

Registered number: 07632595

East Sussex Energy Infrastructure and Development Limited

(A company limited by guarantee)

Directors' report and financial statements

For the year ended 31 March 2021

East Sussex Energy Infrastructure and Development Limited

(A company limited by guarantee)

Company Information

Directors

G Jones
S Manwaring
R Simmons (resigned 29 June 2021)
S Blizzard
S McHugh (resigned 30 August 2020, re-appointed 23 September 2020)
K Forward (resigned 3 June 2021)
K Dixon
S Steggall
A Adlington
R Garland
N Bennett (appointed 30 June 2021)
P Barnett (appointed 13 October 2021)

Company secretary

Pinsent Masons Secretarial Limited

Registered number

07632595

Registered office

Innovation Centre
Highfield Drive
St Leonards-On-Sea
East Sussex
TN38 9UH

Independent auditors

Kreston Reeves LLP
Senior Statutory Auditor & Chartered Accountants
37 St Margaret's Street
Canterbury
Kent
CT1 2TU

Bankers

Barclays Bank
63/67 Terminus Road
Eastbourne
East Sussex
BN21 3N1

East Sussex Energy Infrastructure and Development Limited
(A company limited by guarantee)

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East Sussex Energy Infrastructure and Development Limited
(A company limited by guarantee)

Directors' report
For the year ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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.

Principal activity

The company undertakes operations to grow the economic infrastructure in Hastings, Bexhill and East Sussex.

Results and dividends

The loss for the year, after taxation, amounted to £27,000 (2020 - loss £331,000).

Directors

The directors who served during the year were:

G Jones
S Manwaring
R Simmons (resigned 29 June 2021)
S Blizzard
S McHugh (resigned 30 August 2020, re-appointed 23 September 2020)
K Forward (resigned 3 June 2021)
K Dixon
S Steggall
A Adlington
R Garland

East Sussex Energy Infrastructure and Development Limited

(A company limited by guarantee)

Directors' report (continued)

For the year ended 31 March 2021

Principal risks and uncertainties

The company has identified a number of principal risks and uncertainties that could potentially damage the current business model and future growth opportunities.

The company has developed risk management and contingency planning procedures appropriate for the business so as to mitigate these risks.

The company finances its operations through various financial instruments comprising: bank balances, loans and trade creditors.

Due to the nature of the financial instruments used by the company during the year there is no exposure to price risk.

The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

The company ensures its liquidity is maintained by entering into short term financial instruments to support operational and other funding requirements. The company's liquidity management process includes projecting cashflows and considering the level of liquid assets. Liquid assets surplus to immediate operating requirements of the company are generally invested in money market facilities.

Trade debtors are managed in respect of credit and cashflow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

East Sussex Energy Infrastructure and Development Limited
(A company limited by guarantee)

Directors' report (continued)
For the year ended 31 March 2021

Auditors

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 October 2021 and signed on its behalf.

S Blizzard
Director

Independent auditors' report to the shareholders of East Sussex Energy Infrastructure and Development Limited

Opinion

We have audited the financial statements of East Sussex Energy Infrastructure and Development Limited (the 'company') for the year ended 31 March 2021, which comprise the Statement of comprehensive income, the Balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 Auditors' 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 in this regard.

Independent auditors' report to the shareholders of East Sussex Energy Infrastructure and Development Limited (continued)

Opinion 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 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 1, 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 Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Independent auditors' report to the shareholders of East Sussex Energy Infrastructure and Development Limited (continued)

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, Statement of Recommended Practice, taxation and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to unidentified related party transactions and lack of disclosure, terms of grant agreements being breached, posting inappropriate journal entries to increase revenue or reduce expenditure and management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment properties. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud, and review of the reports made by management and internal audit; and
- Assessment of identified fraud risk factors; and
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud; and
- Review of cash and credit card expenditure to confirm no evidence of personal benefit; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance and reviewing correspondence with relevant tax and regulatory authorities; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

Independent auditors' report to the shareholders of East Sussex Energy Infrastructure and Development Limited (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Auditors' 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.

Peter Manser FCA DChA (Senior statutory auditor)

for and on behalf of
Kreston Reeves LLP

Senior Statutory Auditor
Chartered Accountants

Canterbury

19 October 2021

East Sussex Energy Infrastructure and Development Limited
(A company limited by guarantee)

Statement of comprehensive income
For the year ended 31 March 2021

	2021	2020
	£000	£000
Turnover	3,577	11,679
Cost of sales	(3,619)	(11,780)
Gross loss	(42)	(101)
Other operating income	17	-
Fair value movements	-	(250)
Operating loss	(25)	(351)
Interest receivable and similar income	-	28
Other finance income	(2)	(6)
Loss before tax	(27)	(329)
Tax on loss	-	(2)
Loss for the financial year	(27)	(331)
Other comprehensive income for the year		
Actuarial losses on defined benefit pension scheme	(257)	130
Other comprehensive income for the year	(257)	130
Total comprehensive income for the year	(284)	(201)

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

The notes on pages 10 to 21 form part of these financial statements.

East Sussex Energy Infrastructure and Development Limited

(A company limited by guarantee)

Registered number: 07632595

Balance sheet

As at 31 March 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	5	131	159
Investment property	6	1,780	1,780
		<u>1,911</u>	<u>1,939</u>
Current assets			
Work in progress		17,299	16,940
Debtors: amounts falling due within one year	7	555	354
Bank & cash balances		3,152	4,947
		<u>21,006</u>	<u>22,241</u>
Creditors: amounts falling due within one year	8	(16,040)	(17,643)
Net current assets		<u>4,966</u>	<u>4,598</u>
Total assets less current liabilities		<u>6,877</u>	<u>6,537</u>
Creditors: amounts falling due after more than one year	9	(7,425)	(7,050)
Pension liability		(421)	(173)
Net liabilities		<u>(969)</u>	<u>(686)</u>
Capital and reserves			
Profit and loss account		(969)	(686)
		<u>(969)</u>	<u>(686)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 October 2021.

S Blizzard

Director

The notes on pages 10 to 21 form part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2021

1. General information

East Sussex Energy Infrastructure and Development Limited is a company limited by guarantee incorporated in England. The address of the registered office is Innovation Centre, Highfield Drive, St Leonards-On-Sea, East Sussex, TN38 9UH.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The company's functional and presentational currency is Pounds Sterling.

The company's financial statements are presented in round thousands.

The following principal accounting policies have been applied:

2.2 Going concern

The company has £3,152,000 included in cash at the bank. The company meets its day to day working capital requirements through these reserves, as well as retaining significant deferred grants to meet future project expenses. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

While the impact of the COVID-19 pandemic has been assessed by the directors so far as reasonably possible, due to its unprecedented impact on the wider economy, it is difficult to evaluate with any certainty the potential outcomes on the company, its customers and suppliers. However, taking into consideration the UK Government's response and its range of measures to support businesses, the directors have reasonable expectation that the company will continue its activities for the foreseeable future.

Notes to the financial statements
For the year ended 31 March 2021

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Grants

Grants received in respect of investment properties

Investment property related grants are accounted for in accordance with the performance model. Under the performance model:

- A grant that specifies performance conditions is recognised in income when the performance criteria are met;
- A grant that does not specify performance conditions is recognised in income when the proceeds are received or receivable;
- A grant received before the recognition criteria are satisfied is recognised as a liability

Grants received in respect of revenue expenditure

Grants relating to revenue are accounted for in accordance with the accrual model. Under the accrual model grants relating to revenue shall be recognised in income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate.

Notes to the financial statements
For the year ended 31 March 2021

2. Accounting policies (continued)

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant & machinery	-	10% straight line
Motor vehicles	-	25% straight line
Fixtures & fittings	-	10% - 20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Investment property

Investment property is carried at fair value determined annually derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.7 Work in progress

Work in progress is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving items. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

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

Notes to the financial statements
For the year ended 31 March 2021

2. Accounting policies (continued)

2.10 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet 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 the liability simultaneously.

Notes to the financial statements
For the year ended 31 March 2021

2. Accounting policies (continued)

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Pensions

Defined benefit pension plan

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.13 Operating leases: the company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Notes to the financial statements
For the year ended 31 March 2021

2. Accounting policies (continued)

2.14 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.15 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.17 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Notes to the financial statements
For the year ended 31 March 2021

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgements have had the most significant impact on amounts recognised in the financial statements:

Going concern

In the judgement of the directors it is appropriate to prepare the financial statements in accordance with the going concern basis of accounting. See note 2.2 for further details.

Investment properties

The company holds investment property with fair value of £1,779,950 at the year end (see note 6). In order to determine the fair value of investment property the directors have used a valuation technique based on comparable market data. The determined fair value of the investment property is most sensitive to fluctuations in the property market.

Grants

Grants relating to investment properties are accounted for under the performance model. In the opinion of the Directors' all performance criteria have been met and thus all appropriate grant income has been released.

4. Employees

	2021	2020
	£000	£000
Wages and salaries	595	619
	595	619

The average monthly number of employees, including the directors, during the year was as follows:

	2021	2020
	No.	No.
Employees	24	21

East Sussex Energy Infrastructure and Development Limited
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Notes to the financial statements
For the year ended 31 March 2021

5. Tangible fixed assets

	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Total £000
Cost or valuation				
At 1 April 2020	17	34	321	372
Additions	-	-	4	4
At 31 March 2021	17	34	325	376
Depreciation				
At 1 April 2020	2	34	177	213
Charge for the year on owned assets	2	-	30	32
At 31 March 2021	4	34	207	245
Net book value				
At 31 March 2021	13	-	118	131
At 31 March 2020	15	-	144	159

6. Investment property

	Freehold investment property £000
Valuation	
At 1 April 2020	1,780
At 31 March 2021	1,780

The 2021 valuations were made by the directors, on an open market value for existing use basis.

7. Debtors

	2021 £000	2020 £000
Trade debtors	348	168
Other debtors	207	186
	555	354

East Sussex Energy Infrastructure and Development Limited
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 March 2021

8. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Other loans	700	1,075
Trade creditors	417	440
Amounts owed to group undertakings	1	-
Corporation tax	-	2
Other taxation and social security	17	17
Other creditors	234	320
Accruals and deferred income	14,671	15,789
	<u>16,040</u>	<u>17,643</u>

9. Creditors: Amounts falling due after more than one year

	2021 £000	2020 £000
Loans	7,425	7,050
	<u>7,425</u>	<u>7,050</u>

10. Loans

Analysis of the maturity of loans is given below:

	2021 £000	2020 £000
Amounts falling due within one year		
Other loans	700	1,075
Amounts falling due 2-5 years		
Other loans	7,425	7,050
	<u>8,125</u>	<u>8,125</u>

The above loans are secured by way of a legal charge held over the company's investment properties and work in progress.

11. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

Notes to the financial statements
For the year ended 31 March 2021

12. Pension commitments

The company operates a Defined benefit pension scheme.

The pension cost and provision for the year ending 31 March 2021 are based on the advice of a professionally qualified actuary on the basis of triennial valuations using the projected unit method. The most recent formal valuation is dated 31 March 2019 which has been updated to reflect conditions at the balance sheet date. The results of this valuation were a deficit of £420k in the scheme at the end of the year.

The employer contribution made for the year ended 31 March 2021 was £150,000. The agreed contribution rate for future years is 29.2%.

	2021	2020
	£000	£000
Fair value of plan assets	1,335	949
Present value of plan liabilities	(1,756)	(1,122)
Net pension scheme liability	(421)	(173)

The amounts recognised in profit or loss are as follows:

	2021	2020
	£000	£000
Current service cost	(138)	(210)
Net interest charge	(2)	(6)
Administration expenses	(1)	-
Total	(141)	(216)

Reconciliation of fair value of plan liabilities were as follows:

	2021	2020
	£000	£000
Opening defined benefit obligation	1,122	1,150
Current service cost	138	210
Interest cost	26	30
Contributions by scheme participants	37	38
Actuarial gains and (losses)	452	(286)
Benefits paid	(19)	(20)
Closing defined benefit obligation	1,756	1,122

Notes to the financial statements
For the year ended 31 March 2021

12. Pension commitments (continued)

Reconciliation of fair value of plan assets were as follows:

	2021	2020
	£000	£000
Opening fair value of scheme assets	949	945
Expected return	24	24
Actuarial gains and (losses)	195	(156)
Administration expenses	(1)	-
Contributions by employer	150	118
Contributions by scheme participants	37	38
Benefits paid	(19)	(20)
	1,335	949

The company expects to contribute £149,000 to its Defined benefit pension scheme in 2022.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2021	2020
	%	%
Discount rate	2.05	2.3
Future salary increases	2.85	1.8
Future pension increases	2.85	1.8
Mortality rates		
- for a male aged 65 now	21.1	21.6
- at 65 for a male aged 45 now	21.9	22.5
- for a female aged 65 now	23.7	23.9
- at 65 for a female member aged 45 now	25.0	25.3

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Notes to the financial statements
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12. Pension commitments (continued)

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2021	2020
	£000	£000
Defined benefit obligation	(1,756)	(1,122)
Scheme assets	1,335	949
Deficit	<u>(421)</u>	<u>(173)</u>

13. Commitments under operating leases

At 31 March 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021	2020
	£000	£000
Not later than 1 year	4	4
Later than 1 year and not later than 5 years	2	6
	<u>6</u>	<u>10</u>

14. Other contingent liabilities and development obligations

The company has previously received both grant funding and properties from Hastings and Bexhill Renaissance Limited. The company has also received grant funding from other external bodies.

The company has received grants contingent on meeting certain performance criteria. The Directors are confident that the company will meet these performance criteria.

15. Controlling party

There is no controlling member of the company.

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