

REGISTERED NUMBER: 02928100 (England and Wales)

Indian Queens Power Limited
Strategic Report, Directors' Report and
Financial Statements for the Year Ended 31st December 2020



Indian Queens Power Limited

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for the year ended 31st December 2020**

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Indian Queens Power Limited

**Company Information
for the year ended 31st December 2020**

DIRECTORS:

M E Farr
R Holland
S J Keen

REGISTERED OFFICE:

Saltend Power Station
Saltend Chemicals Park
Hedon Road
Hull
East Yorkshire
HU12 8GA

REGISTERED NUMBER:

02928100 (England and Wales)

AUDITOR:

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Two Humber Quays
Wellington Street West
Hull
HU1 2BN

BANKERS:

Barclays Bank Plc
Leicester
Leicestershire
LE87 2BB

LEGAL ADVISORS:

Latham & Watkins LLP
99 Bishopsgate
London
EC2M 3XF

Indian Queens Power Limited

Strategic Report for the year ended 31st December 2020

The Directors present the Strategic Report for Indian Queens Power Limited (the "Company") for the year ended 31st December 2020.

This Strategic Report has been prepared in accordance with the requirements of Section 414(C) of the Companies Act 2006. Its purpose is to inform shareholders and help them to assess how the Directors have performed their duty to promote the success of the Company.

PRINCIPAL ACTIVITIES

The Company was formed on 6th May 1994 to design, construct, finance, own and operate a power station in Cornwall. Its principal trading activities are the supply of electricity and ancillary services to the National Grid plc ("NG").

BUSINESS REVIEW

The Company operates a 140MW gas oil-fired power station and earns revenues primarily through participation in the UK Capacity Market and by providing Short Term Operating Reserve ("STOR") and other ancillary services to NG, who are responsible for balancing the electricity supply/demand across the UK. Under the STOR programme, the Company enters into contracts to provide standby reserve that can respond quickly to assist in managing temporary supply shortages. In return, the Company receives 'availability standby payments' and when called upon 'utilisation operating payments' from NG.

The STOR market continues to provide access to sources of extra power to help manage actual demand on the system being greater than forecast or unforeseen generation unavailability. The continued growth of renewable energy sources has created increasing volatility in electricity supply and together with a tightening of reserves margins being observed, particularly in winter due to numerous plant closures in the year, the UK's increasing reliance on intermittent generation is putting greater emphasis on the requirement for flexible standby response units, which Indian Queens is ideally placed to capitalise on due to its ability to provide prompt standby reserve. From April 2021, STOR will be procured through a daily pay-as-clear auction process, which is a change to the previous method of competitive tender and annual contract award.

During the year, operational performance was better than prior year with Technical Availability recorded at 96.8% (2019: 95.1%). This was due to the asset not being impacted in the year by any unplanned activities and only undertook scheduled maintenance during Q3 of 2020.

Two Capacity Market auctions which took place in 2020 covered the period 2022/23 and 2023/24 following the European Commission investigations which concluded in late 2019. In January 2020, the UK Government conducted a T-3 Capacity Market auction for the delivery year October 2022 to September 2023 and this was swiftly followed by the T-4 Capacity auction in March 2020 for delivery year October 2023 to September 2024; an initiative launched back in 2014 to address the elevated risk of power outages by guaranteeing payments to power generators to provide capacity to "keep the lights on" starting from October 2018. In 2021 Capacity Market auctions returned to usual service and the Company was successful in obtaining a contract for 2024/25 with each contracted MW to receive annual payments of £18.00kW; which is in addition to contracts secured covering the period 2019 to 2024.

Following a successful trading period in H1 2020, the Triton Power Group explored the opportunities to refinance the business with the existing facilities agreement provider to release further funds for payment of a dividend to Triton Power LLC. Whilst a preferred option for the revised debt package was selected, there was an element of uncertainty at the time of discussions with the lending group around timing of financial close. This meant that an alternative facility which provided a short term closure date and also de-risked the outcome of an aborted process was also discussed with a view to it being repaid in full and closed out should the preferred option materialise in the near future.

In H2 2020, Triton Power Limited closed on an Interim facilities agreement introducing £39,261,432 of debt with an interest rate of Libor + 5.75% margin and a termination date of 30 September 2026. Triton Power Limited then entered into a shareholder agreement with Indian Queens Power Limited advancing £6,750,000 which would be repaid with similar terms to the external debt held with the facilities agent. Indian Queens Power Limited would service this debt with the revenues generated from operations.

The future outlook of the business is dependent upon its ability to secure Ancillary Services and Capacity Market contracts to earn revenues, which management seek to maximise by actively monitoring the key performance indicator ("KPI") of plant availability. Management regularly monitors this KPI through both weekly and monthly operational reporting and endeavour to maximise availability by ensuring that both routine and unplanned gas turbine maintenance is carried out in a timely manner.

In late 2020, the Company entered the competitive tender process for the construction of a Blackstart facility in South West England. Blackstart is the procedure National Grid uses to restore power in the event of a total or partial shutdown of the national electricity transmission system. Indian Queens was successfully awarded the Blackstart contract in Q1 2021 and expects to start the construction of this facility and commence commercial operation in 2022.

Indian Queens Power Limited

Strategic Report for the year ended 31st December 2020

BREXIT

The UK officially exited from the European Union December 2020 following the agreement of a deal on the 24th December 2020. Following on from this deal, there are still ongoing concerns of an economic slowdown within the UK, however the Board remains confident that there will be no disruption to the business given its sole focus is UK based, and at this time no risk factors have been identified. Uncertainty will continue to remain in the early stages of transition, and the Directors will assess the risks on an ongoing basis to identify the best solutions to prepare for all potential outcomes.

RESULTS AND DIVIDENDS

The results for the year are set out in the Statement of Comprehensive Income on page 11 and the Balance Sheet on page 12 of the financial statements shows the Company's financial position at the year end.

The profit of the Company attributable to ordinary shareholders for the year ended 31st December 2020 was £2,264,000 net of tax (2019: £15,882,000).

The Company's financial position at the end of the financial year shows that the Company had net assets of £2,755,000 (2019: £14,291,000).

The Directors recommended a dividend payment for the year ended 31st December 2020 of £13,800,000 (2019: £Nil).

KEY PERFORMANCE INDICATORS ("KPI")

The Directors believe the following indicators provide sufficient information as to how the Company is performing.

		2020	2019
Commercial availability	%	96.8	95.1
Turnover	£'000	5,719	6,006
Profit/(Loss) for the financial year before exceptional items	£'000	2,264	2,467

The Company's KPIs include maximising the technical availability in order to maximise the Company's revenues from its STOR and ancillary service contracts. Technical availability was lower in the financial year just ended owing to a longer summer maintenance outage. The Directors monitors these indicators on a monthly basis and believe they provide sufficient information on how the Company is performing.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal financial liabilities, other than derivatives, comprise trade and other creditors, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include trade and other debtors, and cash and short-term deposits that derive directly from its operations.

Market risk

Competitive pressure in the UK is a continuing risk for the Company, with the continuing market volatility that could impact future returns. To manage this risk, the Company strives to provide value-added products to its customers and through the maintenance of strong relationships with suppliers.

The Company's business is affected by fluctuations in the price of key raw materials, although where practical, purchasing policies, contracts and the use of derivative financial instruments seek to mitigate such risks. The Company further mitigates these risks by pursuing a vigorous asset management and maintenance programme to protect plant integrity.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in a financial loss to the Company and arises principally from the Company's receivable balances with its customers. The Company manages its credit exposure to counterparties by adopting a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss in the event of a default.

The Company sells two types of products: availability and electricity generation and as a result, has two main customers. The Company generates electricity via the Balancing Mechanism operated by Elexon. Under this regime, all electricity generators and suppliers must sign an agreement to post sufficient funds to cover their trading position, so if any member defaults then all the remaining parties have to pay the shortfall based on their respective market size. The Company also enters into contracts with NG, who have a licence from the UK Government to operate the national grid, and they settle the availability income streams monthly in arrears. This gives rise to a concentration of credit risk; however, the Directors regard that the risk as low as our customers are well-established major national players in the electricity market. At the reporting date, the trade debtors balance was £2,000 (2019: £69,000), so at the reporting date, the credit risk was low.

Indian Queens Power Limited

Strategic Report for the year ended 31st December 2020

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to a loan the Company has advanced from its immediate parent, Triton Power Limited. The Company pays interest on this loan at the 1 month LIBOR + a 5.75% margin and the Company is therefore affected by variations in the 1 month LIBOR interest rate but, at the reporting date, the Directors are of the opinion that the Company's exposure to interest rate risk is low, which is based on the currently observable market environment showing a low level of interest rate volatility.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities as they fall due. Ultimate responsibility for liquidity risk management rests with the Board of Directors, who receive regular updates on the Company's liquidity position and act accordingly to ensure that the Company's liquidity risk is managed. Liquidity risk is managed by maintaining adequate cash reserves by monitoring forecast and actual cash flows and of future cash flow requirements to ensure that the Company has sufficient resources to repay amounts outstanding.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities when operating expenses are denominated in a different currency from the Company's functional currency. The Company's exposure to foreign currency changes is deemed not to be material and the Company has no foreign currency hedging instruments at the reporting date.

Operational risk

Operational risk arises principally from the Company's activities as an operator of a power station. There is an operational risk that power station may have a shorter lifespan than its expected lifespan of 30 years or technical issues may arise which may restrict the availability of the power station to generate electricity or earn availability payments in the STOR market, resulting in business interruption and lost revenues.

To mitigate this risk, the management of Indian Queens Power Limited pursue a robust asset management process and regular maintenance reviews are undertaken to ensure that maintenance is performed in a timely manner so as to ensure that the power station is in good working order and available for operation. The Company has entered into a maintenance service contract with an experienced operator who is responsible for the on-going performance monitoring, servicing and maintenance of the gas turbine. In addition, the management have taken out appropriate plant, equipment, and business interruption insurance to reduce the potential financial impact of such operating risks. At the reporting date, there were no material issues affecting operations, so the Company's operational risk is deemed to be low.

Health and safety

The operation and maintenance of the power station may, if not appropriately assessed and managed, pose health and safety risks to those involved. The undertaking of routine maintenance may result in bodily injury or industrial accidents, particularly if not appropriately managed. To mitigate this risk, the Company has implemented a series of Health and Safety processes and procedures. Health and Safety is a permanent agenda item on the monthly operations meeting to ensure compliance with legislation and with Company processes and procedures and that regular feedback is provided to management and the Board of Directors on all outstanding issues in a timely manner so that appropriate action is taken.

FINANCIAL RISK MANAGEMENT

The Company's principal activity does not expose it to significant financial risks other than those discussed above.

ENVIRONMENT

The Company recognises the importance of its environmental responsibilities and therefore the Company actively monitors its impact on the environment. The Company has designed and implemented policies which strive to mitigate any adverse impacts that might be caused to the environment by its activities. Initiatives aimed at minimising the Company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

Indian Queens Power Limited

Strategic Report for the year ended 31st December 2020

FUTURE DEVELOPMENTS

The future objective of the business is to maximise the returns generated from the assets. The Directors are exploring exit opportunities for the Triton Power Group.

In late 2020, the Company entered the competitive tender process for the construction of a Blackstart facility in South West England. Blackstart is the procedure National Grid uses to restore power in the event of a total or partial shutdown of the national electricity transmission system. Indian Queens was successfully awarded the Blackstart contract in Q1 2021 and expects to start the construction of this facility and commence commercial operation in 2022.

ON BEHALF OF THE BOARD:



M E Farr - Director

28th April 2021

Indian Queens Power Limited

Directors' Report for the year ended 31st December 2020

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

MATTERS INCLUDED IN THE STRATEGIC REPORT

In accordance with s414(C) (11) of the Companies Act, included in the Strategic Report is information relating to the events occurring in the period and future developments which would otherwise be required by Schedule 7 of the 'large and medium sized companies and groups (accounts and reports) regulation 2008' to be contained in a Director's Report.

DIVIDENDS

The dividends distributed for the year ended 31st December 2020 totalled £13,800,000.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The Directors shown below have held office during the whole of the period from 1st January 2020 to the date of this report.

M E Farr
R Holland
S J Keen

Other changes in Directors holding office are as follows:

V A G Danks - resigned 22nd June 2020

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, financial performance, and position are set out in the Strategic Report. The Strategic Report also considers the principal risks and uncertainties facing the Company and the policies and processes for managing these risks.

The Company made a profit in the financial year of £2,264,000 (2019: £15,882,000). The forecasts and projections, taking into account reasonable possible changes in trading performance, show that the Company should be able to operate within the level of its current financial resources.

The Directors have considered the application of the going concern basis of accounting. In making this assessment, the Directors has considered these factors and are confident the Company is well placed to manage its business risks satisfactorily. On the basis of their assessment of these forecasts and of the Company's financial position, the Company's Directors have, at the time of approving the financial statements, a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future, a period of at least 12 months from the date of the financial statements, and meet their obligations as they fall due. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

COVID-19

Throughout the whole of the reporting period, the UK along with the rest of the world has been significantly impacted by the Coronavirus pandemic which has resulted in lockdowns of activity across the world, ultimately halting the trade and earning capacity of many businesses.

As a Critical Commodity provider, the activities of the Company have proceeded as usual.

The Directors considered a reasonable worst-case scenario around the impact of the Coronavirus on the UK energy market, and any impact this would have on the Company. The Directors note that the impact of the pandemic on the energy market overall was to reduce demand by the largest ever fall recorded.

Ultimately during the reporting year, the Indian Queens plant emerged with little impact to the business. Energy Margins were preserved as National Grid relied upon flexible plants like Indian Queens to maintain steady energy supplies across the UK grid. Additional measures which were not budgeted for were taken across the site to maintain the health and safety of key employees and contractors. Additional PPE and cleaning resources were procured to enable adherence to Government guidelines. This contributed to the business being able to respond to the UK demand profiles as required.

Further impacts of the Coronavirus pandemic are ultimately unknown and cannot be forecast with any certainty. The Directors do however believe that the Company, and Group of which it is a member, has adequate reserves to withstand any unforeseen events as a result of this pandemic. The financial position will continue to be monitored very closely by the Directors.

Indian Queens Power Limited

Directors' Report for the year ended 31st December 2020

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year ended 31st December 2020, the Company's ultimate parent Company, Triton Power Holdings Limited, maintained insurance for the Directors to indemnify them against certain liabilities which they may incur in their capacity as Directors or officers of The Company, including liabilities in respect of which the Company is itself unable to provide an indemnity by virtue of Section 232 of the Companies Act 2006.

EMPLOYEES

Details of the number of employees can be found in note 4 to the financial statements.

FINANCIAL RISK MANAGEMENT

The Company finances its activities with a combination of cash, short-term deposits, and a loan from its parent Company. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities. The Company also enters into derivative transactions, more specifically oil swap derivative contracts; the purpose of which are to manage the oil price risks arising from the Company's operations. The Company's financial instruments, therefore, give rise primarily to liquidity risk. Information on how these risks arise along with the objectives, policies, and processes for their management are set out in the Strategic Report on page two to five.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 elected to prepare 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.


STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditors, RSM UK Audit LLP, will be deemed to be reappointed and will therefore continue in office.

ON BEHALF OF THE BOARD:



M E Farr - Director

28th April 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDIAN QUEENS POWER LIMITED

Opinion

We have audited the financial statements of Indian Queens Power Limited (the 'Company') for the year ended 31st December 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 on this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDIAN QUEENS POWER LIMITED

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities statement (set out on page eight), the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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.

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 Auditor's 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Company operates in and how the Company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety regulations and environmental regulations. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud.

- on a sample basis, testing manual journal entries and other adjustments and evaluating their business rationale;
- reviewing key control account reconciliations;
- for the adjustments made in relation to significant transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied and reviewing underlying contractual documents.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDIAN QUEENS POWER LIMITED

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Peter Adams FCA
For and on behalf of RSM UK Audit LLP, Auditor
Chartered Accountants
Two Humber Quays
Wellington Street West
Hull
HU1 2BN

28th April 2021

Indian Queens Power Limited

**Statement of Comprehensive Income
for the year ended 31st December 2020**

	Notes	2020 £'000	2019 £'000
TURNOVER	3	5,719	6,006
Cost of sales		<u>554</u>	<u>866</u>
GROSS PROFIT		5,165	5,140
Administrative expenses		<u>2,085</u>	<u>2,106</u>
OPERATING PROFIT	6	3,080	3,034
Intragroup Interest	7	<u>-</u>	<u>13,415</u>
		3,080	16,449
Interest receivable and similar income		8	10
Interest payable and similar expenses	8	<u>127</u>	<u>16</u>
PROFIT BEFORE TAXATION		2,961	16,443
Tax on profit	9	<u>697</u>	<u>561</u>
PROFIT FOR THE FINANCIAL YEAR		2,264	15,882
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,264</u>	<u>15,882</u>

The notes form part of these financial statements

Indian Queens Power Limited (Registered number: 02928100)

**Balance Sheet
31st December 2020**

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Tangible assets	11	7,141	7,955
CURRENT ASSETS			
Stocks	12	1,047	905
Debtors	13	1,863	3,888
Cash at bank and in hand		<u>2,165</u>	<u>4,607</u>
		5,075	9,400
CREDITORS			
Amounts falling due within one year	14	<u>969</u>	<u>1,231</u>
NET CURRENT ASSETS		<u>4,106</u>	<u>8,169</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,247	16,124
CREDITORS			
Amounts falling due after more than one year	15	(6,750)	-
PROVISIONS FOR LIABILITIES	17	<u>(1,742)</u>	<u>(1,833)</u>
NET ASSETS		<u>2,755</u>	<u>14,291</u>
CAPITAL AND RESERVES			
Called up share capital	18	100	100
Capital redemption reserve		4,100	4,100
Retained earnings		<u>(1,445)</u>	<u>10,091</u>
SHAREHOLDERS' FUNDS		<u>2,755</u>	<u>14,291</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28th April 2021 and were signed on its behalf by:



R Holland - Director

Indian Queens Power Limited

**Statement of Changes in Equity
for the year ended 31st December 2020**

	Called up share capital £'000	Retained earnings £'000	Capital redemption reserve £'000	Total equity £'000
Balance at 1st January 2019	4,200	(5,791)	-	(1,591)
Changes in equity				
Reduction in share capital	(4,100)	-	4,100	-
Total comprehensive income	-	15,882	-	15,882
Balance at 31st December 2019	<u>100</u>	<u>10,091</u>	<u>4,100</u>	<u>14,291</u>
Changes in equity				
Dividends	-	(13,800)	-	(13,800)
Total comprehensive income	-	2,264	-	2,264
Balance at 31st December 2020	<u>100</u>	<u>(1,445)</u>	<u>4,100</u>	<u>2,755</u>

The retained earnings reserve represents cumulative profits and losses arising from ordinary activities. There are no unrealised profit and losses included in the retained earnings reserves.

The capital redemption reserve represents the cancellation of 4,100,002 shares of nominal value £1.

Indian Queens Power Limited

**Cash Flow Statement
for the year ended 31st December 2020**

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Cash generated from operations	1	5,888	1,851
Tax paid		<u>(928)</u>	<u>-</u>
Net cash from operating activities		<u>4,960</u>	<u>1,851</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(360)	(286)
Interest received		<u>8</u>	<u>10</u>
Net cash used in investing activities		<u>(352)</u>	<u>(276)</u>
Cash flows from financing activities			
Loan from Parent Company in year		6,750	-
Equity dividends paid		<u>(13,800)</u>	<u>-</u>
Net cash used in financing activities		<u>(7,050)</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents		<u>(2,442)</u>	<u>1,575</u>
Cash and cash equivalents at beginning of year	2	<u>4,607</u>	<u>3,032</u>
Cash and cash equivalents at end of year	2	<u><u>2,165</u></u>	<u><u>4,607</u></u>

The notes form part of these financial statements

Indian Queens Power Limited

**Notes to the Cash Flow Statement
for the year ended 31st December 2020**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£'000	£'000
Profit before taxation	2,961	16,443
Depreciation charges	1,167	1,295
Exceptional items	-	(13,415)
Unwinding of discount on provisions	-29	16
Interest payable	98	-
Interest receivable	(8)	(10)
	4,247	4,329
(Increase)/decrease in stocks	(142)	238
Decrease/(increase) in trade and other debtors	2,025	(3,067)
(Decrease)/increase in trade and other creditors	(242)	351
Cash generated from operations	<u>5,888</u>	<u>1,851</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31st December 2020

	31.12.20	1.1.20
	£'000	£'000
Cash and cash equivalents	<u>2,165</u>	<u>4,607</u>

Year ended 31st December 2019

	31.12.19	1.1.19
	£'000	£'000
Cash and cash equivalents	<u>4,607</u>	<u>3,032</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.20	Cash flow	At 31.12.20
	£'000	£'000	£'000
Net cash			
Cash at bank and in hand	<u>4,607</u>	<u>(2,442)</u>	<u>2,165</u>
	<u>4,607</u>	<u>(2,442)</u>	<u>2,165</u>
Total	<u>4,607</u>	<u>(2,442)</u>	<u>2,165</u>

Indian Queens Power Limited

Notes to the Financial Statements for the year ended 31st December 2020

1. AUTHORISATION OF FINANCIAL STATEMENTS & STATEMENT OF COMPLIANCE

Indian Queens Power Limited is a Company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private Company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 2.

The financial statements of Indian Queens Power Limited (the 'Company') for the year ended 31st December 2020 were authorised for issue by the board of Directors on 28th April 2021 and the Balance Sheet was signed on the board's behalf by R Holland.

The Company is a wholly owned subsidiary of Triton Power Limited and of its ultimate parent, Triton Power Holdings Limited. It is included in the consolidated financial statements of Triton Power Holdings Limited.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102) and the Companies Act 2006. These financial statements have been prepared on a going concern basis, and under the historical cost convention, which is generally based on the fair value of the consideration given in exchange for the assets, except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period.

The financial statements are presented in pounds sterling (functional currency), because that is the currency of the primary economic environment in which the Company operates. All values are reported to the nearest thousand pounds (£'000) except when otherwise indicated.

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

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenue and expenses during the year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances. However, the nature of estimation means that actual outcomes could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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 disclosed below:

Critical judgements in applying the Company's accounting policies

There are no critical judgments, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have a significant effect on the amount recognised in the financial statements.

**Notes to the Financial Statements - continued
for the year ended 31st December 2020**

2. ACCOUNTING POLICIES - continued

Key sources of estimation uncertainty

Decommissioning Provision

The Company has recognised a provision for decommissioning obligations associated with the expected cost of removing the power station and making good the damage to the site where a contractual decommissioning and restoration obligation exists. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site and the expected timing of those costs. The carrying amount of the provision as at the 31st December 2020 was £939,000 (2019: £916,000) as outlined in note 17.

Impairment of tangible fixed assets

Management has made key assumptions regarding the future technical availability of the power station, electricity prices, ancillary services contracts and the UK inflationary environment which directly impact the future economic benefits to be derived from the tangible fixed assets. The Company reviews these estimates at each financial period end and also tests for impairment at least once a year or when a trigger event occurs if sooner.

Impairment exists when the carrying value of an assets or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. At the Balance Sheet date, management expects the future economic benefits that will result from the use of the tangible fixed assets will exceed the costs of the investments and thus the costs of the tangible fixed assets are recoverable.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Strategic Report also considers the principal risks and uncertainties facing the Company and its policies and processes for managing these.

At the reporting date, the Company has net assets of £2,755,000 (2019: £14,291,000) and the Company's profit on ordinary activities after taxation for the financial year was £2,264,000 (2019: £15,882,000).

The Directors have prepared detailed forecasts which have been revisited to consider the potential impact of the ongoing Coronavirus pandemic. The Directors, with reference to these forecasts and strong cash position of the Group of which the Company is a member, believe that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors acknowledge the ongoing pandemic as highlighted in the Directors' Report but do not believe this creates a material uncertainty and continue to adopt the going concern basis of accounting in preparing the financial statements.

**Notes to the Financial Statements - continued
for the year ended 31st December 2020**

2. ACCOUNTING POLICIES - continued

Turnover

Turnover represents the amounts derived within the UK from the supply of electricity, net of exchange fees, ancillary services and participation in the UK Capacity Mechanism. This is considered by the Directors to represent a single class of business. The Company has concluded that it is the principal in its revenue arrangements, because it controls the goods or services before transferring them to the customer. Turnover is recognised as the electricity is generated and it is at this point control is passed to the electricity consumer.

The Company is in the business of generating power and supplying this to the national grid. Turnover from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration, net of VAT, to which the Company expects to be entitled in exchange for those goods or services. Turnover from supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

The Company's turnover comprises as follows:

Sale of electricity and ancillary services

The Company sells *electricity and ancillary services as specified under contracts with the National Grid plc.*

Other income

Where the Company has a legal right to insurance proceeds from insurers in respect of insurance claims for financial losses arising from business interruption such liquidated damages are recognised in 'Other income' when receipt of payment is virtually certain.

Value added tax

Turnover, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Debtors and creditors that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of debtors or creditors in the Balance Sheet.

Interest expense

Interest expense is accrued on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount.

Tangible fixed assets

Tangible fixed assets are recognised at historical cost less any accumulated depreciation and any accumulated impairment losses. Costs related to assets under construction are capitalised where, in the opinion of the Directors, the related project is highly likely to be successfully developed and the economic benefits arising from future operations will exceed the amount of capitalised expenditure incurred to date and the cost can be measured reliably. Costs incurred prior to meeting the criteria for capitalisation are recorded as an expense within operating costs in the Statement of Comprehensive Income.

Depreciation is provided on all tangible fixed assets, other than land and assets in the course of construction, which are depreciated from the date that they are commissioned, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset on a straight-line basis over its useful life. In accordance with the components approach, each significant component of an item of property, plant and equipment with a different useful life from that of the main asset to which it relates is depreciated separately over its own useful life.

Tangible fixed assets are depreciated on a straight-line basis over their useful lives as follows:

- Plant and machinery - 3 to 30 years
- Decommissioning asset - 30 years

Depreciation commences when the asset is ready for its intended use. The residual values, if not insignificant, and remaining useful lives are reassessed at each Balance Sheet date. When parts of an item of tangible fixed assets have different useful lives, those components are accounted for as separate classes of tangible fixed assets. An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal of tangible fixed assets are determined by comparing the proceeds received with the carrying amount and are recognised within administrative expenses in the Statement of Comprehensive Income.

**Notes to the Financial Statements - continued
for the year ended 31st December 2020**

2. ACCOUNTING POLICIES - continued

Impairment of tangible fixed assets

In accordance with FRS 102 section 27, plant and machinery are reviewed for impairment at least once a year and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such indications may be based on events or changes in the market environment, or on internal sources of information.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

Stocks

Stock has been stated at the lower of cost and net realisable value. Stock represents spare parts held to cover routine maintenance activities across the life of the plant. Costs incurred in bringing stock to its present location and condition are accounted for at the weighted average purchase cost.

Cash at bank and in hand

Cash at bank and in hand and short-term deposits in the Balance Sheet comprises cash on hand, deposits held at call with banks and short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other debtors

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The carrying amount of the asset is reduced through the use of an impairment provision account and the amount of the loss is recognised in the Statement of Comprehensive Income within administrative expenses. When a trade debtor is uncollectible, it is written off against the impairment provision account for trade debtors. Subsequent recoveries of amounts previously written off are credited against administrative expenses.

Trade and other creditors

Trade and other creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other creditors are recognised initially at fair value (transaction price) and subsequently measured at amortised cost using the effective interest method.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in administrative expenses.

Financial instruments

The Company applies the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets and financial liabilities are recognised in the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Comprehensive Income.

**Notes to the Financial Statements - continued
for the year ended 31st December 2020**

2. ACCOUNTING POLICIES - continued

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivative.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the Statement of Comprehensive Income. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the Statement of Comprehensive Income.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each Balance Sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

**Notes to the Financial Statements - continued
for the year ended 31st December 2020**

2. ACCOUNTING POLICIES - continued

For certain categories of financial asset, such as trade debtors, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of debtors could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on debtors.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors, where the carrying amount is reduced through the use of an allowance account. When a trade debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Comprehensive Income.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Comprehensive Income.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in the Statement of Comprehensive Income. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the Statement of Comprehensive Income..

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

**Notes to the Financial Statements - continued
for the year ended 31st December 2020**

2. ACCOUNTING POLICIES - continued

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each Balance Sheet date. The resulting gain or loss is recognised in the Statement of Comprehensive Income immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a current asset due after one year or a creditor due after more than one year if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs

The Company operates defined contribution pension scheme. For defined contribution schemes the amount charged to the Statement of Comprehensive Income in respect of pension costs is the contributions payable in the year. Differences, if any, between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Notes to the Financial Statements - continued
for the year ended 31st December 2020**

2. ACCOUNTING POLICIES - continued

Leases

Leases where the Company is the lessee, and the lessor maintains a significant portion of the risks and rewards related to ownership of the fixed asset are recorded as operating leases. Fixed lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the life of the lease. Where lease payments are contingent, for example on power output, the rent is recognised as an expense in the Statement of Comprehensive Income on an amortised cost basis when the contingency is resolved, for example when the level of power output in the period is known.

Loans and associated costs

All loans are initially recognised at the fair value of the consideration received net of issue costs associated with the loan. Loans are subsequently stated at amortised costs; whereby the carrying amount of the loan is increased by the finance cost incurred in respect of the accounting period and reduced by any cash payments made in the period.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar expenses.

Loan costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use, whereas other loan costs are expensed.

Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months from the Balance Sheet date.

Provisions

A provision is recognised in the Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and the amount of that obligation has been reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

Where contractually obliged, the Company creates provisions for the decommissioning of the power station and environmental restoration. The decommissioning and restoration provisions reflect the present value, at the Balance Sheet date, of the estimated cost. The provisions are reviewed at each Balance Sheet date and are adjusted to reflect the present value of the expense expected to be realised for the settlement of the liability.

The future cost is recognised in the Balance Sheet as a decommissioning asset by creating an increase in the tangible fixed assets. The depreciation expenses of capitalised decommissioning and restoration costs are included in the Statement of Comprehensive Income together with the depreciation charge on the power station's fixed assets. Any change in estimation in the estimated cost or the discount rate are added or deducted from the fixed asset's cost. The discounting effect on the provision is recorded in the Statement of Comprehensive Income within interest payable and similar expenses.

Exceptional items

The Company presents exceptional items on the face of the Statement of Comprehensive Income, those material items of income and expense which, because of the nature of the events giving rise to them, merit separate presentation to allow shareholders to better understand the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis

Indian Queens Power Limited

Notes to the Financial Statements - continued for the year ended 31st December 2020

3. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the Company and relate to continuing operations in the United Kingdom.

An analysis of turnover by class of business is given below:

	2020	2019
	£'000	£'000
Electricity/Ancillary service	2,746	2,813
Capacity market	<u>2,973</u>	<u>3,193</u>
	<u>5,719</u>	<u>6,006</u>

4. EMPLOYEES AND DIRECTORS

	2020	2019
	£'000	£'000
Wages and salaries	403	373
Social security costs	48	46
Other pension costs	<u>27</u>	<u>49</u>
	<u>478</u>	<u>468</u>

The average number of employees during the year was as follows:

	2020	2019
Administration	-	1
Management	1	2
Operations	<u>6</u>	<u>4</u>
	<u>7</u>	<u>7</u>

The Directors did not receive any fees or emoluments from the Company during the year (2019: £Nil) arising directly attributable to their position within the Company. All Directors' fees or emoluments were paid by Triton Power Holdings Limited and the amount attributable to the qualifying services provided by the Directors to the Company cannot be reliably estimated.

5. DIRECTORS' EMOLUMENTS

	2020	2019
	£	£
Directors' remuneration	<u>36,168</u>	<u>134,469</u>

6. OPERATING PROFIT

The operating profit is stated after charging:

	2020	2019
	£'000	£'000
Depreciation - owned assets	1,167	1,295
Rentals payable under operating leases	25	25
Auditors remuneration - audit services	<u>26</u>	<u>26</u>

Indian Queens Power Limited

Notes to the Financial Statements - continued for the year ended 31st December 2020

7. EXCEPTIONAL ITEMS

	2020 £'000	2019 £'000
Intragroup Interest	<u>-</u>	<u>13,415</u>

During the previous year, the loan from IQ Power Holdings Limited, a fellow Triton Power Group Company which was due for payment on 3rd April 2019 was waived.

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £'000	2019 £'000
Interest payable to group undertakings	98	-
Unwinding of discount on provisions	<u>29</u>	<u>16</u>
	<u>127</u>	<u>16</u>

9. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax	680	676
Adjustments in respect of previous years	<u>131</u>	<u>-</u>
Total current tax	811	676
Deferred tax	<u>(114)</u>	<u>(115)</u>
Tax on profit	<u>697</u>	<u>561</u>

UK corporation tax was charged at 19% in 2019.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £'000	2019 £'000
Profit before tax	<u>2,961</u>	<u>16,443</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	563	3,124
Effects of:		
Adjustments in respect of previous years - current tax	131	(45)
Adjustments in respect of previous years - deferred tax	17	5
Tax effect of non-deductible/non-taxable items	9	(2,523)
Change in deferred tax rate	<u>(23)</u>	<u>-</u>
Total tax charge	<u>697</u>	<u>561</u>

The standard rate of corporation tax in the UK for both 2019 and 2020 was 19%. The Company is not aware of any other factors which might materially affect the future tax charge.

The expected reversal of deferred tax liabilities in the next financial year is £86,000. This is due to the reversal of accelerated capital allowances.

Indian Queens Power Limited

**Notes to the Financial Statements - continued
for the year ended 31st December 2020**

10. DIVIDENDS

	2020 £'000	2019 £'000
Ordinary shares shares of £1 each		
Interim	<u>13,800</u>	<u>-</u>

11. TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Decommissioning asset £'000	Totals £'000
COST			
At 1st January 2020	41,682	399	42,081
Additions	360	-	360
Disposals	-	(7)	(7)
At 31st December 2020	<u>42,042</u>	<u>392</u>	<u>42,434</u>
DEPRECIATION			
At 1st January 2020	34,045	81	34,126
Charge for year	<u>1,122</u>	<u>45</u>	<u>1,167</u>
At 31st December 2020	<u>35,167</u>	<u>126</u>	<u>35,293</u>
NET BOOK VALUE			
At 31st December 2020	<u>6,875</u>	<u>266</u>	<u>7,141</u>
At 31st December 2019	<u>7,637</u>	<u>318</u>	<u>7,955</u>

In the financial year, the Company acquired £360,000 plant additions and there were no impairments of tangible fixed assets recognised. The remaining useful economic life of the power station is currently 8 years.

12. STOCKS

	2020 £'000	2019 £'000
Spare parts	598	595
Fuel	<u>449</u>	<u>310</u>
	<u>1,047</u>	<u>905</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade debtors	2	69
Amounts owed by group undertakings	-	37
Prepayments and accrued income	<u>1,861</u>	<u>3,782</u>
	<u>1,863</u>	<u>3,888</u>

Indian Queens Power Limited

**Notes to the Financial Statements - continued
for the year ended 31st December 2020**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade creditors	106	49
Amounts owed to group undertakings	194	330
Corporation tax	29	317
Social security and other taxes	119	20
Accruals and deferred income	<u>521</u>	<u>515</u>
	<u>969</u>	<u>1,231</u>

Amounts owed to group undertakings are unsecured, non interest bearing and repayable on demand.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £'000	2019 £'000
Amounts owed to group undertakings	<u>6,750</u>	<u>-</u>

Amounts owed to group undertakings to a loan from Triton Power Limited which accrues interest at a rate of 1 month LIBOR + a 5.75% margin.

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020 £'000	2019 £'000
Within one year	25	25
Between one and five years	100	100
In more than five years	<u>50</u>	<u>75</u>
	<u>175</u>	<u>200</u>

The Company leases the land on which the power station is erected under non-cancellable Operating lease arrangements which are charged based on a fixed contractual amount.

17. PROVISIONS FOR LIABILITIES

	2020 £'000	2019 £'000
Deferred tax	803	917
Other provisions	<u>939</u>	<u>916</u>
	<u>1,742</u>	<u>1,833</u>

	Deferred tax £'000	Decommissi- -oning Provision £'000
Balance at 1st January 2020	917	916
Unwinding of discounted amount	-	23
Accelerated capital allowances	<u>(114)</u>	<u>-</u>
Balance at 31st December 2020	<u>803</u>	<u>939</u>

The deferred tax provision arises solely from accelerated capital allowances.

A decommissioning provision has been recognised for the costs of decommissioning the power plant based on a gross cost of £900,000 at current prices. These costs have been discounted back to their net present value. The decommissioning provision is expected to be used in 2026.

Indian Queens Power Limited

Notes to the Financial Statements - continued for the year ended 31st December 2020

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2020	2019
Number:	Class:		£'000	£'000
100,000	Ordinary shares	£1	<u>100</u>	<u>100</u>

The Company has one class of ordinary shares which carry no right to fixed income.

19. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme, the assets of which are held separately from those of the Company. Employer's contributions to the scheme during the year were £27,000 (2019: £49,000). At 31st December 2020, no contributions were outstanding (2019: £Nil).

20. CONTROLLING PARTY

The Company's immediate parent undertaking is Triton Power Limited. The entity which heads up the largest and smallest group in which the results are consolidated is Triton Power Holdings Limited, which is a Company registered in the Channel Islands, the registered address of which 22 Grenville Street, St Helier, Jersey, JE4 8PX. The Directors consider the ultimate controlling party to be Energy Capital Partners III LLC.

21. RELATED PARTY DISCLOSURES

As at 31st December 2020, the Company was a wholly owned subsidiary of Triton Power Limited which is wholly owned by Triton Power Holdings Limited.

During the year, transactions between wholly owned members of the Group have taken place in the normal course of business. The Company has taken advantage of exemption under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the Group.

22. POST BALANCE SHEET EVENTS

In Q1 2021, the Triton Power Group successfully closed a deal on a new facilities agreement, which refinanced the group at the wider generating level, expanding from the existing facilities agreement at Saltend Cogeneration Company Limited to further include Indian Queens Power Limited. The refinancing activity released funds to close out the interim facilities agreement held at Triton Power Limited and also for a dividend to be paid to Triton Power LLC who has 100% ownership of the Group.

As part of the refinancing activity, a business restructure was undertaken whereby Triton Power Limited contributed its Shareholding in Indian Queens Power Limited and Deeside Power (UK) Limited in exchange for new shares in SCCL Holdings Limited who at the same time recognised an investment in Indian Queens Power Limited and Deeside Power (UK) Limited. A notional value of £22,143,626 and £8,919,000 was used for Indian Queens Power Limited and Deeside Power (UK) Limited respectively, reflecting the investment made in the entities identified on acquisition.

The outstanding third party debt liability at the Group level now stands at £141,500,000. The terms of the loan are interest is repayable at Libor + Margin of 4.25% with a termination date of 28th February 2028.

In order to service this debt, SCCL Holdings Limited entered into a shareholder agreements with Indian Queens Power Limited and Saltend Cogeneration Company Limited for £8,650,000 and £132,850,000 respectively with equal terms to the externally owed liability. The generating assets will service the debt from both existing and new revenue sources such as Blackstart income.