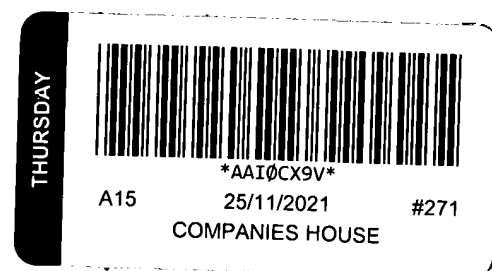


Gengas Limited

Annual report and financial statements

Registered number 03033261

Year ended 31 March 2021



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Directors' report

The directors (the "Directors") present their report and audited financial statements for Gengas Limited (the "Company") for the year ended 31 March 2021.

The Company is a member of the Infinis Group which is headed by Infinis Energy Group Holdings Limited, the head of the largest group for which consolidated financial statements are prepared. The consolidated financial statements of the Infinis Group are available on the website www.infinis.com or may be obtained from the Company Secretary, First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ.

The Company has adopted the exemptions available in Sections 414(B) and 416(3) of the Companies Act 2006 with regard to the Small Companies Regime. Accordingly, the Company has elected not to prepare a strategic report.

Share capital

The Company is limited by shares.

Principal activities

The principal activity of the Company is the generation and sale of low carbon electricity in the UK.

Methane Capture

Methane is around 25 times more harmful than carbon dioxide to the atmosphere. By capturing methane, the Company is providing an important role in protecting the environment.

The Company captures methane in a controlled way by applying a suction through a network of installed pipelines and gas wells on landfill sites. Modular gas reciprocating engines then use the methane as a fuel source to generate electricity.

Future developments

No change in activities is anticipated in the future.

COVID-19

In the year ended 31 March 2021 COVID-19 has not significantly impacted the financial performance of the Company and is not expected to materially impact financial or operational performance for the year ending 31 March 2022. The measures taken by the Company in response to COVID-19 are set out in the annual report and accounts for the year ended 31 March 2021 of Infinis Energy Group Holdings Limited.

Dividends

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

Directors

The Directors of the Company during the year and up to the date of signing the financial statements were as follows:

J H Milne
S S Pickering
K A Reid

Directors' report (continued)

Section 172 of the Companies Act

Disclosures relating to s172 of the Companies Act require the Directors to identify the issues, factors and stakeholders they consider relevant to comply with their duty to have regard to stakeholders.

The Directors consider the effect of s172 in all of their decisions and the impact on any of the specified groups. The Directors consider the interests of all stakeholders, including the impact of the Company's activities on the community and environment, when making decisions. The Directors, acting fairly between members, and acting in good faith, consider what is most likely to promote the success of the Company for its shareholders in the long-term.

Further information in relation to the specific considerations of the Directors, including the Company's approach to sustainability, is set out in the Annual report and accounts 2021 of Infinis Energy Group Holdings Limited.

Directors' indemnity and insurance

At the time of approval of the Directors' report and during the financial year an associated company has agreed to indemnify past and present Directors, in accordance with and subject to the terms set out in the Corporate Governance Policy for the group headed by Infinis Energy Group Holdings Limited, against liability and all expenses reasonably incurred or paid by them in connection with any claim, action, suit or proceeding in which they become involved in the performance of their duties as a director and against amounts paid or incurred by them. These are qualifying third party indemnity provisions for the purposes of Section 234 of the Companies Act 2006 and are in place at the date of approval of the Directors' report.

An associated company has also arranged directors' and officers' liability insurance.

Going Concern

Having reviewed the Company's current position and cash flow projections for the next 12 months from the date of approval of these financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing the financial statements.

Financial risk management

The Company finances its operations through cash generated from operations and cash resources. Where additional investment is required this is provided short term by intercompany trading accounts and longer term through intercompany loans.

Other financial assets and liabilities, such as trade receivables and trade payables, arise directly out of the Company's operating activities. The main risks associated with the Company's financial assets and liabilities are set out below.

Credit risk

Credit risk arises principally from the Company's receivables from their customers who are predominantly blue-chip UK Energy Offtakers of high credit standing. The Infinis Group only extends credit to recognised creditworthy third parties and uses third party credit management software to monitor their credit standing.

Credit risk also arises from cash and cash equivalents deposited with banks and financial institutions. The Company deposits its surplus funds only with banks and financial institutions with a high credit rating. The maximum credit risk exposure relating to financial assets is represented by the carrying value at the date of the statement of financial position.

Price risk

A significant proportion of revenues are dependent on wholesale power prices. The Company manages this risk through the documented Infinis Group trading strategy which considers forward contracting and index-linked agreements among other pricing strategies.

Directors' report (continued)

Independent Auditors

The auditors, PricewaterhouseCoopers LLP (PwC) have indicated their willingness to continue in office and, pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed as auditors and will therefore continue in office.

Directors' responsibility statement in respect of the annual report and the financial statements

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report (continued)

On behalf of the board



K A Reid
Director

19 November 2021

Registered Office; First Floor,
500 Pavilion Drive,
Northampton Business Park Northampton, NN4 7YJ

Independent auditors' report to the members of Gengas Limited

Report on the audit of the financial statements

Opinion

In our opinion, Gengas Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2021; the Income statement, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

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

Independent auditors' report to the members of Gengas Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibility statement in respect of the annual report and the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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.

Independent auditors' report to the members of Gengas Limited (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety, tax legislation, Bribery Act 2010, Data Protection Act 1998, RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations), OFGEM and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management's non-disclosure of incidents in the year. Audit procedures performed by the engagement team included:

- enquiry of management around actual and potential frauds, litigations or claims against or by the Company;
- understanding and evaluating the key elements of the Company's internal controls relating to estimates;
- testing of journals posted in the year that have unusual account combinations;
- reviewing significant accounting estimates for bias and validating the support behind the assumptions and judgments made by management, and evaluating the business rationale of significant or unusual transactions outside the normal course of business;
- incorporating elements of unpredictability into our audit procedures; and
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Gengas Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

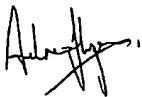
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Andrew Lyon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
19 November 2021

Income statement

for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Revenue	4	8,767	8,174
Cost of sales		(5,820)	(6,055)
Gross profit		2,947	2,119
Administrative expenses		(492)	(636)
Operating profit	5	2,455	1,483
Finance income	8	-	1
Finance costs	9	(949)	(1,092)
Finance costs - net		(949)	(1,091)
Profit before income tax		1,506	392
Income tax charge	10	(265)	(100)
Profit for the financial year		1,241	292

The Company has no other comprehensive income or expense items and therefore total comprehensive income for the year is £1,241,000 (2020: income £292,000).

The notes on pages 13 to 27 are an integral part of these financial statements.

Balance sheet

as at 31 March 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Property, plant and equipment	11	2,820	2,676
Current assets			
Inventories	12	43	38
Trade and other receivables	13	4,941	9,660
Cash and cash equivalents		727	121
		<u>5,711</u>	<u>9,819</u>
Creditors: amounts falling due within one year	15	(3,171)	(5,268)
Net current assets		<u>2,540</u>	<u>4,551</u>
Total assets less current liabilities		<u>5,360</u>	<u>7,227</u>
Creditors: amounts falling due after more than one year	16	(10,500)	(13,600)
Provisions for liabilities			
Provisions	17	(190)	(198)
Net liabilities		<u>(5,330)</u>	<u>(6,571)</u>
Equity			
Called up share capital	18	-	-
Share premium account		2	2
Other reserves		1,903	1,903
Profit and loss account		(7,235)	(8,476)
Total shareholders' deficit		<u>(5,330)</u>	<u>(6,571)</u>

The notes on pages 13 to 27 are an integral part of these financial statements.

The financial statements on pages 10 to 27 were authorised for issue by the Board of Directors on 19 November 2021 and were signed on its behalf by:



K A Reid
Director
Company registration no. 03033261

Statement of changes in equity

for the year ended 31 March 2021

	Called up share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 April 2019	-	2	1,903	(8,768)	(6,863)
Total comprehensive income for the year					
Profit for the financial year	-	-	-	292	292
Balance at 31 March 2020 and 1 April 2020	-	2	1,903	(8,476)	(6,571)
Total comprehensive income for the year					
Profit for the financial year	-	-	-	1,241	1,241
Balance at 31 March 2021	-	2	1,903	(7,235)	(5,330)

Notes (forming part of the financial statements)

1 General information

Gengas Limited (the "Company") is a private limited company incorporated, domiciled and registered in England, in the UK. The registered number is 03033261 and the registered address is First Floor, 500 Pavilion Drive, Northampton Business Park Northampton, NN4 7YJ.

The Company's principal activity is set out in the Directors' report.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 require the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of capital management;
- Disclosures for IFRS 7 "Financial Instruments: Disclosures";
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures in respect of related party transactions entered into between two or more members of a group.

As the consolidated financial statements of Infinis Energy Group Holdings Limited include the equivalent disclosures, the Company has also taken the available exemptions under FRS 101 in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

2.1.1 Going concern

The financial statements have been prepared on the going concern basis, on the basis outlined in the Directors' Report.

2.1.2 New Standards, amendments and IFRS IC interpretations

There are a number of amendments to standards which will be effective in the following year's financial statements, however none of these are expected to have a material impact on the financial reporting of the Company.

Notes (forming part of the financial statements)

2 Significant accounting policies (continued)

2.2 Accounting policies

Revenue from contracts with customers

The Company's revenue streams are set out below:

- **Traded power**

Revenue relating to the sale of electricity produced by baseload power is recognised at the point in time that electricity is exported, i.e. when the customer obtains control. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the supply.

- **Sale of Renewable Obligation Certificates ("ROCs")**

ROCs are a product related to Government initiatives to encourage investment in renewable energy sources. ROCs are certificates issued where electricity has been sourced from renewable energy sources. Revenue arises from two elements:

- the 'Buy Out' price - the sale of the certificate itself (almost always to the customer purchasing the electricity); and
- the 'Recycle' price - a share of a central fund comprising aggregate penalty payments Ofgem receives from electricity suppliers who did not meet their obligations to obtain supply from renewable sources.

Revenue from ROC Buy Out certificates is recognised as exported. The customer does not receive the certificate until confirmation is received from Ofgem but control relating to the certificates passes from the Company at export and the customer is contractually obliged to accept it.

Where ROC Recycle revenue is recognised, it is in line with exported power. ROC recycle revenue is estimated as outlined in note 3 and is accrued each year end and then invoiced when the final ROC recycle figure is announced in October following the year end. Revenue is accrued based on the ROC recycle amount for the current year less the amount to be paid by mutualisation which is accounted for on a cash basis when received due to its less certain nature.

- **Other Revenue**

Other revenue includes embedded benefits such as:

- Triad periods are the three 30-minute time periods with the highest energy demand across the grid between the start of November and the end of February each year. National Grid incentivises high power production during these periods. Prices for the year are announced by National Grid in March and attract an income premium. Triad income is recognised once the Triad periods and the associated prices are announced.
- GDUoS income is received for generating in the local network and revenue is recognised in line with exported power. BSUoS income is received for the avoidance of charges levied on electricity suppliers who use National Grid to transmit their electricity from one point in the UK to another to fund National Grid's balancing services. Revenue is recognised on delivery in line with recognition of traded power as it is contractual income with the customer.
- The sale of site infrastructure may occur when the Company exits a site. Revenue received in relation to the sale of this is recognised at the point in time that the asset is transferred.

Notes (forming part of the financial statements)

2 Significant accounting policies (continued)

2.2 Accounting policies (continued)

Royalty payments

Royalty payments to landowners are recognised in the income statement as they accrue, based on the level of electricity generation at each site and according to specific site agreements.

Finance income

Finance income arises on cash deposits and funds invested and is recognised in the income statement as it accrues, using the effective interest method.

Finance costs

Finance costs are recognised in the income statement as they accrue, using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are ready for use.

Tax

Tax expense comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to the tax payable or receivable in previous years. It is measured using tax rates enacted or substantively enacted at the year end.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the year end.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes (forming part of the financial statements)

2 Significant accounting policies (continued)

2.2 Accounting policies (continued)

Property, plant and equipment (PP&E)

PP&E is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and attributable borrowing costs during its construction. During the construction phase these assets are held separately with depreciation commencing once the asset is commissioned and ready for use.

The cost of replacing an item of PP&E is recognised if it is probable that the future economic benefits will flow to the Company. The carrying amount of the asset replaced is then de-recognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

PP&E includes plant, equipment and gas assets used in running the operating sites. The cost of decommissioning the sites is included within plant and equipment. Engines are subject to overhauls and are depreciated over the period between each overhaul.

Plant and equipment includes:

- Plant and machinery used in operations
- Engine overhaul costs
- The cost of decommissioning operating sites

Depreciation is charged to the income statement on a straight-line basis, with no residual value, over the estimated useful life of the asset, as follows:

- | | |
|-----------------------|--|
| • Plant and machinery | Over the shorter of the minimum lease term of each operating site and the expected life of the asset, being 2-20 years |
| • Engine overhauls | 2 - 4 years |
| • Decommissioning | Over the expected life of the operating site |

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Inventories

Inventory is measured at the lower of cost and net realisable value. Cost is based on average costs and includes expenditure in acquiring the stocks and bringing them to their existing location and condition.

Provisions

Provisions are determined by discounting the future expected cash flows at a pre-tax rate that reflects the time value of money. The unwinding of the discount is recognised as a finance cost.

Provisions for the decommissioning of assets and site restoration are recognised where a legal or contractual obligation exists. An equivalent amount of the provision is captured within property, plant and equipment. Given recent experience the Directors consider they have sufficient information to estimate the costs required and timing for decommissioning and restoration on a reasonable basis.

Notes (forming part of the financial statements)

2 Significant accounting policies (continued)

2.2 Accounting policies (continued)

Impairment

Financial assets (including trade receivables and other receivables)

Financial assets are assessed for impairment using the expected credit loss model which requires expected credit losses and changes to expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Financial assets measured at amortised cost or fair value to other comprehensive income ('FVOCI') will be subject to the impairment provisions of IFRS 9. The Company applies the simplified model to recognise lifetime expected credit losses for its trade receivables and other receivables by making an accounting policy election.

Non-financial assets

The carrying amounts of the Company's non-current non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment, based on judgment techniques explained in note 3. Where an indication of impairment exists on such assets, testing for impairment is undertaken. Any impairment loss is expensed immediately to the income statement.

An impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount, which is the higher of its value in use and its fair value less costs of disposal. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows of other asset or groups of assets ("CGUs"). Property, plant and equipment may be separately tested at an individual asset level when there is an impairment trigger and it is appropriate to do so.

To determine the value in use the discounted estimated future operating cash flows are calculated and compared to the net carrying value of the asset or cash generating unit's (CGUs) asset.

Any impairment losses are recognised in the income statement. An impairment loss recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. If it is determined a loss should be reversed it can only be to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial Instruments

Non-derivative financial instruments

The Company's non-derivative financial instruments are set out below. They are recognised initially at fair value, subsequent to initial recognition they are measured as described below:

- Trade and other receivables are carried at original invoice amount less any allowance for uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off in the income statement when identified.
- Cash and cash equivalents comprise cash balances and call deposits. Cash and cash equivalents may include restricted cash balances, which principally relate to the debt service requirements of certain borrowings undertaken by the Group.
- Trade and other payables are carried at cost. Due to their short-term nature, their carrying value approximates their fair value.

Notes (forming part of the financial statements)

3 Accounting estimates and judgments

Key judgments and sources of estimation uncertainty

In the process of applying the Company's accounting policies, management necessarily makes judgments and estimates that have a significant impact on the values recognised in the financial statements. Changes in the assumptions underlying these judgments and estimates could result in a significant impact to the financial statements. The most critical of these accounting judgments and estimates are explained below.

Accounting estimates

Impairment

In assessing impairment, judgment is required to establish whether there have been indicators of impairment for all amortising and depreciating non-current assets.

Where there is a need to determine the recoverable amount of an asset, this requires estimates and judgments relating to assumptions for:

- Market pricing
- Methane volumes and pricing of exported output
- Operational costs, calculated as a cost per megawatt hour (MWh)
- Capital expenditure is based on historic maintenance CAPEX averaged over the MWh exported over the historical period
- The discount rate used

The values assigned to the key assumptions represent management's assessment of future trends and are based on both external and internal sources (prospective and historical data).

ROC recycle revenue

ROC Recycle is separately identified as a component of revenue and is intrinsically linked to the generation of power and is therefore recognised as it accrues. As variable consideration, ROC Recycle revenue is recognised to the extent that it is highly probable there will be no significant subsequent reversal in the cumulative amount of revenue recognised. Whilst the Company considers that ROC Recycle revenue can normally be estimated reliably using a standard methodology including key market information, these factors are completely outside of the Company's control and influence and include the number of ROCs issued in the UK energy sector and UK electricity demand for the year to March.

This calculation is further variable to specific generator decisions, specifically in relation to the number of ROCs which are carried forward and not declared in the current year (defined as ROC Banking) which fluctuates year-to-year. Finally, the amount paid in November/ December following the year end is subject to a deduction for mutualisation which covers suppliers who have ceased trading in the current year. This amount is paid over a 12-month period commencing from the November 18 months following the year end to the extent it is collectable by Ofgem.

The ROC Recycle value relating to the financial year ended 31 March 2021 was announced prior to the date of signing these financial statements and has consequently been recognised in the income statement. Due to the factors outlined above the mutualisation element will be recognised when billed.

Provision for decommissioning costs

The Company recognises provisions for decommissioning assets and restoring sites at the end of their expected useful life. These provisions are the discounted estimated costs of the work required at the expected date of decommissioning. Significant judgments and estimates are required about both the costs and the expected dates. The Company's estimates are based on limited actual experience of decommissioning to date.

Accounting judgments

There are no material judgments in the financial statements.

Notes (forming part of the financial statements)

4 Revenue

A description of the principal revenue streams is set out in the accounting policies. All revenue is generated in the UK.

	2021	2020
	£'000	£'000
Traded power	4,026	3,900
Renewable Obligation Certificates	3,890	3,693
Triads	25	133
GDUoS	382	388
Other revenue	444	60
	<u>8,767</u>	<u>8,174</u>

Renewable Obligation Certificates include ROC recycle revenue of £0.3m (2020: £0.4m).

Following regulatory change, the year ended 31 March 2021 reflected the third of a three year phased reduction in Triad income.

5 Operating profit

	2021	2020
	£'000	£'000
Operating profit is stated after charging:		
Depreciation of property, plant and equipment	864	903
Payments to landlords for rent and royalties	3,213	3,022
Impairment of property, plant and equipment	-	23
	<u></u>	<u></u>

6 Auditors' remuneration

	2021	2020
	£'000	£'000
Audit of these financial statements	10	7
	<u></u>	<u></u>

Audit fees for the year ended 31 March 2021 and for the year ended 31 March 2020 were borne by another group company.

Notes (forming part of the financial statements)

7 Directors' emoluments and employees

None of the Directors received any remuneration or benefits from the Company during the current year or prior year, nor are they employees of the Company. The Company had no employees during the current year or prior year. All services provided by employees of the Infinis Group were re-charged to the Company.

8 Finance income

	2021 £'000	2020 £'000
Bank interest receivable and similar income	-	1
	<u> </u>	<u> </u>

9 Finance costs

	2021 £'000	2020 £'000
Interest payable to group undertakings	945	1,088
Provisions: unwinding of discount	4	4
	<u> </u>	<u> </u>
	<u>949</u>	<u>1,092</u>

Notes (forming part of the financial statements)

10 Income tax

Income tax recognised in the income statement

	2021 £'000	2020 £'000
<i>Current tax:</i>		
UK corporation tax charge in the year	(317)	(31)
Adjustment in respect of prior years	(16)	(1)
Total current tax charge	<u>(333)</u>	<u>(32)</u>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	22	(86)
Adjustment in respect of prior years	46	3
Impact of change in tax rate	-	15
Total deferred tax credit/(charge)	<u>68</u>	<u>(68)</u>
Tax charge on profit	<u><u>(265)</u></u>	<u><u>(100)</u></u>

The difference between the income tax for the year and the standard rate of corporation tax in the UK is explained below:

	2021 £'000	2020 £'000
Profit before income tax	<u>1,506</u>	<u>392</u>
Profit before income tax multiplied by the standard rate of UK corporation tax of 19% (2020: 19%)	(286)	(74)
Effects of:		
Non-deductible expenses	(1)	(43)
Increase in tax rate on deferred tax balances	-	15
Adjustment in respect of prior years	30	2
Other	(8)	-
Total tax charge	<u><u>(265)</u></u>	<u><u>(100)</u></u>

Notes (forming part of the financial statements)

11 Property, plant and equipment

	Plant and machinery £'000	Assets under construction £'000	Total £'000
Cost			
At 1 April 2020	20,764	289	21,053
Additions	24	984	1,008
Transfers	1,121	(1,121)	-
At 31 March 2021	21,909	152	22,061
Accumulated depreciation			
At 1 April 2020	18,377	-	18,377
Charge for the year	864	-	864
At 31 March 2021	19,241	-	19,241
Net book value			
At 31 March 2021	2,668	152	2,820
At 31 March 2020	2,387	289	2,676

Impairment

A value in use model is used to determine the recoverable amount of assets subject to impairment testing in accordance with note 3 to the financial statements. The discounted estimated future operating cash flows are compared to the net carrying value of the assets.

Property, plant and equipment are separately tested at an individual asset level when there is an impairment trigger.

In the year ended 31 March 2021 no impairment charge was recognised (2020: £23,000).

Notes (forming part of the financial statements)

12 Inventories

	2021	2020
	£'000	£'000
Lubricants	43	38

13 Trade and other receivables

	2021	2020
	£'000	£'000
Accrued income	1,754	1,796
Amounts owed by group undertakings	3,030	7,762
Deferred tax assets	126	58
Prepayments	31	44
	4,941	9,660
Due within one year	4,815	9,602
Due after more than one year	126	58

Intercompany trading balances within the Infinis Group, which provide short term working capital funding, are repayable on demand. They bear no interest.

Notes (forming part of the financial statements)

14 Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	2021	2020
	£'000	£'000
Property, plant and equipment	126	58
	<u>126</u>	<u>58</u>

Movement in deferred tax during the current year

	1 April 2020	Recognised in income	31 March 2021
	£'000	£'000	£'000
Property, plant and equipment	58	68	126
	<u>58</u>	<u>68</u>	<u>126</u>

Movement in deferred tax during the prior year

	1 April 2019	Recognised in income	Rate change	31 March 2020
	£'000	£'000	£'000	£'000
Property, plant and equipment	126	(83)	15	58
	<u>126</u>	<u>(83)</u>	<u>15</u>	<u>58</u>

On 3 March 2021 the UK Government announced in the Budget 2021 that tax rates would increase to 25% with effect from 1 April 2023. At 31 March 2021 the rate was not substantively enacted and therefore deferred tax balances are calculated at 19%.

The impact of an increase to the deferred tax rate to 25% at 31 March 2021 would be to increase the deferred tax asset to £165,000 resulting in a tax credit of £39,000.

Notes (forming part of the financial statements)

15 Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Amounts owed to group undertakings	2,343	4,653
Taxation	194	215
Other creditors	195	18
Accruals and deferred income	439	382
	<u>3,171</u>	<u>5,268</u>

Intercompany trading balances within the Infinis Group, which provide short term working capital funding, are repayable on demand. They bear no interest.

16 Creditors: amounts falling due after more than one year

	2021	2020
	£'000	£'000
Amounts owed to group undertakings	<u>10,500</u>	<u>13,600</u>

At 31 March 2021 intercompany loans due after more than one year have a repayment date of 13 December 2029. Interest is charged on intercompany loans at a rate of 8%.

17 Provisions

	Decommissioning provision £'000
At 1 April 2020	198
Unwinding of discount	4
Other movements	(12)
At 31 March 2021	<u>190</u>

Decommissioning provisions relate to the restoration of the Company's operating sites. As explained in the accounting policies note, provisions are calculated at a discounted value of expected future costs. The discount rate applied in the year ended 31 March 2021 was 1.27% (2020: 1.75%).

Notes (forming part of the financial statements)

18 Called up Share Capital

	2021 Number	2020 Number	2021 £'000	2020 £'000
Allotted, called up and fully paid				
Ordinary 1p each	<u>4,002</u>	<u>4,002</u>	<u>-</u>	<u>-</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

19 Contingent liabilities

The Company is a member of a group VAT registration and as such has contingent liabilities for VAT in respect of other members of the VAT group. The Infinis Group VAT liability at 31 March 2021 was £2,100,000 (2020: £1,900,000).

20 Commitments

During the year the Company entered into various contracts relating to the purchase of capital equipment. Capital commitments contracted but not provided for at 31 March 2021 were £8,000 (2020: £36,000).

21 Related parties

The Company is a wholly owned subsidiary of the Infinis Group. The head of the Infinis Group, Infinis Energy Group Holdings Limited, has the ability to exercise a controlling influence over the Company and other subsidiary undertakings within the Infinis Group, and consequently the Directors also consider these subsidiary undertakings to be related parties.

3i Infrastructure plc ("3iN"), a company incorporated in Jersey, is the ultimate parent company of Infinis Energy Group Holdings Limited. 3iN therefore has the ability to exercise a controlling influence through its shareholding in each of the wholly owned subsidiaries (the "3iN Holding Companies") through which it owns the entire issued share capital of the Company. The Directors therefore consider 3iN and the entities it controls, including each of the 3iN Holding Companies, to be related parties.

There were no direct transactions between the Company and either 3iN or any of the 3iN Holding Companies during the year (2020: £nil). There were no balances outstanding between the Company and either 3iN or any of the 3iN Holding Companies at the end of the year (2020: £nil).

Notes (forming part of the financial statements)

22 Ultimate parent company and ultimate controlling entity

The Company is a member of the Infinis Group which is headed by Infinis Energy Group Holdings Limited. 3i LFG Topco Limited, a company registered in Jersey, is the immediate parent and sole shareholder of Infinis Energy Group Holdings Limited. The ultimate controlling entity is 3i Infrastructure plc, a company registered in Jersey.

Novera Energy Operating Services Limited is the Company's immediate parent company.

The head of the smallest group for which consolidated financial statements are prepared and of which the Company is a member is Infinis Energy Management Limited. The consolidated financial statements of this group are available to the public and may be obtained from the Company Secretary, First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ.

The head of the largest group for which consolidated financial statements are prepared and of which the Company is a member is Infinis Energy Group Holdings Limited. The consolidated financial statements of this group are available to the public and may be obtained from the Company Secretary, First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ.

23 Events after the end of the reporting period

There were no subsequent events.