J Bullard
Director

The notes on pages 10 to 20 form part of these financial statements.

Warrington Power Limited

Notes to the financial statements for the year ended 30 June 2019

1. General information

Warrington Power Limited is a private company, limited by shares, incorporated in and domiciled in England, the United Kingdom, registered number 10309446. The registered office is 6th Floor, 33 Holborn, London, EC1N 2HT.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The areas involving a higher degree of judgement complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following principal accounting policies have been applied:

2.2 Exemptions for qualifying under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, required under Section 7 of FRS 102 and para 3.17(d), on the basis that it is a small company;
- from disclosing the company's key management personnel compensation as required by FRS 102 para 33.7; and
- from disclosing related party transactions that are wholly owned within the same group.

2.3 Going concern

As at the date of these financial statements, the company is in a net current liabilities position due to interest accrued owed to Terido LLP. Following year end the accrued interest owed to Terido LLP up until 6 March 2020 has been capitalised as part of the debenture loan balance owed after more than one year to Terido LLP. As a result, the amount is no longer due for repayment in less than one year.

As part of the company's ongoing review of going concern, the directors have reviewed the company's position in detail, including the impact of the recent outbreak of COVID-19 on the company's performance and cash flows. The Directors have prepared cash flow forecasts, taking into account data available for the wider energy market. The forecasts show that whilst covenants are expected to be met in the twelve months from signing these accounts, there is limited headroom on the covenants. The Directors have not been able to obtain Reserve Power forecasts specific for Covid-19 and therefore sensitivity analysis using Reserve Power forecasts specific for Covid-19 has not been performed. If due to a period of significantly reduced demand for energy or significantly reduced energy prices actual results are lower than forecasts, this could result in a covenant breach. Based on previous experience the Directors have a reasonable expectation that any covenant breaches will be waived by the lender.

2. Accounting policies (continued)

2.3 Going concern (continued)

A period of significantly reduced demand for energy or significantly reduced energy prices could also have an adverse impact on the company's cash position and its ability to meet its obligations as they fall due. Greater visibility on demand and price is not expected until the end of the second quarter of 2020. The loan arrangement includes terms where interest payments, if required, can be deferred to the lender. The Directors therefore believe they can manage future cash payments to allow the company to continue to meet its obligations as they fall due for a period of at least twelve months from signing the accounts.

No written confirmation, confirming the lender's intention to provide covenant waivers in the event of a breach, has been provided by the lender as at the date of signing these accounts. Therefore whilst the Directors believe that any covenant breaches would be waived, there can be no assurance that that the Company will be able to do so on terms acceptable to the Company, on a timely basis or at all. As a result of which the amounts due to the lender may be payable within one year. This could impact the Company's ability to continue as a going concern and indicates the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

2.4 Turnover

Turnover from electricity generated by reserve power plants is recognised on an accruals basis in the period in which it is generated. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The following criteria must also be met before turnover is recognised:

Turnover from the sale of energy is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the energy sold;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Finance costs

Finance costs are charged to the statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.6 Tangible assets

Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of income and retained earnings. 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:

Long-term leasehold property	- over the period of the lease
Plant and machinery	- 4% and 10% straight-line

2.7 Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of income and retained earnings, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of income and retained earnings.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of income and retained earnings.

2. Accounting policies (continued)

2.8 Cash and cash equivalents

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

2.9 Operating leases

Rentals under operating leases are charged to the statement of income and retained earnings on a straight-line basis over the lease term.

2.10 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of income and retained earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

2. Accounting policies (continued)

2.11 Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, 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 a market rate 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 loss is recognised in the statement of income and retained earnings.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of income and retained earnings.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks 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.

2.12 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 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 on the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the statement of income and retained earnings.

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

2. Accounting policies (continued)

2.13 Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

2.14 Prior year restatement

As at 1 July 2017, which is the beginning of the earliest prior period presented, the amounts for Creditors: amounts falling due after one year was understated by £100,578 and the amount for Creditors: amounts falling due within one year, was overstated by £100,578. £503,996 of the prior year figure as at 30 June 2018 for Accruals and deferred income, relating to accrued interest payable on the unsecured amount owed to group undertakings, has been reclassified to Amounts falling due after more than one year as this amounts is repayable at the final repayment date and was classified incorrectly in prior years. This restatement has reduced the Creditors: amounts falling due within one year balance by £503,996 to £401,250 and increased the Creditors: amounts falling due after one year balance by £503,996 to £11,005,092. There is no impact of this restatement on profit or loss or equity.

The financial statements have also been restated to incorporate the impact of a double counting of an expense in the prior period. The change has resulted in profits after tax available for distribution at 30 June 2018 increasing by £154,316. A summary of the prior period accounting impact is detailed below:

	2018 £
Decrease in Trade Creditors	185,179
Increase in VAT Creditor	30,863
Increase in Retained Earnings	154,316

2.15 Change in accounting policy

In the year, there has been a change in accounting policy to reclass certain administrative expenses to cost of sales. The costs reclassed relate to site costs which are considered directly attributable to generating revenue. The directors consider the change in accounting policy results in the accounts providing reliable and more relevant information about the company's financial performance. As at 30 June 2019, the change in accounting policy has caused an increase in costs of sales by £217,152 and a decrease in administrative expenses by £217,152. As at 30 June 2018, the change in accounting policy has caused a retrospective increase in prior year costs of sales by £40,592 and a decrease in administrative expenses by £40,592. For the previous periods before those presented, the change in accounting policy would cause an increase in costs of sales by £10,217 and a decrease in administrative expenses by £10,217.

3. Critical accounting judgements and estimation uncertainity

Estimates and judements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the entity's accounting policies

The company has not made any critical judgements in applying the entity's accounting policies.

(b) Critical accounting estimates and assumptions

(i) Impairment of tangible assets

The company makes an estimate of the recoverable value of tangible assets.

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk- free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of income and retained earnings.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of income and retained earnings.

See note 5 for the net carrying amount of tangible assets and associated impairment provision.

4. Employees and directors' remuneration

The company has no employees other than the directors, who did not receive or waive any remuneration (2018: £nil).

5. Tangible assets

	Long-term leasehold property £	Plant and machinery £	Total £
Cost			
At 1 July 2018	1,024,530	8,848,801	9,873,331
Additions	-	605,680	605,680
Disposals	(164,000)	-	(164,000)
At 30 June 2019	**860,530**	**9,454,481**	**10,315,011**
Accumulated depreciation			
At 1 July 2018	-	-	-
Charge for the year	-	129,997	129,997
At 30 June 2019	**-**	**129,997**	**129,997**
Net book value			
At 30 June 2019	**860,530**	**9,324,484**	**10,185,014**
At 30 June 2018	1,024,530	8,848,801	9,873,331

6. Debtors

	2019 £	As restated 2018 £
Trade debtors	-	25,806
Amounts owed by group undertakings	**11,380**	8,693
Other debtors	**259,025**	80,987
Prepayments and accrued income	**176,252**	26,160
	446,657	141,646

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

Notes to the financial statements
for the year ended 30 June 2019

7. Creditors: amounts falling due within one year

	2019	As restated 2018
	£	£
Bank loans and overdrafts	**120**	90
Trade creditors	**120,338**	-
Accruals and deferred income	**1,090,625**	401,160
	1,211,083	401,250

Included within bank loans and overdrafts is an amount of £120 (2018: £90) which is secured by a fixed and floating charge over the assets of the company.

Included within accruals and deferred income are amounts of £928,833 (2018: £369,766) relating to interest payable on the debenture loan.

8. Creditors: amounts due after more than one year

	2019	As restated 2018
	£	£
Debenture loans	**5,735,000**	4,855,000
Amounts owed to group undertakings	**4,746,096**	4,746,096
Accruals	**1,812,575**	1,403,996
	12,293,671	11,005,092

Included within debenture loans is an amount of £5,735,000 (2018: £4,855,000) which are secured by a fixed and floating charge over the assets of the company. The loans bear interest at 10% + 3M Libor (2018: 10% + 3M Libor) and are repayable after more than five years.

Included within amounts owed to group undertakings are unsecured loans with year end balances totalling £4,746,096 (2018: £4,746,096). The loans bear interest at 8.5% (2018: 8.5%) and are repayable after more than five years.

Included within accruals and deferred income are amounts of £907,414 (2018: £503,996) relating to interest payable on the unsecured loan.

9. Called up share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
90 (2018: 90) Ordinary shares of £0.01	**1**	1
10 (2018: 10) Deferred shares of £0.01	-	-
	1	1

10. Related party transactions

The company has identified the following transactions which are to be disclosed under the terms of FRS 102 "Related party transactions".

Octopus Investments Limited

During the year, the company was charged expenses of £80,914 (2018: £74,759) by Octopus Investments Limited, a related party due to its significant influence over the company. At the year end, an amount of £nil (2018: £18,904), was outstanding and included within creditors.

Woodlawn Power Limited

The company has received a shareholder loan from Woodlawn Power Limited, the company's immediate parent company. During the year the company was charged interest of £403,418 (2018: £403,418). At the year end, a balance of £5,653,511 (2018: £5,250,092), was outstanding and included within creditors.

Terido LLP

The company has received a loan and debenture facility from Terido LLP, a related party due to its significant influence over the company. During the year, the company was charged interest and non-utilisation fees of £569,190 (2018: £374,424). At the year end, a balance of £6,682,499 (2018: £5,233,309), was outstanding and included within creditors.

Welsh Power Group Limited

During the year, the company was charged a fixed management fee of £136,770 (2018: £132,381) by Welsh Power Group Limited, a related party due to a common director. At the year end, a balance of £29,867 (2018: £13,592), was outstanding and included within creditors.

11. Events after the end of the reporting date

In early 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time COVID-19 has spread across the United Kingdom and a significant number of other countries. COVID-19 has caused disruption to businesses and economic activity. The Directors consider the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given Reserve Power Plants operate over the period of the lease, the Directors do not believe that there will be an impairment of assets required if demand returns to normal in the foreseeable future. The Directors have not been able to obtain Reserve Power forecasts to date specific to COVID-19, if demand does not return to normal, there may be a need for impairment of assets which will continue to be assessed.

As part of the company's ongoing review of going concern, the directors have reviewed the company's position in detail, including the impact of the recent outbreak of COVID-19 on the company's performance and as explained in note 2.3, this could impact the Company's ability to continue as a going concern and indicates the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Notes to the financial statements for the year ended 30 June 2019

12. Ultimate parent undertaking and controlling party

At the year end the company's immediate parent undertaking was Woodlawn Power Limited. The directors do not consider the company to have an ultimate controlling party or ultimate parent company, by virtue of a split holding in its shares. The results of the company are not consolidated within any other company.