

Company registration number 02586357 (England and Wales)

SUTTON BRIDGE POWER GENERATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

SUTTON BRIDGE POWER GENERATION

COMPANY INFORMATION

Directors	Mr S M Magie Mr J J Holder
Company number	02586357
Registered office	Severn Power Station West Nash Road Newport United Kingdom NP18 2BZ
Auditor	Azets Audit Services Ty Derw Lime Tree Court Cardiff Gate Business Park Cardiff United Kingdom CF23 8AB

SUTTON BRIDGE POWER GENERATION

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Directors' responsibilities statement	5
Independent auditor's report	6 - 8
Statement of income and retained earnings	9
Balance sheet	10
Statement of cash flows	11
Notes to the financial statements	12 - 27

SUTTON BRIDGE POWER GENERATION

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The Directors of Sutton Bridge Power Generation ("the Company") present their Strategic Report for the year ended 31 March 2022.

The Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102). The Company is registered in England and Wales.

Principal Activity

The principal activity of the Company during the year continued to be the operation and maintenance of a gas-fired power station at Sutton Bridge, Lincolnshire.

Fair review of the business

Health, Safety and Environmental

Health and Safety ("H&S") has and will continue to be of utmost importance to the Company, its directors and staff.

The Directors are happy to report that Health and Safety ("H&S") continued to be excellent with no lost time accidents, a low level of near misses and a high level of management and staff safety walks.

The Company's excellent environmental record continued with no breaches during the year.

Financial performance

The loss for the year before taxation, amounted to £8,759,000 (2021: £226,940,000 profit). The prior year results are significantly impacted by an exceptional income balance in the year of £244,572,000.

The current year performance is inline with the directors' expectations of a plant that is in a preserved state.

On 24 August 2020 the Company went into administration and placed the power station into a state of managed preservation which triggered a number of impairments in the year ended March 2020, however, on 26 March 2021 the Company successfully exited administration via a Creditors Voluntary Arrangement ("CVA"). As part of this process, £244,978,000 of liability balances were released creating an exceptional income in the profit and loss account for the year ended 31 March 2021. This release comprised of £237,320,000 of amounts previously due to group companies and £7,658,000 of trade creditor balances as certain external supplier contracts were terminated. The year ended 31 March 2021 also saw a further impairment being recognised against amounts due from group companies of £406,000 due to the impact of administration in those respective companies.

Following the restructuring of liabilities from the CVA process, as at 31 March 2021, the Company has strengthened its balance sheet significantly with net assets of £114,978,000 (2021: £123,708,000 net assets) and net current liabilities of £5,260,000 (2021: £773,000 net current assets).

On March 27th 2022, the CVA was completed.

Future Outlook

Following the successful exit of administration, the Directors plan that the station will be held in a state of managed preservation whilst strategic options are explored.

In addition, the Directors and management team are continually looking at ways to optimise the cost base to help the financial performance of the business.

The business still faces a number of areas of uncertainty such as those detailed in the principal risks and uncertainties section below.

SUTTON BRIDGE POWER GENERATION

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Principal risks and uncertainties

The management of the Company and the execution of the Company's strategy are subject to risks typically associated with the operation of a power plant in the UK. The key business risks and uncertainties affecting the Company, when operational, and other power plants in the UK market include volatility within the UK and European energy markets and health and safety and plant availability.

As noted in the Future Outlook section of this report, following the successful exit of the administration the station will be held in a state of managed preservation, the key principal risk to the Company still remains that of Health and Safety.

Health and Safety risk

The Health and Safety of all employees, contractors and visitors who attend the site is a key risk for the Company. To mitigate this risk the Company staff attend regular H&S updates. H&S KPIs are key statistics managed by the senior staff. Feedback systems and other H&S initiatives are used to help create a culture that has H&S as one of its key priorities.

Key performance indicators

Whilst in preservation, the main objectives of the Company are to maintain an exemplary Health and Safety record.

	Year ended 31 March 2022	Year ended 31 March 2021	Definition, method of calculation
Days without Lost Time Accident	409	44	The number of days since the last accident that require an employee or contractor to be off work for a period greater than 24 hours.

The Directors have selected Days without Lost Time Accident as its Health and Safety KPI due to its industry standard calculation and comparison.

Future KPIs will be reviewed by the Directors in light of the ongoing preservation status.

On behalf of the board

Mr J J Holder
Director

30 March 2023

SUTTON BRIDGE POWER GENERATION

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

This has been disclosed above in the strategic report.

Results and dividends

The results for the year are set out on page 9.

The Directors cannot recommend the payment of a dividend (2021: £nil).

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S M Magie

Mr J J Holder

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

Future developments

Details of the Company's future outlook are disclosed in the Strategic Report.

Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Financial Risk Management Objectives and Policies

Objectives and policies

The Company's operations expose it to a variety of financial risks that include the effects of interest rate risk and cash flow risk. The Company has in place a risk management program that seeks to limit the adverse effects of these risks on the financial performance of the Company.

SUTTON BRIDGE POWER GENERATION

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Going Concern

On 24 June 2020 Calon Energy Limited ('the parent Group') – the parent company of Sutton Bridge Power Generation ('the Company') entered administration.

The Directors have prepared a cash flow forecast for the period to 31 March 2025 which represents the Directors' best estimate of the future development of the Company.

Having consulted with the secured lender, the Directors had agreed the material terms of an appropriate funding agreement which all parties envisaged would be signed. However whilst this arrangement was being finalised, the parties operated a flexible funding arrangement which provided funding on a month-by-month basis at the discretion of the secured lender.

Whilst it is still anticipated that the funding agreement will be entered into, the directors and secured lender anticipate that the flexible funding arrangement will be retained for the foreseeable future.

Based on the ongoing positive relationship with the secured lender and following preparation of detailed forecasts, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and as such, believe that it remains appropriate to prepare the financial statements on a going concern basis. In making this judgement, the Directors expect that the Company's principal activity of the operation of a gas-fired power station at Sutton Bridge, Lincolnshire will continue.

The Directors also recognise that from an accounting perspective the absence of any formal long term funding arrangement creates a small level of uncertainty and therefore risk that the required level of support may not be received for the necessary timescales.

This constitutes a material uncertainty related to the assumptions described above which may cast doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern. In the event the Company ceased to be a going concern, the adjustments would include writing down the carrying value of assets, to their recoverable amount and providing for any further liabilities that might arise.

In addition to the third party funding, the directors have confirmation from the parent Group companies that the intercompany amounts due to them will not be requested within 12 months of the approval date of these accounts. The parent Group companies have confirmed that it is not currently their intention to demand repayment. Due to the relationship with the parent Group companies, the directors are of the view that the intercompany amounts will not be requested in the next 12 months, however the confirmation received does create a material uncertainty as it is not a guarantee that the intercompany creditors will not be recalled within 12 months from the approval dates of these accounts.

Notwithstanding the material uncertainties described above, on the basis of sensitivities applied to the cash flow forecast and that further support can be agreed in the relevant timescale, the Directors have a reasonable expectation that the Company can continue to meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of this report.

On behalf of the board

Mr J J Ilder
Director

30 March 2023

SUTTON BRIDGE POWER GENERATION

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

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 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;
- 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.

SUTTON BRIDGE POWER GENERATION

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUTTON BRIDGE POWER GENERATION

Opinion

We have audited the financial statements of Sutton Bridge Power Generation (the 'company') for the year ended 31 March 2022 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows 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 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 2022 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 *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.

Material uncertainty relating to going concern

We draw attention to note 1 in the financial statements, which indicates that the company and its funders have put in place short-term funding arrangements sufficient for the company to exit administration. However, there remains some uncertainty on the exact timing of signing the longer-term funding agreement thus giving rise to a risk that the required level of support may not be received in the necessary timescales or at all. In addition, note 1 also details that although the group has received confirmation that it is not the current intention for the lending group entities to recall the amounts owed by the company in the 12 months from the date of the approval of these accounts, this is not a guarantee and therefore creates a material uncertainty.

As stated in note 1, these events or conditions, along with the other matters as set forth in note 1 to the financial statements, indicate that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

SUTTON BRIDGE POWER GENERATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SUTTON BRIDGE POWER GENERATION

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 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, 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

SUTTON BRIDGE POWER GENERATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SUTTON BRIDGE POWER GENERATION

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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we 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. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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. 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.

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.

Andrew Howells (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

31 March 2023

Chartered Accountants
Statutory Auditor

Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
United Kingdom
CF23 8AB

SUTTON BRIDGE POWER GENERATION

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Turnover	3	-	15,104
Cost of sales		-	(21,847)
Gross profit/(loss)		-	(6,743)
Administrative expenses		(9,836)	(7,306)
Other operating income		1,929	-
Exceptional item	4	-	244,572
Operating (loss)/profit	5	(7,907)	230,523
Interest receivable and similar income	8	4	275
Interest payable and similar expenses	9	(856)	(4,849)
Fair value gain / (loss) on derivative instruments		-	991
(Loss)/profit before taxation		(8,759)	226,940
Tax on (loss)/profit	10	29	(78)
(Loss)/profit for the financial year		(8,730)	226,862
Retained earnings brought forward		81,308	(145,554)
Retained earnings carried forward		72,578	81,308

The profit and loss account has been prepared on the basis that all operations are continuing operations.

SUTTON BRIDGE POWER GENERATION

BALANCE SHEET

AS AT 31 MARCH 2022

		2022		2021	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	11	-	-	-	2,406
Tangible assets	12	125,812	125,812	125,812	125,812
			125,812		128,218
Current assets					
Debtors	13	1,817		919	
Cash at bank and in hand		808		4,827	
		2,625		5,746	
Creditors: amounts falling due within one year	14	(7,885)		(4,973)	
Net current (liabilities)/assets			(5,260)		773
Total assets less current liabilities			120,552		128,991
Provisions for liabilities					
Provisions	16	5,574	(5,574)	5,283	(5,283)
Net assets			114,978		123,708
Capital and reserves					
Called up share capital	18		42,400		42,400
Profit and loss reserves			72,578		81,308
Total equity			114,978		123,708

The financial statements were approved by the board of directors and authorised for issue on 30 March 2023 and are signed on its behalf by:

Mr J J Holder

Director

Company Registration No. 02586357

SUTTON BRIDGE POWER GENERATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

		2022		2021	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Cash absorbed by operations	22		(8,972)		(10,318)
Investing activities					
Purchase of intangible assets		-		(2,406)	
Purchase of tangible fixed assets		-		(116)	
Interest received		4		1	
Net cash generated from/(used in) investing activities			4		(2,521)
Financing activities					
Proceeds from borrowings		4,949		-	
Net cash generated from/(used in) financing activities			4,949		-
Net decrease in cash and cash equivalents			(4,019)		(12,839)
Cash and cash equivalents at beginning of year			4,827		17,666
Cash and cash equivalents at end of year			808		4,827

SUTTON BRIDGE POWER GENERATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Sutton Bridge Power Generation is a private unlimited company incorporated in England and Wales. The registered office is Severn Power Station, West Nash Road, Newport, United Kingdom, NP18 2BZ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The financial statements have been prepared under the historical cost convention, modified to certain items at fair value. The principal accounting policies adopted are set out below.

SUTTON BRIDGE POWER GENERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.2 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern.

On 24 June 2020 Calon Energy Limited ('the parent Group') – the parent company of Sutton Bridge Power Generation ('the Company') entered administration.

The Directors have prepared a cash flow forecast for the period to 31 March 2025 which represents the Directors' best estimate of the future development of the Company.

Having consulted with the secured lender, the Directors had agreed the material terms of an appropriate funding agreement which all parties envisaged would be signed. However whilst this arrangement was being finalised, the parties operated a flexible funding arrangement which provided funding on a month-by-month basis at the discretion of the secured lender.

Whilst it is still anticipated that the funding agreement will be entered into, the directors and secured lender anticipate that the flexible funding arrangement will be retained for the foreseeable future.

Based on the ongoing positive relationship with the secured lender and following preparation of detailed forecasts, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and as such, believe that it remains appropriate to prepare the financial statements on a going concern basis. In making this judgement, the Directors expect that the Company's principal activity of the operation of a gas-fired power station at Sutton Bridge, Lincolnshire will continue.

The Directors also recognise that from an accounting perspective the absence of any formal long term funding arrangement creates a small level of uncertainty and therefore risk that the required level of support may not be received for the necessary timescales.

This constitutes a material uncertainty related to the assumptions described above which may cast doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern. In the event the Company ceased to be a going concern, the adjustments would include writing down the carrying value of assets, to their recoverable amount and providing for any further liabilities that might arise.

In addition to the third party funding, the directors have confirmation from the parent Group companies that the intercompany amounts due to them will not be requested within 12 months of the approval date of these accounts.

The parent Group companies have confirmed that it is not currently their intention to demand repayment. Due to the relationship with the parent Group companies, the directors are of the view that the intercompany amounts will not be requested in the next 12 months, however the confirmation received does create a material uncertainty as it is not a guarantee that the intercompany creditors will not be recalled within 12 months from the approval dates of these accounts.

Notwithstanding the material uncertainties described above, on the basis of sensitivities applied to the cash flow forecast and that further support can be agreed in the relevant timescale, the Directors have a reasonable expectation that the Company can continue to meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of this report.

1.3 Turnover

Turnover represents amounts receivable for goods or services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes derived from the production of electricity for customers. All turnover has arisen in the United Kingdom. Income is recognised when it is probable that the benefits from the transaction will be received by the Company and can be reliably quantified.

Revenues from the sale of electricity are recorded based upon the actual generated output from the plant provided to customers at the net rates reflected in the associated contract terms with customers or prevailing market rates as applicable.

SUTTON BRIDGE POWER GENERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.4 Intangible fixed assets other than goodwill

EUA Certificates included in intangible assets are shown at cost.

1.5 Tangible fixed assets

Tangible fixed assets are included on the statement of financial position stated at historical cost or valuation, less accumulated depreciation and provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Interest relating to borrowings to fund specific assets is also capitalised as part of the cost of the asset during the period of construction.

Subsequent expenditure in respect of items of tangible fixed assets such as the replacement of major parts and major inspections are capitalised as part of the cost of the related asset where it is probable that future economic benefits will arise and the cost can be reliably measured. All other subsequent expenditure, including the costs of day-to-day maintenance, is expensed as incurred.

Capitalisation begins when expenditure for the asset is being incurred and activities that are necessary to prepare the asset for use are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the asset for use are complete. Depreciation commences at the point of commercial deployment.

Depreciation is provided on tangible fixed assets other than freehold land and assets in the course of construction, at rates calculated to write off the cost of acquisition of each asset evenly over its expected useful life. Where upgrades have extended the useful life, depreciation rates are calculated to write off the remaining book value over the remaining new estimated useful life.

Freehold land and buildings	Up to 35 years
Plant and machinery	Up to 35 years
Equipment and fittings	3 to 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each statement of financial position date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of income and retained earnings as described below:

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. The recoverable amount is calculated based on the Directors' best estimate of the present value of the future cash flows of the business.

Financial assets

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

SUTTON BRIDGE POWER GENERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply 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 instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price.

Financial assets are derecognised when substantially all the risks and rewards of the ownership of the asset are transferred to another party.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

SUTTON BRIDGE POWER GENERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies are initially recognised at transaction price.

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

SUTTON BRIDGE POWER GENERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Derivatives

Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and commodity price movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

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 reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designed and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred at the statement of financial position date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

SUTTON BRIDGE POWER GENERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money 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.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

For defined contribution schemes the amount charged to the statement of income and retained earnings in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

1.15 Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

1.16 Finance costs

Finance costs of debt are recognised in the statement of income and retained earnings over the remaining term of such instruments, at a constant rate on the carrying amount.

1.17 Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

1.18 Decommissioning costs

At the statement of financial position date, provision is made for the net present value of the estimated cost of decommissioning the power station at the end of its useful life. A related decommissioning asset is recognised in tangible fixed assets and is amortised over the remaining life of the power station. The unwinding of the discount on the provision is included in the statement of income and retained earnings within net interest payable and similar charges.

SUTTON BRIDGE POWER GENERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

In the application of the Company's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these 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.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements.

Critical judgements – impairment assumptions

An estimation is required of the value in use of the cash-generating unit to which the fixed assets belong. The value in use pre-tax cash flow projections are based on the Group's business plan. The business plan is based on past experience, and adjusted to reflect market trends, economic conditions, key risks, the implementation of strategic objectives and changes in commodity prices, as appropriate. Commodity prices used in the planning process are based on observable market data. In completing the impairment review the Directors have satisfied themselves that the estimates made are reasonable. However, the Company's activities are in a complex market and historically challenging conditions, and a number of sensitivities indicate further impairments, highlighting the importance of those judgements taken.

Critical judgements – going concern

In order to assess whether it is appropriate for the Group to be reported as a going concern, the Directors apply judgement, having considered the business activities, the Group's principal risks and uncertainties, cash flow projections and external factors. In arriving at this judgement there are a large number of assumptions and estimates involved in calculating these future cash flow projections and the prospect of securing the additional support that will be required.

SUTTON BRIDGE POWER GENERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key source of estimation uncertainty – impairment review of tangible fixed assets

Determining whether fixed assets are impaired requires an estimation of the value in use of the cash-generating unit to which the fixed assets belong. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The future cash flows are based on estimates of commodity prices, plant activity and market conditions which are inherently uncertain.

Key source of estimation uncertainty – decommissioning costs

The estimated cost of decommissioning at the end of the useful economic life of the plant is reviewed periodically and provision is made for the estimated cost at the statement of financial position date. The total expected future decommissioning costs are uncertain and dependent on the life of the plant and the future inflation rates applied to the most recent valuation of decommissioning costs. The provision is also dependent on the selection of a suitable discount rate to calculate present value. Changes to these selected rates produce material changes in the value of the provision as shown below.

	£'000
Provision at 31 March 2022	5,574
Discount rate changed to 1.78%	5,635
Inflation changed to 5%	6,283

3 Turnover and other revenue

	2022 £'000	2021 £'000
Turnover analysed by class of business		
Sale of electricity	-	10,075
Capacity market income	-	5,029
	-	15,104
	2022 £'000	2021 £'000
Other revenue		
Interest income	4	275

4 Exceptional item

	2022 £'000	2021 £'000
Expenditure		
Release of liability balances and provisions against receivable balances	-	(244,572)

SUTTON BRIDGE POWER GENERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

(Continued)

4 Exceptional item

On 26 March 2021 the Company successfully exited administration via a Creditors Voluntary Arrangement ("CVA"). As part of this process, £244,978,000 of liability balances were released, creating an exceptional income in the profit and loss account for the year ended 31 March 2021. This release comprised of £237,320,000 of amounts previously due to group companies and £7,658,000 of trade creditor balances as certain external supplier contracts were terminated. The year ended 31 March 2021 also saw a further impairment being recognised against amounts due from group companies of £406,000 due to the impact of administration in those respective companies

5 Operating (loss)/profit

	2022 £'000	2021 £'000
Operating (loss)/profit for the year is stated after charging:		
Exchange losses	550	-
Fees payable to the company's auditor for the audit of the company's financial statements	12	27
Depreciation of owned tangible fixed assets	-	3,419
	<u>562</u>	<u>3,446</u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2022 Number	2021 Number
-	29
<u>-</u>	<u>29</u>

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	-	1,220
Social security costs	-	134
Pension costs	-	58
	<u>-</u>	<u>1,412</u>

7 Directors' remuneration

Directors do not receive remuneration by the Company itself. In the prior year, two Directors were remunerated by other companies within the Group through salaries for their services to the group as a whole. Their total remuneration was £0 (2021: £626,000) with pension contributions for one Director of £0 (2021: £17,000). The highest paid director received emoluments of £0 (2021: £424,000) and pension contributions of £0 (2021: £0). The number of directors accruing retirement benefits under a money purchase scheme is 0 (2021: 1).

Two directors were remunerated by the Company through fees for services to the Group as a whole.

Total fees paid in the year were £403,000 (2021: £173,000). It is not possible to allocate their remuneration between their services as Directors of different companies.

SUTTON BRIDGE POWER GENERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

8 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest income		
Interest on bank deposits	4	1
Other interest income	-	274
	<u>4</u>	<u>275</u>
Total income	<u>4</u>	<u>275</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	4	1
	<u>4</u>	<u>1</u>

9 Interest payable and similar expenses

	2022 £'000	2021 £'000
Interest on financial liabilities measured at amortised cost:		
Interest on other loans	565	1,044
Interest payable to group undertakings	-	3,700
	<u>565</u>	<u>4,744</u>
Other finance costs:		
Unwinding of discount on decommissioning provision	291	105
	<u>856</u>	<u>4,849</u>

10 Taxation

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on profits for the current period	-	78
Adjustments in respect of prior periods	(29)	-
	<u>(29)</u>	<u>78</u>
Total current tax	<u>(29)</u>	<u>78</u>

SUTTON BRIDGE POWER GENERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

10 Taxation

(Continued)

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £'000	2021 £'000
(Loss)/profit before taxation	(8,759)	226,940
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(1,664)	43,119
Tax effect of expenses that are not deductible in determining taxable profit	55	79
Tax effect of income not taxable in determining taxable profit	-	(50,529)
Adjustments in respect of prior years	(29)	78
Deferred tax not recognised	13,398	7,331
Rate changes	(11,789)	-
Taxation (credit)/charge for the year	(29)	78

11 Intangible fixed assets

EUA Certificates

	£'000
Cost	
At 1 April 2021	2,406
Disposals	(2,406)
At 31 March 2022	-
Amortisation and impairment	
At 1 April 2021 and 31 March 2022	-
Carrying amount	
At 31 March 2022	-
At 31 March 2021	2,406

SUTTON BRIDGE POWER GENERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

12 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Equipment and fittings £'000	Total £'000
Cost				
At 1 April 2021 and 31 March 2022	154	357,627	273	358,054
Depreciation and impairment				
At 1 April 2021 and 31 March 2022	72	231,993	177	232,242
Carrying amount				
At 31 March 2022	82	125,634	96	125,812
At 31 March 2021	82	125,634	96	125,812

Included in plant and machinery is £3,077,000 (2021: £3,077,000) comprising the net book value of the asset relating to the decommissioning provision.

The cumulative borrowing costs capitalised total £37,144,000 (2021: £37,144,000). Interest was charged on the loans relating to capital expenditure at a rate of 4.5% above the LIBOR base rate.

13 Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Other debtors	1,757	534
Prepayments and accrued income	60	385
	1,817	919

During the current year, no impairment of group debtor balances was triggered. In the prior year, an impairment of £406,000 in the amount due from Group companies was recognised in the Company. The amounts owed by Group companies are unsecured.

14 Creditors: amounts falling due within one year

	Notes	2022 £'000	2021 £'000
Other borrowings	15	6,374	1,425
Trade creditors		280	907
Other creditors		873	464
Accruals and deferred income		358	2,177
		7,885	4,973

In the prior year, a reduction of £237,321,000 in the amount due to Group companies was recognised in the Company along with a £7,658,000 reduction in trade creditors where several contracts were terminated. No such reductions occurred in the current year.

SUTTON BRIDGE POWER GENERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

15 Loans and overdrafts

	2022 £'000	2021 £'000
Other loans	6,374	1,425
Payable within one year	6,374	1,425

Other loans relates to the funding received from the secured lender. This funding has a variable interest rate of 9% and there are no fixed terms for repayment.

16 Provisions for liabilities

	2022 £'000	2021 £'000
Decommissioning	5,574	5,283

The decommissioning provision provides for the future costs of decommissioning the Sutton Bridge Power station. The provision is based on the net present value of the Company's share of the expenditure which may be incurred at the end of the life of the power station (currently estimated to be around 17 years' time).

Movements on provisions:

	Decommissioning £'000
At 1 April 2021	5,283
Additional provisions in the year	291
At 31 March 2022	5,574

17 Retirement benefit schemes

	2022 £'000	2021 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	-	103

The company operated a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

	2022 Number	2021 Number	2022 £'000	2021 £'000
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	42,400,000	42,400,000	42,400	42,400

SUTTON BRIDGE POWER GENERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

19 Commitments

On 30 April 2015 Calon Energy Limited drew on an existing facility in place with Beal Bank. The facilities agreement provided debt to purchase the Sutton Power Generation Limited Power site. The shares in Severn Power Limited and the asset purchased were provided as security for the facilities.

As mentioned in the Going Concern note the details of the new facility are currently in negotiation with the secured lender and are expecting to be completed during the following year.

20 Related party transactions

Transactions with related parties

In accordance with section 33 of FRS102 'Related party disclosures', the Company is exempt from disclosing transactions with entities that are part of the Calon Energy Group as it is a wholly-owned subsidiary of Calon Energy Limited.

During the prior year, the Company transacted on an arm's length basis with Macquarie Bank Limited in relation to the Energy Management Service Agreement as follows. There were no such transactions in the year ended 31 March 2022.

Year ended 31 March 2021

	Value of transactions (to)/from the Group during the year £'000	Outstanding amount due to/(from) the Group as at 31 March 2021 £'000
Transaction fees	(131)	-
Carbon trading charges	-	-
Other fees	(180)	-
Net sales of power	16,122	-
Net purchases of gas	(9,476)	-
Net purchases of carbon	(18,338)	-
	(12,003)	-

21 Parent undertaking and ultimate controlling party

Sutton Bridge Power Systems (London) Limited owns 100% of the ordinary share capital in Sutton Bridge Power Generation and is considered to be the immediate parent company.

Calon Energy Limited, a company incorporated in England and Wales, heads the smallest group for which consolidated financial statements would be prepared and is regarded as the ultimate controlling party of the Group. However, on 24 June 2020 both Sutton Bridge Power Systems (London) Limited and Calon Energy Limited entered administration and therefore there is no requirement to prepare consolidated financial statements.

SUTTON BRIDGE POWER GENERATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

22 Cash absorbed by operations

	2022 £'000	2021 £'000
(Loss)/profit for the year after tax	(8,730)	226,862
Adjustments for:		
Taxation (credited)/charged	(29)	77
Finance costs	565	3,805
Investment income	(4)	(275)
Loss on disposal of intangible assets	2,406	-
Depreciation and impairment of tangible fixed assets	-	3,419
Change in fair value of derivatives	-	(991)
Increase in provisions	291	
Movements in working capital:		
(Increase)/decrease in debtors	(898)	11,949
Decrease in creditors	(2,573)	(255,164)
Cash absorbed by operations	(8,972)	(10,318)

23 Analysis of changes in net funds/(debt)

	1 April 2021 £'000	Cash flows £'000	31 March 2022 £'000
Cash at bank and in hand	4,827	(4,019)	808
Borrowings excluding overdrafts	(1,425)	(4,949)	(6,374)
	<u>3,402</u>	<u>(8,968)</u>	<u>(5,566)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.