



epr

energy for tomorrow's generation

EPR Scotland Limited

Report and financial statements

for the year ended 30 June 2017

Registered number: SC147994

WEDNESDAY



L717VWFD

LD5

07/03/2018

#6

COMPANIES HOUSE

EPR Scotland Limited

Directors and advisers

Directors

P S Latham
M G Setchell
E J Wilkinson

Secretary

S Ludlow
6th Floor
33 Holborn
London
EC1N 2HT

Bankers

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Registered office

191 West George Street
Glasgow
G2 2LD

Strategic report for the year ended 30 June 2017

The directors present their strategic report for the company for the year ended 30 June 2017.

Business review

The results of the company for the year and financial position at the year end were in line with expectations.

During the prior period, the company's parent undertaking, Melton Renewable Energy UK PLC was acquired with funds managed by Octopus Investments and Eucalyptus Energy Limited acquired 100% of the share capital. In order to align the financial year end of Melton Renewable Energy UK PLC and its subsidiaries with that of its ultimate parent company, Fern Trading Limited, the company has changed its financial year end to 30 June, giving rise to a 15 month accounting year ending 30 June 2016, the comparative period in the accounts.

Between summer 2015 and February 2016, mainly as a result of a decrease in UK natural gas prices, wholesale electricity market future prices decreased by between 20% and 25%. Subsequently wholesale electricity market prices recovered to levels equivalent to those available in summer 2015. Pursuant to its power purchase agreement with British Gas Trading Limited, the electricity price the company receives is fixed annually for the twelve months commencing 1 October, based on the average wholesale market electricity future prices over a three-month calculation period (June, July and August).

On 20 June 2017 Ofgem confirmed its previous minded to decision to change electricity transmission charging arrangements for embedded generators such as the MRE UK group. These changes remove approximately 90% of the current triad benefit from embedded generators by 2020/21 and will be phased in equally over three years commencing in 2018/19.

Westfield Power Station's performance for the year ended 30 June 2017 was in line with expectations generating just under 63 GWh (15 months to 30 June 2016: 76 GWh), and ahead of that produced in the equivalent 12 months ended 30 June 2016 (60 GWh).

Environmentally, as well as providing a secure and sustainable disposal route for poultry litter and other residues, the station's output in 2017/18 reduced CO2 emissions by some 22,000 tonnes (2016: 27,000 tonnes) by displacing the equivalent amount of generation from a gas fired plant (based upon Department for Business, Energy and Industrial Strategy's ("BEIS") assessment of average emissions).

The plant is under a competitive fixed price long term Power Purchase Agreement for the next few years.

Results

The results of the company show an operating loss of £424,000 (15 months ended 30 June 2016: £1,355,000) and a loss for the financial year of £632,000 (15 months ended 30 June 2016: £1,915,000).

Strategic report for the year ended 30 June 2017

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with those of the group and are not managed separately. The group has an agreed formal risk management policy and framework that covers identification, mitigation, control, monitoring and review of risks on a regular basis. Further discussion of group wide risks is provided within the directors' report of Melton Renewable Energy UK PLC which does not form part of this report.

Key performance indicators

The directors of Melton Renewable Energy UK PLC manage the group's operations on a group wide basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of EPR Scotland Limited. The development, performance and position of Melton Renewable Energy UK PLC, which includes this wholly owned UK subsidiary, is discussed in the group's report and financial statements which does not form part of this report.

On behalf of the board

E J Wilkinson
Director

16 October 2017

Directors' report for the year ended 30 June 2017

The directors present their report and the financial statements for the company for the year ended 30 June 2017.

Principal activities

The company's principal activity is to operate and maintain a 9.8 MW electricity power station near Westfield in Fife, fuelled by the combustion of poultry litter and other biomass.

Future developments

The directors anticipate that sales volumes and prices in 2017/18 will be consistent with that of the current year and the company will continue to achieve satisfactory trading results.

Dividends

The directors do not recommend the payment of a dividend (15 months ended 30 June 2016: £nil).

Directors

The directors of the company, who held office during the year and up to the date of signing the financial statements, are given below:

P S Latham (appointed 15 August 2017)

T J Senior (resigned 6 October 2016)

M G Setchell

E J Wilkinson

Directors' third-party indemnity provision

A qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006 was in force throughout the financial year and at the date of approval of the financial statements, for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, the company maintained a directors' and officers' liability insurance policy throughout the financial year and up to the date of approval of the financial statements.

Going concern

After considering the projections prepared for the period to 31 October 2018 for the Melton Renewable Energy UK PLC group, the directors believe the group has sufficient operating cash-flow to enable the company to meet its liabilities as they fall due and have accordingly prepared the financial statements on a going concern basis. A letter of support has been received by the company from Melton Renewable Energy UK PLC to enable the company to prepare accounts under the going concern basis.

Directors' report for the year ended 30 June 2017

Financial risk management

The company's operations expose it to limited financial risks that includes price risk and liquidity risk.

Given the size of the company, the directors have not delegated responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Price Risk

The company is exposed to commodity and electricity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

The price of fuel for the biomass power station is affected by a number of factors, including competition for existing fuels from other biomass power stations or alternative users, adverse weather, supply chain issues or changes to the regulatory regime governing the availability or price of these fuels. To mitigate the effect of price volatility, where possible, the company sources the majority of biomass fuels pursuant to long-term contracts with a variety of suppliers.

Poultry litter is sourced under long-term contracts, with the price fixed and linked to the RPI over the duration of the contract period.

Liquidity risk

The company maintains cash balances and has access to short-term finance so as to ensure the company has sufficient available funds for operations.

Directors' report for the year ended 30 June 2017

Statement of directors' responsibilities

The directors are responsible for preparing the annual report, 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 Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), 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 year. In preparing these financial statements, the directors are required to:

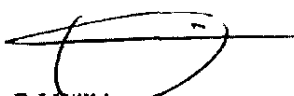
- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are 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 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. 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.

Audit exemption

The members have not required the Company to obtain an audit of its financial statements for the year in accordance with section 476 of the Companies Act 2006. Accordingly no auditors have been appointed. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

On behalf of the board



E J Wilkinson
Director

16 October 2017

**Statement of income and retained earnings
for the year ended 30 June 2017**

		<i>12 months to 30 June 2017 £000s</i>	<i>15 months to 30 June 2016 £000s</i>
	<i>Note</i>		
Turnover	5	6,843	8,051
Cost of sales		(6,431)	(8,136)
Gross profit / (loss)		412	(85)
Administrative expenses		(836)	(1,270)
Operating loss	6	(424)	(1,355)
Interest receivable and similar income	8	-	484
Interest payable and similar charges	9	(349)	(1,502)
Loss on ordinary activities before taxation		(773)	(2,373)
Tax on loss on ordinary activities	10	141	458
Loss for the financial year	15	(632)	(1,915)
Accumulated losses brought forward		(4,835)	(2,920)
Accumulated losses carried forward	15	(5,467)	(4,835)

All items dealt with in the statement of income and retained earnings above relate to continuing operations.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

The company has no other comprehensive income other than the results above and therefore no separate statement of comprehensive income has been prepared.

Balance sheet

as at 30 June 2017

		<i>As at 30 June 2017 £000s</i>	<i>As at 30 June 2016 £000s</i>
	<i>Note</i>		
Current assets			
Stocks	11	812	807
Debtors: amounts falling due within one year	12	2,003	1,662
Deferred tax asset	10	172	182
Cash at bank and in hand		385	340
		<u>3,372</u>	<u>2,991</u>
Creditors: amounts falling due within one year	13	(6,467)	(5,454)
Net current liabilities		<u>(3,095)</u>	<u>(2,463)</u>
Net liabilities		<u>(3,095)</u>	<u>(2,463)</u>
Capital and reserves			
Called up share capital	14	2,372	2,372
Accumulated losses	15	(5,467)	(4,835)
Total shareholders' deficit	16	<u>(3,095)</u>	<u>(2,463)</u>

For the year ending 30 June 2017 the directors consider that the company is entitled to exemption from audit under section 479A of the Companies Act 2006 ("the Act") and the members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements on pages 7 to 19 were approved by the board of directors on 16 October 2017 and were signed on its behalf by:

P S Latham
Director



Registered number: SC147994

Notes to the financial statements

for the year ended 30 June 2017

1. General information

EPR Scotland Limited operates and maintains a 9.8 MW electricity power station near Westfield in Fife.

The company is a private company limited by shares and is incorporated in Scotland. The address of its registered office is 191 West George Street, Glasgow, G2 2LD.

2. Statement of compliance

The financial statements of EPR Scotland Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

3. Accounting policies

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

The financial statements are prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102").

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company 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.

Exemptions for qualifying entities 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:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the consolidated financial statements of the group in which the entity is consolidated, includes the company's cash flows;
- (ii) from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7;
- (iii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statements disclosures.

Related parties

The company is exempt from disclosing transactions with related entities, these being other 100% owned subsidiaries of Fern Trading Limited, as required by FRS 102, paragraph 33.1.

Notes to the financial statements

for the year ended 30 June 2017

3. Accounting policies (continued)

Going concern

The directors have prepared the financial statements on the going concern basis. The directors have received confirmation from Melton Renewable Energy UK PLC group, of its intention to financially support the company such that the company can meet those obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements.

Turnover

Amounts disclosed as turnover are net of trade allowances, duties and taxes paid. Turnover generated from the biomass fuelled power station is recognised where there is a signed unconditional contract of sale as electricity is generated at the contracted rate on the date of generation, except where that rate cannot be determined with reasonable accuracy in which case it is recognised when the rate can be determined with reasonable certainty. Turnover generated from ash sales is recognised on despatch of the material.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Sale and leaseback

During 2012 the directors made the decision to consolidate the asset position within the group. As a result Scotland power station and land was sold to Energy Power Resources Limited at the directors' valuation and subsequently leased under an operating lease to the company. The excess of sales proceeds over the carrying value was recognised in the income statement during 2012.

Stocks

Spare parts are valued at the lower of cost and net realisable value. Fuel stocks have been valued on an average cost basis over 2 months. Where necessary, provision is made for obsolete, slow moving and defective stock.

Current tax

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

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

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 have occurred at that date that will result in an obligation to pay more or a right to pay less or to receive more tax with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

Notes to the financial statements for the year ended 30 June 2017

3. Accounting policies (continued)

Group relief

Credits for amounts receivable in respect of tax losses surrendered to group companies are recognised in the year in which the losses are surrendered, as are charges in respect of tax losses claimed from group companies.

Pension costs

The employees of the company contribute to a group defined contribution personal pension scheme for certain qualifying employees. Employee contributions of varying amounts together with employer contributions of between 2.0% and 7.5% are paid monthly to the scheme providers. Pension costs are recognised in the statement of income and retained earnings on an accruals basis.

Leases

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement and whether the lease should be classified as either a finance lease or an operating lease.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the fair value of the leased asset and depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of income and retained earnings on a straight line basis over the period of the lease.

Notes to the financial statements

for the year ended 30 June 2017

3. Accounting policies (continued)

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 a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting year 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.

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.

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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 method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

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

Notes to the financial statements

for the year ended 30 June 2017

4. Critical accounting judgements and estimation uncertainty

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

- a) Critical judgements in applying the company's accounting policies.

The directors consider that there are no critical judgements in the application of the company's accounting policies which would have a material impact on the financial statements.

- b) Key accounting estimates and assumptions.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- i) Stock obsolescence

The company provides for unusable litter stock when it is stored offsite. The company also provides for the value of items within the spare parts and consumables balance which have been deemed to have no net realisable value. As at 30 June 2017 the provision was £10,000 (2016: £76,000).

5. Turnover

Turnover arises solely from the company's principal activities in the United Kingdom, net of value added tax.

6. Operating loss

Operating loss is stated after charging / (crediting) the following:

	<i>12 months to 30 June 2017 £000s</i>	<i>15 months to 30 June 2016 £000s</i>
Services provided by the company's auditors:		
- Fees payable for the audit	-	14
Operating lease rental – plant and machinery	1,067	1,300
Inventory recognised as an expense	3,042	3,939
Impairment of inventory	(66)	76

Head office and administration services were provided by Energy Power Resources Limited throughout the year for a fixed monthly fee. The total sum charged by Energy Power Resources Limited in respect of such services in the year ended 30 June 2017 was £408,000 (15 months ending 30 June 2016: £758,000).

Notes to the financial statements

for the year ended 30 June 2017

7. Employee information

	<i>12 months to 30 June 2017 £000s</i>	<i>15 months to 30 June 2016 £000s</i>
Wages and salaries	884	1,182
Social security costs	97	129
Other pension costs	29	35
	<u>1,010</u>	<u>1,346</u>

The average monthly number of persons employed by the company during the year is:

	<i>12 months to 30 June 2017 Number</i>	<i>15 months to 30 June 2016 Number</i>
Production	<u>23</u>	<u>23</u>

The company paid no remuneration or wages to its directors during the year (15 months ending 30 June 2016: £nil). The emoluments of E J Wilkinson are paid by the parent company and recharged to the company as part of a management charge. This management charge detailed in note 6 also includes a recharge of administration costs borne by the parent company on behalf of the company and it is not possible to identify separately the amount of E J Wilkinson's emoluments. P S Latham and M G Setchell do not and T J Senior did not receive any payment for their services to the Melton Renewable Energy UK PLC group.

8. Interest receivable and similar income

	<i>12 months to 30 June 2017 £000s</i>	<i>15 months to 30 June 2016 £000s</i>
Intercompany loan interest receivable	-	480
Bank interest receivable	-	4
	<u>-</u>	<u>484</u>

Notes to the financial statements
for the year ended 30 June 2017

9. Interest payable and similar charges

	<i>12 months to 30 June 2017 £000s</i>	<i>15 months to 30 June 2016 £000s</i>
Intercompany loan interest payable	349	1,502

10. Tax on loss on ordinary activities

a) Analysis of credit in the year

	<i>12 months to 30 June 2017 £000s</i>	<i>15 months to 30 June 2016 £000s</i>
Current tax:		
Group relief receivable	(194)	(478)
Adjustments in respect of prior periods	43	-
Total current tax	(151)	(478)
Deferred tax:		
Change in tax rate	10	20
Total deferred tax (note 10 (d))	10	20
Tax on loss on ordinary activities	(141)	(458)

b) Reconciliation of tax credit

The tax assessed on the loss on ordinary activities before taxation for the year differs (2016: differs) the effective rate of corporation tax in the UK of 19.75% (2016: 20%). The differences are explained below:

	<i>12 months to 30 June 2017 £000s</i>	<i>15 months to 30 June 2016 £000s</i>
Loss on ordinary activities before taxation	(773)	(2,373)
Loss on ordinary activities before taxation multiplied by the effective rate of corporation tax of 19.75% (2016: 20%)	(152)	(475)
Effects of:		
Other	-	(3)
Adjustments in respect of prior periods	1	-
Change in tax rate	10	20
Tax credit for the year	(141)	(458)

Notes to the financial statements

for the year ended 30 June 2017

10. Tax on loss on ordinary activities (continued)

c) Factors that may affect future charges

The standard rate of corporation tax in the UK changed from 20% as at 1 April 2017 to 19%. Accordingly, the company's profits for the accounting year are taxed at an effective rate of 19.75%. A reduction in the main rate of corporation tax to 17% from 1 April 2021 was enacted during the period. Consequently, deferred tax has been calculated at the period-end using a rate of 17%.

d) Deferred tax

	<i>As at 30 June 2017 £000s</i>	<i>As at 30 June 2016 £000s</i>
Unutilised losses	172	182
Deferred tax asset	172	182
	<i>As at 30 June 2017 £000s</i>	<i>As at 30 June 2016 £000s</i>
At 1 July	182	202
Deferred tax charge in statement of income and retained earnings	(10)	(20)
Net deferred tax asset	172	182

Deferred tax has been calculated at 17% (2016: 18%). The company has no deferred tax provision as at 30 June 2017 (2016: £nil).

11. Stocks

	<i>As at 30 June 2017 £000s</i>	<i>As at 30 June 2016 £000s</i>
Fuel	74	120
Spare parts and consumables	738	687
	812	807

The replacement cost of stocks does not differ materially from the numbers disclosed above. Included in the fuel stock value is a provision of £10,000 for unusable litter stock and spare parts with no net realisable value (2016: £76,000).

Notes to the financial statements

for the year ended 30 June 2017

12. Debtors

	<i>As at 30 June 2017 £000s</i>	<i>As at 30 June 2016 £000s</i>
Amounts falling due within one year		
Trade debtors	4	7
Amounts owed by group undertakings	199	680
Consortium and group relief	194	-
Corporation tax	44	-
Prepayments and accrued income	1,562	975
	2,003	1,662

All amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

13. Creditors: amounts falling due within one year

	<i>As at 30 June 2017 £000s</i>	<i>As at 30 June 2016 £000s</i>
Trade creditors	82	130
Loans owed to group undertakings	5,807	4,807
Taxation and social security	168	147
Accruals and deferred income	410	370
	6,467	5,454

Loans owed to group undertakings are unsecured, bear interest at LIBOR plus a margin of 5.5% (2016: 5.5% and 6%) and are repayable on demand.

14. Called up share capital

	<i>As at 30 June 2017 £000s</i>	<i>As at 30 June 2016 £000s</i>
Authorised, allocated and fully paid 2,372,000 (2016: 2,372,000) ordinary shares of £1 each	2,372	2,372

Notes to the financial statements

for the year ended 30 June 2017

15. Accumulated losses

	<i>Accumulated losses £000s</i>
At 1 July 2016	(4,835)
Loss for the financial year	(632)
At 30 June 2017	(5,467)

16. Reconciliation of movements in total shareholders' deficit

	<i>As at 30 June 2017 £000s</i>	<i>As at 30 June 2016 £000s</i>
Loss for the financial year	(632)	(1,915)
Opening shareholders' deficit	(2,463)	(548)
Closing shareholders' deficit	(3,095)	(2,463)

17. Other financial commitments

At 30 June the company had the following future minimum lease payments under non-cancellable operating leases for each of the following years:

	<i>As at 30 June 2017 Plant and Machinery £000s</i>	<i>As at 30 June 2016 Plant and Machinery £000s</i>
Payments due:		
Not later than one year	860	1,040
Later than one year and not later than five years	-	780
	860	1,820

During 2012 the directors made the decision to consolidate the asset position within the group. As a result Westfield power station and land was sold to Energy Power Resources Limited and subsequently leased under an operating lease to the company for an initial period of six years.

Notes to the financial statements

for the year ended 30 June 2017

18. Contingent liabilities

At 30 June 2017 the company was guarantor with other group companies of senior secured notes due February 2020 totalling £152,000,000 (30 June 2016: £152,000,000) and a revolving facility agreement totalling £20,000,000 (30 June 2016: £20,000,000) (£nil utilised (30 June 2016: £nil)) made by the group's financiers.

The company has no other off balance sheet arrangements.

19. Pension costs

The company contributes to its employees' personal pension schemes. The cost for the year is shown in note 7. Outstanding contributions at 30 June 2017 amounted to £2,320 (30 June 2016: £2,433)

20. Ultimate parent company

Energy Power Resources Limited is the immediate parent undertaking and Fern Trading Limited (an English limited company with its registered office at 6th Floor, 33 Holborn, London EC1N 2HT) is the ultimate parent undertaking and controlling party.

Melton Renewable Energy UK PLC is the holding company of the smallest group of undertakings for which group financial statements are drawn up and Fern Trading Limited is the holding company of the largest group of undertakings for which group financial statements are drawn up. Copies of the group financial statements may be obtained from the address above.