EPR Thetford Limited

Report and financial statements

for the year ended 30 June 2020

Reqistered number: 03057688

Directors and advisers

Directors
P S Latham
M G Setchell
E J Wilkinson

Secretary
Octopus Company Secretarial Services Limited

Bankers
Barclays Bank PLC
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London
E14 5HP

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33 Holborn
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Strategic report for the year ended 30 June 2020

The directors present their strategic report for the company for the year ended 30 June 2020.

Business review

The results of the company for the year ended 30 June 2020 and financial position as at that date were above expectations.

Thetford Power Station performed exceptionally well during the year ended 30 June 2020, generating 295GWh; a significant improvement compared to the year to 30 June 2019 (275GWh), which itself was very good. Whilst the prior period included a longer than normal 28 day planned annual maintenance outage to incorporate the major overhaul of its turbine, allowing for this availability and output in the year to 30 June 2020 were ahead of the prior year and expectations. Thetford Power Station maintained its excellent operating performance through a programme of solid planning, preventative maintenance, operational risk management and a regime of rigorous boiler cleaning.

Turnover in the year ended 30 June 2020 was £40,207,000 (2019: £36,075,000). During the year electrical output and associated benefits were sold to British Gas Trading Limited (BGTL) pursuant to a long term power purchase agreement ("PPA"). This agreement expired on 31 March 2020 at which point the company entered into a replacement PPA with Axpo UK Limited covering the period 1 April 2020 to 31 March 2021. The replacement PPA includes a fixed electricity price and agreed discounts for ROC buy-out and recycle and other associated benefits.

The station's output in the year ended 30 June 2020 reduced CO_2 emissions by some 69 000 tonnes (2019: 78,000 tonnes) by displacing the equivalent amount of generation from a gas fired plant (based upon Department for Business, Energy and Industrial Strategy's ("BEIS") assessment of average emissions).

Covid-19

On 11 March 2020, the World Health Organization declared a global pandemic in respect of the outbreak of Covid-19. Governments in affected areas have imposed a number of measures designed to contain the outbreak, including business closures, travel and work restrictions, stay at home orders and cancellations of gatherings and events. The spread of Covid-19 and governmental responses to it have resulted in an economic downturn in the UK and the global economy more widely, as well as causing initial declines and increased volatility in financial and electricity markets. If the pandemic outbreak is prolonged, or further diseases emerge that give rise to similar effects, the adverse impact on the global economy could be deepened and result in further declines in financial and electricity markets.

The company and wider group continues to develop its plans to accommodate the rapidly changing circumstances brought about by the coronavirus pandemic. As generators of electricity our business and operations are classified as essential service and accordingly continued to operate largely as normal, subject to updated procedures and social distancing throughout the UK's lock-down period.

At Thetford power station the company has implemented increased cleaning procedures and amended induction processes to include temperature check and minimise contact. In addition, the company has restricted visitors to only those essential to the business and have minimised contact with hauliers and contractors. Whilst there were short term impacts on the supply of some fuels during the UK's lock-down period, the company was able to modify fuel inputs where required. Biomass fuel supplies have since returned to previous levels and the power station continues to operate largely as normal with these enhanced procedures.

Consequently, at this point we believe that the Covid-19 pandemic will not impact upon the company's operational activities or its ability to continue as a going concern. Further, we believe that there will be only a limited impact upon the income statement, balance sheet and cash flows in the upcoming 12 months.

Strategic report for the year ended 30 June 2020

The company paid £14,700,000 in dividends during the year (2019: £nil).

Results

The results of the company show an operating profit of £8,902,000 (2019: £7,788,000) and a profit for the financial year of £6,828,000 (2019: £5,900,000).

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with those of the group and are not managed separately. The group has an agreed formal risk management policy and framework that covers identification, mitigation, control, monitoring and review of risks on a regular basis. Further discussion of group wide risks is provided within the directors' report of Melton Renewable Energy UK Limited, which does not form part of this report.

Key performance indicators

The directors of Melton Renewable Energy UK Limited manage the group's operations on a group wide basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of EPR Thetford Limited. The development, performance and position of Melton Renewable Energy UK Limited, which includes this wholly owned UK subsidiary, is discussed in the group's annual report and financial statements which does not form part of this report.

Statement by the directors in performance of their statutory duties in accordance with s172(1)(a) to (f) Companies Act 2006

From the perspective of the company's directors, the matters that it is responsible for considering under Section 172 (1) of the Companies Act 2006 ('s172') have been considered to an appropriate extent by the directors of Melton Renewable Energy UK Limited in relation to both the group and the company. To the extent necessary for an understanding of the development, performance and position of the entity, an explanation of how the group has considered the matters relating to s172 is included within the group's report and financial statements which does not form part of this report.

On behalf of the board

E J Wilkinson
Director
19/10/2020

Directors' report for the year ended 30 June 2020

The directors present their report and the financial statements for the company for the year ended 30 June 2020.

Principal activities

The company's principal activity is to operate and maintain a 38.5MW electricity power station near Thetford in Norfolk, fuelled by the combustion of poultry litter and other biomass.

Future developments

The directors anticipate that operational and financial performance for the year ending 30 June 2021 will be broadly consistent with that of the current year and the company will continue to achieve satisfactory trading results.

Dividends

Ordinary dividends of £14,700,000 were paid during the year (2019: £nil) and as a result a loss of £7,872,000 (2019: £5,900,000 profit) was transferred to reserves.

Directors

The directors of the company, who held office during the year and up to the date of signing the financial statements, are given below:

P S Latham
M G Setchell
E J Wilkinson

Directors' third-party indemnity provision

A qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006 was in force throughout the financial year and at the date of approval of the financial statements, for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, the company maintained a directors' and officers' liability insurance policy throughout the financial year and up to the date of approval of the financial statements.

Employee information

We fully realise that our employees wish to be informed and consulted on matters affecting their work and to be involved in problem-solving affecting their own areas of interest and responsibility. The group and company are firmly committed to a policy of good communication at all levels and we aim to establish a climate which constantly encourages the open flow of information and ideas. Presently this includes a combination of monthly team briefings at a local level, quarterly newsletters and the publication of key performance indicators covering output, operating costs and health and safety on a weekly and monthly basis.

Directors' report for the year ended 30 June 2020

Financial risk management

The company's operations expose it to limited financial risks that includes price risk and liquidity risk.

Given the size of the company, the directors have not delegated responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Price Risk

The company is exposed to commodity and electricity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

The price of fuel for the biomass power station is affected by a number of factors, including competition for existing fuels from other biomass power stations or alternative users, adverse weather, supply chain issues or changes to the regulatory regime governing the availability or price of these fuels. To mitigate the effect of price volatility, where possible, the company sources the majority of biomass fuels pursuant to long-term contracts with a variety of suppliers.

Poultry litter is sourced under long-term contracts, with the price fixed and linked to the RPI over the duration of the contract period.

Liquidity risk

The company maintains cash balances and has access to short-term finance so as to ensure the company has sufficient available funds for operations.

Directors' report for the year ended 30 June 2020

Statement of directors' responsibilities

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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group and 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 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements 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 group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Audit exemption

The members have not required the company to obtain an audit of its financial statements for the year in accordance with section 476 of the Companies Act 2006. Accordingly no auditors have been appointed. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

On behalf of the board

E J Wilkinson
Director
19/10/2020

Statement of income and retained earnings
for the year ended 30 June 2020

	Note	2020 £000s	2019 £000s
Turnover	5	**40,207**	36,075
Cost of sales		**(26,651)**	(24,397)
Gross profit		**13,556**	11,678
Administrative expenses		**(4,654)**	(3,890)
Operating profit	6	**8,902**	7,788
Interest receivable and similar income	8	**13**	15
Interest payable and similar charges	9	**(533)**	(529)
Profit on ordinary activities before taxation		**8,382**	7,274
Tax on profit on ordinary activities	10	**(1,554)**	(1,374)
Profit for the financial year	17	**6,828**	5,900
Retained earnings brought forward		**10,305**	4,405
Dividends	11	**(14,700)**	-
Retained earnings carried forward	17	**2,433**	10,305

All items dealt with in the statement of income and retained earnings above relate to continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The company has no other comprehensive income other than the results above and therefore no separate statement of comprehensive income has been prepared.

Balance sheet
as at 30 June 2020

	Note	2020 £000s	2019 £000s
Fixed assets			
Tangible assets	12	-	-
Current assets			
Stocks	13	**3,559**	2,895
Debtors: amounts falling due within one year	14	**11,184**	10,932
Deferred tax asset	10	**315**	343
Cash at bank and in hand		**1,362**	5,930
		16,420	20,100
Creditors: amounts falling due within one year	15	**(9,916)**	(5,724)
Net current assets		**6,504**	14,376
Total assets less current liabilities and net assets		**6,504**	14,376
Capital and reserves			
Called up share capital	16	**4,071**	4,071
Retained earnings	17	**2,433**	10,305
Total shareholders' funds	18	**6,504**	14,376

For the year ending 30 June 2020 the directors consider that the company is entitled to exemption from audit under section 479A of the Companies Act 2006 ("the Act") and the members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements on pages 7 to 20 were approved by the board of directors and were signed on its behalf by:

P S Latham
Director
19/10/2020

Registered number: 03057688

Notes to the financial statements

for the year ended 30 June 2020

1. General information

EPR Thetford Limited operates and maintains a 38.5 MW electricity power station at Thetford, Norfolk.

The company is a private company limited by shares and is incorporated and registered in England. The address of its registered office is 6th Floor, 33 Holborn, London, EC1N 2HT.

2. Statement of compliance

The financial statements of EPR Thetford Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

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

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102").

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company 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 4.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

(i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the consolidated financial statements of the group in which the entity is consolidated, includes the company's cash flows;

(ii) from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7;

(iii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statements disclosures.

Related parties

The company is exempt from disclosing transactions with related entities, these being other 100% owned subsidiaries of Fern Trading Limited, as required by FRS 102, paragraph 33.1.

Notes to the financial statements

for the year ended 30 June 2020

3. Accounting policies (continued)

Turnover

Turnover represents the invoiced value of goods and services for electricity supplied, net of value added tax and trade discounts. Turnover is derived from and recognised when electricity generated is exported to third party customers.

ROC Recycle income is recognised on an accruals basis and based on an estimate of the declared value for each compliance period.

Turnover generated from ash sales is recognised on dispatch of the material.

Accrued income comprises income relating to the current year, which has not been invoiced as at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is provided on all tangible fixed assets, excluding freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset as follows:

Office and other equipment - over 4 to 10 years

Sale and leaseback

During 2012 the directors made the decision to consolidate the asset position within the group. As a result Thetford power station and land was sold to Energy Power Resources Limited ("EPRL") and subsequently leased under an operating lease to the company for an initial period of six years. During 2018 the company entered into a new operating lease agreement with EPRL for a term of five years to March 2023. The only remaining fixed assets within the company relate to office and other equipment.

Stocks

Spare parts are valued at the lower of cost and net realisable value. Fuel stock has been valued on an average cost basis over 2 months. Where necessary, provision is made for obsolete, slow moving and defective stock.

Current tax

Current tax is the amount of corporation tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the financial statements

for the year ended 30 June 2020

3. Accounting policies (continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

Group relief

Credits for amounts receivable in respect of tax losses surrendered to group companies are recognised in the year in which the losses are surrendered, as are charges in respect of tax losses claimed from group companies.

Pension costs

The employees of the company contribute to a group defined contribution personal pension scheme for certain qualifying employees. Employee contributions of varying amounts together with employer contributions of between 2.0% and 7.5% are paid monthly to the scheme providers. Pension costs are recognised in the statement of income and retained earnings on an accruals basis.

Leases

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement and whether the lease should be classified as either a finance lease or an operating lease.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the fair value of the leased asset and depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of income and retained earnings on a straight line basis over the period of the lease.

Notes to the financial statements

for the year ended 30 June 2020

3. Accounting policies (continued)

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the statement of income and retained earnings.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

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

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

Notes to the financial statements

for the year ended 30 June 2020

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

a) Critical judgements in applying the company's accounting policies.

The directors consider that there are no critical judgements in the application of the company's accounting policies which would have a material impact on the financial statements.

b) Key accounting estimates and assumptions.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Stock obsolescence

The company provides for unusable litter stock assessed to have too high a moisture content for use at the power station. The company also provides for the value of items within the spare parts and consumables balance which have been deemed to have no net realisable value. As at 30 June 2020 the provision was £129,000 (2019: £128,000).

(ii) Useful economic life of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed periodically.

(iii) ROC Recycle income

ROC Recycle income is recognised on an accruals basis using an estimate of the declared value per ROC for each compliance year ending 31 March. The company utilises the latest available external forecast information to derive its estimate of the value. The actual value per ROC for each compliance year is confirmed in arrears during the quarter ended 31 December.

5. Turnover

Turnover arises solely from the company's principal activities in the United Kingdom, net of value added tax.

Notes to the financial statements

for the year ended 30 June 2020

6. Operating profit

Operating profit is stated after charging/(crediting) the following:

	2020	*2019*
	£000s	*£000s*
Depreciation of owned fixed assets	**-**	5
Operating lease rentals – plant and machinery	**5,400**	5,400
– motor vehicles	**22**	22
Inventory recognised as an expense	**11,933**	9,815
Impairment of inventory	**(13)**	(15)

Head office and administration services were provided by Energy Power Resources Limited throughout the year for a fixed monthly fee. The total sum charged by Energy Power Resources Limited in respect of such services in the year ended 30 June 2020 was £2,340,000 (2019: £1,860,000).

7. Employee information

	2020	*2019*
	£000s	*£000s*
Wages and salaries	**1,855**	1,885
Social security costs	**233**	222
Other pension costs	**74**	62
	2,162	2,169

The average monthly number of persons employed by the company during the year is:

	2020	*2019*
	Number	*Number*
Production	**38**	39

The company paid no remuneration or wages to its directors during the year (2019: £nil). The emoluments of E J Wilkinson are paid by the parent company and recharged to the company as part of a management charge. This management charge detailed in note 6 also includes a recharge of administration costs borne by the parent company on behalf of the company and it is not possible to identify separately the amount of E J Wilkinson's emoluments. P S Latham and M G Setchell did not receive any payment for their services to the Melton Renewable Energy UK Limited group.

8. Interest receivable and similar income

	2020	*2019*
	£000s	*£000s*
Bank interest receivable	**13**	15

Notes to the financial statements

for the year ended 30 June 2020

9. Interest payable and similar charges

	2020 £000s	2019 £000s
Intercompany loan interest payable	**533**	529

10. Tax on profit on ordinary activities

a) Analysis of charge in the year

	2020 £000s	2019 £000s
Current tax:		
UK corporation tax	**1,313**	-
Group relief payable	**210**	1,795
Adjustments in respect of prior periods	**3**	2
Total current tax	**1,526**	1,797
Deferred tax:		
Origination and reversal of timing differences	**68**	(416)
Adjustments in respect of prior periods	**-**	(7)
Rate change	**(40)**	-
Total deferred tax (note 10 (d))	**28**	(423)
Tax on profit on ordinary activities	**1,554**	1,374

b) Reconciliation of tax charge

The tax assessed on the profit on ordinary activities before taxation for the year is lower than (2019: lower than) the effective rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000s	2019 £000s
Profit on ordinary activities before taxation	**8,382**	7,274
Profit on ordinary activities before taxation multiplied by the effective rate of corporation tax of 19% (2019: 19%)	**1,593**	1,382
Effects of:		
Adjustments in respect of prior periods	**3**	(5)
Impact of rate change	**(40)**	-
Non taxable income	**(2)**	(3)
Tax charge for the year	**1,554**	1,374

Notes to the financial statements

for the year ended 30 June 2020

10. Tax on profit on ordinary activities (continued)

c) Factors that may affect future tax charges:

Changes to UK corporation tax rates were substantively enacted on 17 March 2020 under a UK Budget resolution which has statutory effect under the provisions of the Provisional Collection of Taxes Act 1968. This resolution cancelled the previously enacted reduction to 17%, such that the UK corporation tax main rate applicable from 1 April 2020 remains at 19%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

d) Deferred tax

	2020	*2019*
	£000s	*£000s*
Decelerated capital allowances	**314**	343
Other timing differences	**1**	-
Net deferred tax asset	**315**	343

	2020	*2019*
	£000s	*£000s*
At 1 July	**343**	(80)
Deferred tax (charge)/credit in statement of income and retained earnings	**(28)**	423
Net deferred tax asset	**315**	343

Deferred tax has been calculated at 19% (2019: 17%). The company has no deferred tax provision as at 30 June 2020 (2019: £nil).

11. Dividends

	2020	*2019*
	£000s	*£000s*
2020: £3.61 per ordinary share (2019: £nil)	**14,700**	-

Notes to the financial statements

for the year ended 30 June 2020

12. Tangible assets

	Office and other equipment £000s
Cost:	
At 1 July 2019	198
At 30 June 2020	**198**
Accumulated depreciation:	
At 1 July 2019	198
Charge for the year	-
At 30 June 2020	**198**
Net book amount:	
At 30 June 2020	**-**
At 30 June 2019	-

During 2012 the directors made the decision to consolidate the asset position within the group. As a result Thetford power station and land was sold to Energy Power Resources Limited ("EPRL") and subsequently leased under an operating lease to the company for an initial period of six years. During 2018 the company entered into a new operating lease agreement with EPRL for a term of five years to March 2023. The only remaining fixed assets within the company relate to office and other equipment.

13. Stocks

	2020 £000s	*2019 £000s*
Fuel	**435**	139
Spare parts and consumables	**3,124**	2,756
	3,559	2,895

The replacement cost of stocks does not differ materially from the numbers disclosed above. Included in the stock value is a provision of £129,000 for unusable litter stock and spare parts with no net realisable value (2019: £128,000).

Notes to the financial statements
for the year ended 30 June 2020

14. Debtors

	2020 £000s	2019 £000s
Amounts falling due within one year		
Trade debtors	**8**	8
Amounts owed by group undertakings	**102**	79
Corporation tax	**-**	15
Prepayments and accrued income	**11,074**	10,830
	11,184	10,932

All amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

15. Creditors: amounts falling due within one year

	2020 £000s	2019 £000s
Trade creditors	**168**	19
Amounts owed to group undertakings	**372**	55
Loans owed to group undertakings	**1,666**	1,666
Other taxation and social security	**2,259**	539
Consortium and group relief	**2,020**	1,808
Corporation tax	**1,292**	-
Accruals and deferred income	**2,138**	1,637
	9,916	5,724

Loans owed to group undertakings are unsecured, bear interest at LIBOR plus a margin of 5.5% (2019: 5.5%) and are repayable on demand.

16. Called up share capital

	2020 £000s	2019 £000s
Authorised		
5,000,000 (2019: 5,000,000) ordinary shares of £1 each	**5,000**	5,000
Allotted and fully paid		
4,071,178 (2019: 4,071,178) ordinary shares of £1 each	**4,071**	4,071

Notes to the financial statements
for the year ended 30 June 2020

17. Retained earnings

	Retained earnings £000s
At 1 July 2019	**10,305**
Profit for the financial year	**6,828**
Dividends	**(14,700)**
At 30 June 2020	**2,433**

18. Reconciliation of movements in total shareholders' funds

	2020 £000s	*2019 £000s*
Profit for the financial year	**6,828**	5,900
Dividends (note 11)	**(14,700)**	-
Opening shareholders' funds	**14,376**	8,476
Closing shareholders' funds	**6,504**	14,376

19. Other financial commitments

At 30 June the company had the following future minimum lease payments under non-cancellable operating leases for each of the following years:

		2020		*2019*
	Plant and Machinery £000s	***Motor Vehicles £000s***	*Plant and Machinery £000s*	*Motor Vehicles £000s*
Payments due:				
Not later than 1 year	**5,400**	**23**	5,400	27
Later than one year and not later than five years	**9,450**	**6**	14,850	29
	14,850	**29**	20,250	56

During 2012 the directors made the decision to consolidate the asset position within the group. As a result Thetford power station and land was sold to Energy Power Resources Limited ("EPRL") and subsequently leased under an operating lease to the company for an initial period of six years. During 2018 the company entered into a new operating lease agreement with EPRL for a term of five years to March 2023.

Notes to the financial statements

for the year ended 30 June 2020

20. Contingent liabilities

At 30 June 2020 the company was guarantor with other group companies of a bank loan facility provided by the group's financiers. The outstanding loan balance as at 30 June 20 was £125,505,000 (2019: £140,496,000)

The company has no other off balance sheet arrangements.

21. Pension costs

The company contributes to its employees' personal pension schemes. The cost for the year is shown in note 7. Outstanding contributions at 30 June 2020 amount to £6,727 (2019: £5,969).

22. Ultimate parent company

Energy Power Resources Limited is the immediate parent undertaking. The ultimate parent undertaking as at the year ended 30 June 2020 was Fern Trading Limited, a company incorporated in the UK. On 10 July 2020, the ultimate parent undertaking changed to Fern Trading Group Limited, also a company incorporated in the UK following the insertion of a new top company to the existing Fern group.

Melton Renewable Energy UK Limited is the holding company of the smallest group of undertakings for which group financial statements are drawn up and Fern Trading Limited is the holding company of the largest group of undertakings for which group financial statements are drawn up. Copies of the group financial statements may be obtained from the address above.