

Severn Trent Green Power (Bridgend) Limited

Annual report and financial statements for the year ended 31 March 2021

Company number: 09689123



Severn Trent Green Power (Bridgend) Limited

**Annual report and financial statements
for the year ended 31 March 2021**

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Severn Trent Green Power (Bridgend) Limited

Company Information

Company Number	09689123
Directors	R C McPheely H M Miles (appointed 1 July 2020) C E Stoyell (appointed 31 January 2021) M A N Williamson (appointed 31 January 2021) A P Smith (resigned 1 July 2020) N Corrigall (resigned 31 January 2021)
Secretary	G Eagle
Registered Office	The Stables Radford Chipping Norton Oxfordshire OX7 4EB
Banker	National Westminster Bank Plc 250 Bishopsgate London EC2M 4AA
Solicitor	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG
Auditor	Deloitte LLP Hill House 1 Little New Street London EC4A 3TR

Severn Trent Green Power (Bridgend) Limited

Strategic report

The Directors present their Strategic report for the year ended 31 March 2021.

Business review and principal activities

The Company is a wholly owned subsidiary of Severn Trent Plc.

The principal activity of the Company is the operation of an anaerobic digestion facility used for the processing and recycling of waste.

There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities or prospects in the next year.

Severn Trent Plc manages its operations on a divisional basis and the Company's Directors do not believe that further key performance indicators for the Company are necessary to enhance the understanding of the development, performance or position of the business. The performance of the Business Services segment, which includes this company, is discussed in Severn Trent Plc's Annual Report and Accounts (which does not form part of this report).

Results and dividends

The Company's loss for the financial year after taxation was £414,000 (2020: profit £976,000).

The Directors do not recommend the payment of a dividend (2020: nil).

Principal risks and uncertainties

Treasury management

The Severn Trent Group manages its treasury operations on a group basis. Financial risk management is performed by Severn Trent's Group Treasury department. This includes assessment and mitigation of price risk, credit risk, liquidity risk and interest rate cash flow risk. The Group's treasury management policies and operations are discussed in Severn Trent Plc's Annual Report and Financial Statements (which does not form part of this report).

The Directors consider there are no principal risks and uncertainties.

Financial position and going concern

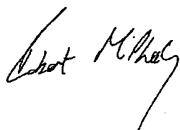
The Directors have considered the Company's financial position at the balance sheet date and its prospects for the period to 12 months from the date of this report.

As at 31 March 2021, the Company had net assets of £1,612,000 (2020: £2,026,000) and net current assets of £1,677,000 (2020: £1,416,000).

The Directors have considered the financial position and future prospects of the Company. The Company participates in the Group's pooled banking arrangements and receives funding, when required, from the Severn Trent Group in the form of intra-group loans. When existing loans reach maturity the appropriate funding will be established as required to ensure such obligations can be met. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources, including financial resources available from other group companies, to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report and annual financial statements.

Throughout the year and following the year end, the Board has considered and monitored the impact of COVID-19, in particular to evaluate its impact on financing and liquidity. This indicates that, while there has been a financial impact, this has not resulted in a significant impact to the Company's expected liquidity or solvency that cannot be addressed by mitigating actions.

By order of the Board:



R C McPheely
Director
23 December 2021

Severn Trent Green Power (Bridgend) Limited

Directors' report

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

Matters included in the Strategic report

The following matters are included in the Company's Strategic report on the preceding page:

- Business review and principal activities of the Company
- Results and dividends
- Principal risks and uncertainties, including financial risk management
- Financial position and going concern.

Directors

The Directors who served during the year are shown on page 2.

Directors' indemnities

The Company's Articles of Association provide that directors of the Company shall be indemnified by the Company against any costs incurred by them in carrying out their duties, including defending any proceedings arising out of their positions as directors in which they are acquitted or judgment is given in their favour or relief from any liability is granted to them by the court. These indemnities were in force throughout the year and up to the date of signing of the financial statements.

Employees

The Company operates a non-discriminatory employment policy and full and fair consideration is given to applications for employment by disabled persons where they have the appropriate skills and abilities. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Severn Trent Group continues and that appropriate training adjustments are made. It is the policy of the Group that training, career development and promotion opportunities of disabled persons should, as far as possible, be identical to that of other employees.

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by its activities. The Company operates in accordance with the group policies of Severn Trent Plc which are described in the Group's Annual Report and Financial Statements (which does not form part of this report).

Post balance sheet events

There have been no significant post balance sheet events.

Severn Trent Green Power (Bridgend) Limited

Directors' report (continued)

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting standards, including Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Auditor and disclosure of information to the auditor

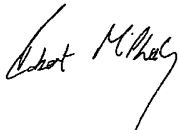
In the case of each of the persons who are directors of the Company at the date when this report is approved:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Relevant audit information means information needed by the Company's auditor in connection with preparing its report. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has indicated its willingness to continue in office as auditor.

By order of the Board:



R C McPheely
Director
23 December 2021

Severn Trent Green Power (Bridgend) Limited

Independent auditor's report to the members of Severn Trent Green Power (Bridgend) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Severn Trent Green Power (Bridgend) Limited (the 'Company'):

- 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, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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 in this regard.

Severn Trent Green Power (Bridgend) Limited

Independent auditor's report to the members of Severn Trent Green Power (Bridgend) Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Revenue recognition in relation to the company's accrued income for feed in tariffs due to the risk of inappropriate cut off in the financial statements. We assessed the accuracy of management's estimates by agreement to third party confirmation statements.

Severn Trent Green Power (Bridgend) Limited

Independent auditor's report to the members of Severn Trent Green Power (Bridgend) Limited (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

Marianne Milnes

Marianne Milnes FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

23 December 2021

Severn Trent Green Power (Bridgend) Limited

Income statement

For the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Turnover	3	5,037	5,295
Operating costs	4	(3,932)	(3,651)
Profit before interest and tax		1,105	1,644
Finance income	7	21	65
Finance costs	8	(844)	(903)
Net finance costs		(823)	(838)
Profit on ordinary activities before taxation		282	806
Current tax	9	87	78
Deferred tax	9	(783)	92
Taxation on profit on ordinary activities		(696)	170
(Loss)/profit for the year		(414)	976

All results are from continuing operations in both the current and preceding period.

The Company has no recognised gains or losses other than the results above and therefore no separate statement of comprehensive income has been presented.

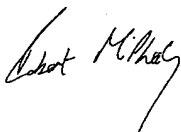
Severn Trent Green Power (Bridgend) Limited

Balance sheet

At 31 March 2021

	Note	2021 £000	2020 £000
Non-current assets			
Property, plant and equipment	10	13,988	14,488
Right-of-use assets	11	1,390	1,333
Trade and other receivables	12	950	950
Deferred Tax	13	–	74
		16,328	16,845
Current assets			
Inventory	14	342	171
Trade and other receivables	12	2,442	1,974
Cash and cash equivalents	15	395	131
		3,179	2,276
Current liabilities			
Trade and other payables	16	(1,405)	(659)
Borrowings	17	(46)	(39)
Current tax payable		(51)	(162)
		(1,502)	(860)
Net current assets		1,677	1,416
Total assets less current liabilities		18,005	18,261
Non-current liabilities			
Borrowings	17	(15,291)	(15,868)
Deferred Tax	13	(709)	–
Provisions for liabilities	18	(393)	(367)
		(16,393)	(16,235)
Net assets		1,612	2,026
Equity			
Called up share capital	19	1	1
Total retained earnings		1,611	2,025
		1,612	2,026

The financial statements were approved by the Board of Directors on 23 December 2021. They were signed on its behalf by:



R C McPheely
Director
23 December 2021
Company Number: 09689123

Severn Trent Green Power (Bridgend) Limited

Statement of changes in equity

For the year ended 31 March 2021

	Share capital	Retained earnings	Total equity
	£'000	£'000	£'000
At 1 April 2019	1	1,049	1,050
Total comprehensive income for the year	—	976	976
At 1 April 2020	1	2,025	2,026
Total comprehensive loss for the year	—	(414)	(414)
At 31 March 2021	1	1,611	1,612

Severn Trent Green Power (Bridgend) Limited

Notes to the financial statements

1. Accounting policies

a) Accounting convention

The financial statements have been prepared on the going concern basis (see Strategic report) under the historical cost convention as modified by the revaluation of certain financial assets and liabilities at fair value, and in accordance with applicable United Kingdom Accounting Standards and comply with the requirements of the Companies Act 2006. The principal accounting policies, which have been applied consistently in the current and preceding year are set out below.

As at 31 March 2021, the Company had net assets of £1,612,000 (2020: £2,026,000) and net current assets of £1,677,000 (2020: £1,416,000).

The Directors have considered the financial position and future prospects of the Company. The Company participates in the Group's pooled banking arrangements and may draw down on funding, when required, from the Severn Trent Group in the form of intra-group loans. The Directors have a reasonable expectation that the Company has adequate resources, including financial resources available from other group companies, to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report and annual financial statements.

Severn Trent Green Power (Bridgend) Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales.

b) Basis of preparation

(i) General

The Company is a wholly owned subsidiary of Severn Trent Plc and is included in the consolidated financial statements of Severn Trent Plc.

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements. Accordingly, the Company has elected to apply FRS 101 Reduced Disclosure Framework.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where required, equivalent disclosures are given in the Group financial statements of Severn Trent Plc which are available to the public and can be obtained as set out in note 24.

c) Revenue recognition

Revenue includes turnover and interest income.

Turnover represents the fair value of consideration receivable, excluding value added tax and trade discounts, in the ordinary course of business for goods and services provided.

Revenue is not recognised until the service has been provided to the customer or the goods to which the sale relates have either been despatched to the customer or, where they are held on the customer's behalf, title has passed to the customer and it is probable that it will be received.

Severn Trent Green Power (Bridgend) Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

c) Revenue recognition (continued)

Revenue from energy sales is recognised when the electricity or gas is delivered to the national grid. Green energy incentives are recognised when the company becomes entitled to them.

Revenue from waste processing is recognised when waste is accepted at the Company's processing sites, in accordance with contractual agreements.

d) Taxation

Current tax payable is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on taxable temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxation is measured on a non-discounted basis using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Current and deferred tax are recognised in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

A deferred tax asset is only recognised to the extent it is probable that sufficient taxable profits will be available in the future to utilise it.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

e) Property, plant and equipment

Property, plant and equipment is held at cost less accumulated depreciation. Expenditure on property, plant and equipment relating to research and development projects is capitalised and depreciated over the expected useful life of those assets.

Property, plant and equipment is depreciated, using the straight-line method, to its estimated residual value over its estimated useful life, with the exception of freehold land which is not depreciated. Assets in the course of construction are not depreciated until commissioned.

The estimated useful lives are:

Fixed asset category	Type of asset	Estimated useful life
Freehold land and buildings	Buildings	3 – 25 years
Fixed plant and equipment	Fixed plant	2 – 20 years
Moveable plant and equipment	Mobile plant and vehicles	2 – 10 years

Severn Trent Green Power (Bridgend) Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

f) Leases

Where the Company enters into a contract that contains a lease, it recognises a right-of-use asset and a lease liability. The right-of-use asset is measured at cost, which includes: the amount of the initial measurement of the lease liability (see below); any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs incurred by the Company; and an estimate of any remediation or similar costs required by the lease contract.

At the commencement date the lease liability is measured at the present value of the future lease payments discounted using the interest rate implicit in the lease or, if that cannot be readily determined, the Company's incremental borrowing rate. Lease liabilities are included in borrowings.

Lease payments are treated as consisting of a capital element and a finance charge; the capital element reduces the lease liability and the finance charge is written off to the income statement at a constant rate over the period of the lease in proportion to the capital amount outstanding. Depreciation of the right-of-use asset is charged over the shorter of the estimated useful life and the lease period unless ownership is expected to transfer to the Company at the end of the lease, in which case the right-of-use asset is depreciated to the end of the useful life of the underlying asset.

Where the lease term is less than one year or the underlying asset is low value, the Company does not recognise a right-of-use asset or lease liability. Payments under such leases are charged to operating costs.

g) Impairment of non-current assets

If the recoverable amount of an item of property, plant and equipment, or any other non-current asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell or estimated value in use at the date the impairment review is undertaken. Fair value less costs to sell represents the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and willing third parties, less costs of disposal. Value in use represents the present value of future cash flows expected to be derived from a cash-generating unit, discounted using a pre-tax discount rate that reflects current market assessments of the cost of capital of the cash-generating unit or asset.

The discount rate used is based on the estimated cost of capital adjusted for the risk profiles of the business.

Impairment reviews are also carried out if there is an indication that an impairment may have occurred, or, where otherwise required, to ensure that non-current assets are not carried above their estimated recoverable amounts.

Impairments are recognised in the income statement.

h) Inventory

Inventory is stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in selling and distribution.

i) Loans receivable

Loans receivable are measured at fair value on initial recognition, less issue fee income received. All loan receivables are held for collection of contractual cash flows, which represent solely payments of principal and interest. After initial recognition, loans receivable are subsequently measured at amortised cost using the effective interest rate method whereby interest and issue fee income are credited to the income statement and added to the carrying value of loans receivable at a constant rate in proportion to the loan amount outstanding.

Severn Trent Green Power (Bridgend) Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

j) Trade receivables and accrued income

Trade receivables and accrued income are measured at fair value on initial recognition. If there is objective evidence that the asset is impaired, it is written down to its recoverable amount and the irrecoverable amount is recognised as an expense in operating costs.

The Company applies the simplified approach permitted by IFRS 9 for estimating expected credit losses on trade receivables. For trade receivables that are assessed not to be impaired individually, expected credit losses are estimated based on the Company's historical experience of trade receivable write-offs.

k) Borrowings

Borrowings are initially recognised at fair value less issue costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method whereby interest and issue costs are charged to the income statement and added to the carrying value of borrowings at a constant rate in proportion to the capital amount outstanding.

Index-linked debt is adjusted for changes in the relevant inflation index and changes in value are charged to finance costs.

Borrowings denominated in foreign currency are translated to sterling at the spot rate on the balance sheet date. Exchange gains or losses resulting from this are credited or charged to gains/losses on financial instruments.

l) Provisions

Provisions are recognised where:

- there is a present obligation as a result of a past event;
- it is probable that there will be an outflow of economic benefits to settle this obligation; and
- a reliable estimate of this amount can be made.

Insurance provisions are recognised for claims notified and for claims incurred but which have not yet been notified, based on advice from the Company's independent insurance advisers.

Provisions are discounted to present value using a pre-tax discount rate that reflects the risks specific to the liability where the effect is material.

m) Retirement benefits

The Company participates in the Severn Trent Group's pension schemes. Contributions to the schemes are charged to the profit and loss account in the period in which they fall due.

n) Foreign exchange

Foreign currency transactions arising during the year are translated into sterling at the rate of exchange ruling on the date of the transaction. All gains and losses on exchange arising during the year are dealt with through the income statement.

2. Critical accounting judgments and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, the Company has made no critical accounting judgments and there are no key sources of estimation uncertainty.

Severn Trent Green Power (Bridgend) Limited

Notes to the financial statements (continued)

3. Revenue

The Company's activities are solely based in the UK.

	2021	2020
	£000	£000
Waste processing	1,741	1,794
Energy sales	3,296	3,501
	5,037	5,295

4. Operating costs

	2021	2020
	£'000	£'000
Wages and salaries	181	156
Social security costs	17	15
Pension costs	8	7
Total employee costs	206	178
Power	4	-
Raw materials and consumables	581	475
Rates	190	70
Depreciation of tangible fixed assets	694	673
Depreciation of right-of-use assets	64	63
Hired and contracted services	1,491	1,512
Hire of plant and machinery	4	11
Other operating costs	698	669
	3,932	3,651

Included in the above are audit fees of £15,000 (2020: £8,000) payable for the audit of the statutory financial statements. No other fees were payable to the auditor.

5. Employee numbers

The average monthly number of employees (including Executive Directors) during the year was as follows:

	2021	2020
	Number	Number
Business services	4	4

6. Directors' remuneration

The emoluments of the Directors are paid by other companies within the Severn Trent Group.

Severn Trent Green Power (Bridgend) Limited

Notes to the financial statements (continued)

7. Finance income

	2021 £000	2020 £000
Interest income earned on:		
Amounts due from group undertakings	21	65

8. Finance costs

	2021 £'000	2020 £'000
Interest charged on:		
Lease Liabilities	40	40
Other finance costs	26	–
Amounts payable to group undertakings	778	863
Total interest expense	844	903

9. Taxation

a) Analysis of tax charge/credit in the year

	2021 £'000	2020 £'000
Current tax at 19% (2020: 19%)		
Current year	(1)	59
Prior year	(86)	(137)
Total current tax credit	(87)	(78)
Deferred tax		
Origination and reversal of temporary differences:		
- current year	104	138
- prior year	679	(313)
Impact of rate change	–	83
Total deferred tax charge/(credit)	783	(92)
	696	(170)

b) Factors affecting the tax charge in the year

The tax assessed for the current year is higher (2020: lower) than the tax at the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are explained below:

	2021 £'000	2020 £'000
Profit before taxation	282	806
Tax at the standard rate of corporation tax in the UK 19% (2020: 19%)	54	153
Tax effect of depreciation on non-qualifying assets	44	44
Adjustments in respect of prior periods	593	(450)
Disallowable expenditure	5	–
Exceptional deferred tax charge arising from rate change	–	83
Total tax charge/(credit)	696	(170)

Severn Trent Green Power (Bridgend) Limited

Notes to the financial statements (continued)

10. Property, plant and equipment

	Land and buildings	Fixed Plant and Equipment	Moveable Plant and Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2020	16,493	38	8	16,539
Additions	156	23	13	192
Transfer from right-of-use assets	–	27	2	29
At 31 March 2021	16,649	88	23	16,760
Depreciation				
At 1 April 2020	(2,046)	(4)	(1)	(2,051)
Charge for the year	(684)	(8)	(2)	(694)
Transfer from right-of-use assets	–	(26)	(1)	(27)
At 31 March 2021	(2,730)	(38)	(4)	(2,772)
Net book value				
At 31 March 2021	13,919	50	19	13,988
At 31 March 2020	14,447	34	7	14,488

11. Leases

a) The Company's leasing activities

The Company leases various properties, equipment and vehicles. Lease agreements are typically made for fixed periods of up to 25 years.

Lease contracts are negotiated on an individual basis and include a wide range of terms and conditions. The contracts do not include covenants other than security interests in the leased assets that are held by the lessor and leased assets may not be used as security for other borrowing. The contracts do not impose any restrictions on dividend payment, additional debt or further leasing. There were no sale and leaseback transactions in the period.

b) Income statement

The income statement includes the following amounts relating to leases:

	2021 £'000	2020 £'000
Depreciation charge of right-of-use assets:		
Land and Buildings	47	55
Moveable Plant	17	8
Total depreciation of right-of-use assets	64	63
Interest expense included in finance cost	40	40

Severn Trent Green Power (Bridgend) Limited

Notes to the financial statements (continued)

11. Leases (continued)

c) Balance sheet

The balance sheet includes the following amounts relating to leases:

	2021 £'000	2020 £'000
Right-of-use assets:		
Land and Buildings	1,361	1,287
Moveable plant	29	46
	1,390	1,333

Additions to right-of-use assets were £121,000 (2020: nil).

	2021 £'000	2020 £'000
Lease liabilities:		
Current	46	39
Non-current	1,079	1,032
	1,125	1,071

Obligations under finance leases were as follows:

	2021 £'000	2020 £'000
Within 1 year	84	75
1 - 2 years	81	76
2 - 5 years	220	200
After more than 5 years	1,367	1,324
Gross obligations under finance leases	1,752	1,675
Less future finance charges	(627)	(604)
Present value of lease obligations	1,125	1,071

Net obligations under finance leases were as follows:

	2021 £'000	2020 £'000
Within 1 year	46	39
1 - 2 years	43	39
2 - 5 years	117	97
After more than 5 years	919	896
Included in non-current liabilities	1,079	1,032
	1,125	1,071

Severn Trent Green Power (Bridgend) Limited

Notes to the financial statements (continued)

12. Trade and other receivables

	2021 £'000	2020 £'000
Current assets		
Trade debtors	207	140
Amounts receivable from group undertakings	1,174	576
Other amounts receivable	4	32
Prepayments	15	16
Accrued income	1,041	1,210
Intercompany group relief receivable	1	-
	2,442	1,974
Non-current assets		
Amounts receivable from group undertakings	950	950

The Company offers a facility of £5,000,000 to Severn Trent Green Power Limited. The repayment date for this was extended in the current year from 11 January 2021 to 11 January 2023. The loan is unsecured with interest payable at 6m LIBOR + 4.750%.

13. Deferred tax

An analysis of the movement in the deferred tax recognised by the Company is set out below:

	Accelerated tax depreciation £'000
At 1 April 2019	(18)
Credit to income	92
As 1 April 2020	74
Charge to income	(783)
As at 31 March 2021	(709)

Deferred tax is provided at 19%, being the corporation tax rate applicable at the balance sheet date. In March 2021, the UK Government's announced its intention to increase the rate of corporate tax to 25% with effect from 1 April 2023. If deferred tax had been provided at 25% the provision would have been £224,000 higher.

Severn Trent Green Power (Bridgend) Limited

Notes to the financial statements (continued)

14. Inventory

	2021 £'000	2020 £'000
Consumables	342	171

15. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	395	131

16. Trade and other payables

	2021 £'000	2020 £'000
Current liabilities		
Trade payables	59	111
Amounts owed to fellow subsidiary undertakings	883	136
Social security and other taxes	84	—
Accruals	379	412
	1,405	659

Amounts owed to fellow subsidiary undertakings are trading in nature and do not bear interest. No amounts receivable from group undertakings are secured.

17. Borrowings

	2021 £'000	2020 £'000
Current liabilities		
Lease liabilities	46	39
Non-current liabilities		
Loans due to parent and fellow subsidiary undertakings	14,212	14,836
Lease liabilities	1,079	1,032
	15,291	15,868
	15,337	15,907

The Company has a facility of £15,000,000 available from Severn Trent Green Power Biogas Limited. The loan is unsecured with interest payable at 6m LIBOR + 4.75%. The facility matures in December 2023.

Severn Trent Green Power (Bridgend) Limited

Notes to the financial statements (continued)

18. Provisions

	£'000
At 31 March 2020	367
Charge to income statement	26
At 31 March 2021	393

Provisions relate to potential environmental costs. The associated outflows are estimated to arise over a period of up to 25 years from the balance sheet date.

19. Share capital

	2021	2020
	£'000	£'000
Total issued and fully paid share capital		
1,000 ordinary shares of £1 each	1	1

20. Pension commitments

The Company operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost for the current period is £8,000 (2020: £7,000). At the balance sheet date, contributions of nil (2020: nil) were outstanding.

21. Contingent liabilities

The banking arrangements of the Company operate on a pooled basis with certain fellow group undertakings. Under these arrangements participating companies guarantee each other's balances only to the extent that their credit balances can be offset against overdrawn balances of other Severn Trent Group companies.

At 31 March 2021 the Company's maximum exposure under these arrangements was £394,000 (2020: £131,000).

22. Post balance sheet events

There have been no significant post balance sheet events.

23. Related party transactions

There have been no transactions with the Directors of the Company during the last financial year.

In accordance with the exemption allowed by FRS 101, no disclosure is made of transactions with other wholly owned subsidiary companies which are consolidated into the Severn Trent Plc Group.

Severn Trent Green Power (Bridgend) Limited

Notes to the financial statements (continued)

24. Ultimate parent undertaking

The immediate parent undertaking is Severn Trent Green Power Biogas Limited.

Severn Trent Green Power Holdings Limited is the parent undertaking of the smallest group to consolidate these financial statements. Financial statements for Severn Trent Green Power Holdings Limited can be obtained from The Stables, Radford, Chipping Norton, Oxfordshire, OX7 4EB.

The ultimate parent undertaking and controlling party is Severn Trent Plc, which is the parent undertaking and controlling party of the largest group to consolidate these financial statements. Copies of the Severn Trent Plc consolidated financial statements can be obtained from Severn Trent Plc's registrars at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.