Registered number: 06453656

TILBURY GREEN POWER LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

TILBURY GREEN POWER LIMITED

COMPANY INFORMATION

DIRECTORS	Jim Caplis Andrew Hartley Peter Knott John O'Connor Nikolaj Holmer Nissen
COMPANY SECRETARY	Brendan Corcoran
REGISTERED NUMBER	06453656
REGISTERED OFFICE	Tricor Suite, 4th Floor 50 Mark Lane London EC3R 7QR
INDEPENDENT AUDITOR	PricewaterhouseCoopers One Spencer Dock North Wall Quay Dublin 1 Ireland
LAWYERS	Ashursts LLP London Fruit & Wool Exchange 1 Duval Square London E1 6PW

TILBURY GREEN POWER LIMITED

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and the financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The company's principal activity is the operation of a 40 MW Biomass power plant at the Port of Tilbury.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £47,412,833 (*2018 – loss £31,091,012*).

The directors have not recommended a dividend to be paid (*2018 - £NIL*).

BUSINESS REVIEW AND EVENTS SINCE THE BALANCE SHEET DATE

BUSINESS REVIEW

Tilbury Green Power Limited ("TGP") is a new 40 MW waste wood Biomass power plant development purpose built on a Brownfield site located at the Port of Tilbury in Essex. The plant is expected to utilise c.270,000 tonnes of waste wood each year in order to generate and supply renewable energy for around 97,000 average homes.

On 22 January 2019, Tilbury Green Power Limited achieved takeover of the Power Plant from the EPC Contractor. The plant is being operated by the Operations and Maintenance contractor, Western Biomass Operating Company Limited (WBOC).

A dust explosion in the fuel handling system in April 2019 caused a six- month outage which had significant cash flow implications. The plant suffered only minor damage to the fuel handling system as a result of the explosion and significant remediation work was undertaken in 2019 and 2020 to mitigate and prevent future explosions. While no injuries to personnel were sustained in the incident, Health and Safety is of paramount importance to Tilbury Green Power Limited and the plant did not recommence operational activities until personnel safety and plant integrity were assured. The plant returned to service in November 2019 and availability at the plant has been satisfactory during 2020.

EVENTS SINCE THE BALANCE SHEET DATE

IAS 10 defines an adjusting event as an event that provides evidence of conditions that existed at the reporting date. A non-adjusting event indicates conditions that arose after the reporting date. The spread of Covid-19 virus and its identification as a pandemic by the World Health Organisation does not provide additional evidence about a situation that existed at 31 December 2019, and it is therefore a non-adjusting event. The plant suffered a fourteen day outage in May 2020 due to a lack of fuel. The fuel situation has improved considerably in Quarter 3 2020 and fuel supplies are expected to be maintained throughout the winter and through 2021.

Covid-19 has also negatively impacted the plant with respect to a reduction in wholesale electricity prices . This has resulted in an additional post-balance sheet impairment charge of £18.7 million over and above the impairment charge of £15.2 million recognised during the year ended 31 December 2019.

On 19 November 2020, the Commercial Lenders and the shareholders have agreed an equity cure financial package for the company. The company also entered into commercial settlement agreements and deeds of variations with its EPC and FSA contractor. Additionally, TGP sold the rights to the adjoining project on the leasehold site to ESB Asset Development UK Limited.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

GOING CONCERN

The directors have adopted the going concern basis in preparing the financial statements. Further details are set out in note 1.2 to the financial statements.

DIRECTORS

The directors who served during the year and as at the date of this report were:

Jim Caplis
Seamus Deeny, resigned 25 March 2020
Christian Grundtvig, resigned 08 December 2020
Andrew Hartley
Peter Knott
John O'Connor, appointed 25 March 2020
Nikolaj Holmer Nissen, appointed 08 December 2020

On 1 May 2020, John Healy resigned as company secretary and on the same date, Brendan Corcoran was appointed company secretary.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

The auditors, PricewaterhouseCoopers will continue in office in accordance with section 485 of the Companies Act 2006.

Small Companies Exemptions

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 in relation to the preparation of a Strategic Report. The directors have also taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006. Section 415A provides an exemption from section 416(3) which requires a statement of amount recommended by way of dividend and an exemption from section 417 to include a business review.

This report was approved by the board on 14th December 2020 and signed on its behalf.

Andrew H C Hartley | Jim Caplis

Andrew Hartley | Jim Caplis

TILBURY GREEN POWER LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDING 31 DECEMBER 2019

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (UK Generally Accepted Accounting Practice applicable to Smaller Entities). 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;
- state whether applicable UK 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;
- 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.

This statement was approved by the Board on 14th December 2020 and signed on its behalf.

Andrew H C Hartley

Andrew Hartley

Jim Caplis

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Jim Caplis

pwc

Independent auditors' report to the members of Tilbury Green Power Limited

Report on the audit of the financial statements

Opinion

In our opinion, Tilbury Green Power Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared 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" Section 1A, 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 Directors' Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the income statement, the statement of comprehensive income 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.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, that describes the events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 December 2019 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' Responsibilities Statement, 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.

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.

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.

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 received 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: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Mary Cleary

Mary Cleary (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin
14 December 2020

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	5	11,727,867	
Cost of sales		(25,213,310)	-
GROSS LOSS		(13,485,443)	-
Administrative expenses		(294,546)	(37,225)
Other operating income		449,500	
Impairment loss	8	(15,159,240)	(11,000,000)
OPERATING LOSS		(28,489,729)	(11,037,225)
Interest receivable and similar income	6	47,760	-
Interest payable and similar charges	7	(18,970,862)	(18,855,860)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(47,412,831)	(29,893,085)
Tax on charge on loss on ordinary activities	9	-	(1,197,927)
LOSS FOR THE FINANCIAL YEAR		(47,412,831)	(31,091,012)

The notes on pages 10 to 24 form part of these financial statements.

TILBURY GREEN POWER LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Loss for the financial year		**(47,412,831)**	(31,091,012)
Other comprehensive (loss)/income: **Items that will be reclassified subsequently to profit or loss:**			
Cashflow hedges		(1,972,677)	1,675,059
Deferred tax on cashflow hedges	9	(753,359)	(284,760)
Other comprehensive (loss)/income for the year, net of income tax	17	**(2,726,036)**	1,390,299
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(50,138,867)**	(29,700,713)

The notes on pages 10 to 24 form part of these financial statements.

TILBURY GREEN POWER LIMITED
REGISTERED NUMBER 06453656

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 £	2019 £	2018 £	2018 £
FIXED ASSETS					
Tangible fixed assets	10	**132,390,311**		151,796,118	
Deferred tax assets	9	**-**		753,359	
			132,390,311		152,549,477
Debtors: amounts falling due within one year	11	**5,805,483**		36,298,030	
Cash at bank		**4,636,874**		13,683,842	
		10,442,357		49,981,872	
CREDITORS: amounts falling due within one year	12	**(108,566,141)**		(39,774,201)	
NET CURRENT (LIABILITIES)/ASSETS			**(98,123,784)**		10,207,671
TOTAL ASSETS LESS CURRENT LIABILITIES			**34,266,527**		162,757,148
CREDITORS: amounts falling due after more than one year	13		**(128,511,034)**		(204,023,857)
Provisions for liabilities					
Other provisions	15		**(3,066,379)**		(5,905,310)
NET LIABILITIES			**(97,310,886)**		(47,172,019)
CAPITAL AND RESERVES					
Called up share capital	16		**4,544,970**		4,544,970
Retained earnings			**(95,451,653)**		(48,038,822)
Other reserves	17		**(6,404,203)**		(3,678,167)
SHAREHOLDERS' DEFICIT			**(97,310,886)**		(47,172,019)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14th December 2020.

Andrew H C Hartley

Andrew Hartley
Director

Jim Caplis

Jim Caplis
Director

The notes on pages 10 to 24 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

Tilbury Green Power Limited (the "Company" 06453656) is a company limited by shares and incorporated and domiciled in the UK. The company's principal activity during the year was the operation of a 40 MW Biomass power plant based at the Port of Tilbury to generate electricity.

These financial statements have been prepared in accordance with the provisions of FRS 102 Section 1A small entities. There were no material departures from that standard. The presentation currency is £ sterling. The financial statements have been prepared under the historical cost convention except for derivatives which are valued at fair value.

1.2 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company has adequate financial resources to continue in operational existence for at least 12 months from the date of approval of these financial statements.

The company incurred operational losses of £13.5 million before impairment charges in 2019 largely due to a six month outage following a dust explosion in the plant in April 2019. The plant returned to service in November 2019 following remedial work, including the installation of significant explosion preventative measures and additional enhancements to the plant was completed in 2020. Plant availability in 2020 was satisfactory and while there were outages due to fuel shortages caused by a shutdown in the construction industry arising from Covid-19 restrictions in the spring, fuel deliveries have resumed, current fuel stocks are in line with expectations and no further fuel related outages are currently envisaged.

At 31 December 2019 the company had net liabilities of £97.3 million (*31 December 2018 : £47.2m).*

The liabilities of the company at 31 December 2019 include amounts due to Tilbury Green Power Holdings Limited (the "Parent" "TGPHL") of £121.149 million (see Note 13) in respect of a shareholder loan and related interest (fully drawn down). The funding of this loan was provided by the ultimate shareholders of the company, UK Green Infrastructure Platform Limited, Electricity Supply Board, Burmeister & Wain Scandinavian A/S Contractor and Aalborg Energie Technik A/S. This loan is subordinated to the third party loans and any interest and capital payments in advance of 2030 are only permitted under certain circumstances and on meeting certain financial milestones set out under the financing agreements.

The liabilities of the company also include third party bank loan facilities of £91.8m (see Notes 12 and 13). The facility agreement in respect of this loan includes certain operational and financial covenants customary for debt of this type.

As a result of the operational issues at the plant lender covenants were breached in 2019. The shareholders have exercised their rights under the financing agreements to cure the breaches and agreement has been reached with the lenders whereby the shareholders have injected equity of £3.2m in November 2020 with a commitment to a further £3.2m in 2021.

As part of this agreement principal payments under the company's third party loan facilities in 2020 have been deferred and the shareholders have agreed to initiate a sales process in Q1 2021.
It is anticipated that following this process the company will either repay the existing lenders from the sales proceeds or restructure the third party facilities. All outstanding claims with the EPC Contractor and the Fuel Supplier were also resolved in November 2020.

The future cashflow and other projections prepared by the directors demonstrate that there is additional equity value in the project and the directors believe there is reasonable expectation of concluding a successful sales process in 2021. In the event of a successful sales process being concluded the current directors would no longer control the entity or how its activities are managed. There is also a risk that the project may not be sold and the company may need to restructure or refinance its third party bank loan facilities. The company believes a refinancing/restructuring is achievable.

Notwithstanding the investments made in the plant and the stable operating performance of the plant throughout 2020 risks remain that the company's ability to meet its financial covenants and its cash flows could be impacted by further plant issues and/or fuel shortages or changes in power prices, including long term forecasts of power prices. If any of the financial covenants are breached, an event of default will occur unless the shareholders exercise the equity cure rights permitted under the financing agreements and the lenders could request early repayment of outstanding borrowings under the third-party bank loan facilities.

The directors have concluded that these risks represent a material uncertainty which may cast doubt about the company's ability to continue as a going concern.

Having regard to the current detailed cashflow projections and the commitment of further equity from the shareholders the directors believe that the company will have adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements. If the company were unable to continue as a going concern, then it would be unable to continue realising its assets and discharging its liabilities in the normal course of business.

1.3 Cash Flow Statement

The financial statements do not include a Cash Flow Statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and Section 1A Small Entities of FRS 102.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation or impairment. The cost of tangible fixed assets include all costs that are directly attributable to bringing the tangible fixed asset into working condition for its intended use.

The charge for depreciation is calculated to write down the cost of tangible fixed assets to their estimated residual values by equal annual instalments over their expected useful lives:

Plant & Machinery – 20 years

Depreciation commences when the asset is brought into use by the company.

Income and related expenses from operations during construction or development of an item of property, plant and equipment are capitalised if those operations are necessary to bring the item to its intended location and operating condition.

1.5 Impairment of tangible fixed assets

The carrying amounts of the company's assets are reviewed for impairment when events or changes in the circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Calculation of recoverable amounts

The recoverable amounts of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

1.6 Taxation

Deferred tax is provided using the Balance Sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.7 Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

1.8 Basic financial instruments

Trade and other debtors and creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade and other debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Cash and cash equivalents

Cash at bank and in hand includes cash in hand deposits repayable on demand and other short term highly liquid investments with original maturities of three months or less.

1.9 Other Financial Instruments

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except for hedging instruments in a designated hedging relationship which are recognised as set out below.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in Other Comprehensive Income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in Other Comprehensive Income is included in the initial cost or other carrying amount of the asset or liability. When the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

1.10 Interest receivable and interest payable

Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest payable and similar charges include interest payable recognised in profit or loss using the effective interest method and net foreign exchange losses that are recognised in the income statement. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other borrowing costs are expensed as incurred.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.11 Provision for liabilities

A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 the risks specific to the liability. The unwinding of the discount is recognised in Interest payable and similar charges.

Decommissioning provision

The provision for estimated closure cost of power plant is recognised in full at the outset of the asset life and discounted to present value using a risk-free rate. The costs are capitalised in property, plant and equipment and are depreciated over the useful economic life of the plant. The costs are reviewed each year and amended as appropriate. Amendments to the discounted estimated costs are capitalised into the relevant assets and depreciated over the remaining life of the asset. As the costs are capitalised and initially provided for on a discounted basis, the provision is increased by a financing charge in each period based on the discount rate applied at the last measurement date. Therefore, the provision is expected to equal the estimated closure costs at the end of the plant's useful life.

1.12 Share Capital

Financial instruments that have been issued are classified as equity where they meet the definition of equity and confer on the holder a residual interest in the assets of the company. Ordinary shares are classified as equity.

1.13 Turnover

Turnover comprises income, exclusive of value added tax, derived from the sale of electricity generated by the company and is recognised in the Income Statement once the volume of energy sold under the terms of a power purchase agreement has been verified by both parties to the agreement. No turnover is recognised if there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible rejection of services by the client.

2. AUDITOR'S REMUNERATION

The following amounts are payable to the Company's auditor in respect of the audit of the financial statements:

	2019	2018
	£	£
Audit fees	**56,000**	25,000
	56,000	25,000

3. EMPLOYEES

The Company has no employees (2018: Nil). All of the activities of the Company are outsourced to a related entity, Facility Management UK Limited, an entity wholly owned within the Electricity Supply Board (ESB) Group. This entity is a related entity by virtue of ESB's shareholding in the company.

4. DIRECTOR'S REMUNERATION

The Company has paid no remuneration to its directors during the year (2018: Nil).

5. TURNOVER

An analysis of turnover by class of business is as follows:

	2019	2018
	£	£
Electricity Sales	11,727,867	-
	11,727,867	-

Analysis of turnover by geography:

	2019	2018
	£	£
United Kingdom	11,727,867	-
	11,727,867	-

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £	2018 £
Bank interest receivable	**47,760**	-
	47,260	-

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £	2018 £
Interest on shareholders loans	**12,517,526**	12,464,853
Interest on bank loans	**5,105,206**	6,369,435
Foreign Exchange losses	**1,348,130**	21,572
	18,970,862	18,855,860

8. IMPAIRMENT LOSSES

	2019 £	2018 £
Impairment loss	**15,159,240**	11,000,000
	15,159,240	11,000,000

The company recognised an impairment loss during the year of £15,159,240 (*2018 : £11,000,000*) in respect of Fixed Assets reflecting the deflagration event in April 2019 which resulted in a six month outage at the Plant coupled with lower forecast wholesale electricity prices as at 31 December 2019. Further details are set out in Notes 10 and 21, including details of additional impairments in 2020.

9. TAXATION

	2019			2018		
	£	**£**	**£**	£	£	£
	Current tax	**Deferred tax**	**Total tax**	Current tax	Deferred tax	Total tax
Recognised in Income Statement	-	-	-	-	(1,197,927)	**(1,197,927)**
Recognised in Other Comprehensive Income	-	(753,359)	**(753,359)**	-	(284,760)	**(284,760)**
Total tax	-	(753,359)	**(753,359)**	-	(1,482,687)	**(1,482,687)**

Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		**Net**	
	2019	2018	**2019**	2018
	£	£	**£**	£
Derivative financial instruments	-	753,359	-	753,359
Tax losses	-	-	-	-
	-	753,359	-	753,339

The company has unused tax losses of £49.9m carried forward as at 31 December 2019 which have not been recognised in the financial statements.

10. TANGIBLE FIXED ASSETS

	Asset under Construction £	Plant and Machinery £	Total £
Cost			
At 1 January 2019	162,796,118	-	162,796,118
Additions	2,679,278	-	2,679,278
Transfers	(165,475,396)	165,475,396	-
At 31 December 2019	-	**165,475,396**	**165,475,396**
Depreciation and impairments			
At 1 January 2019	11,000,000	-	11,000,000
Charge for the year	-	6,925,845	6,925,845
Transfers	(11,000,000)	11,000,000	-
Impairment		15,159,240	15,159,240
At 31 December 2019	-	**33,085,085**	**33,085,085**
Net book value			
At 31 December 2019	-	**132,390,311**	**132,390,311**
At 31 December 2018	151,796,118	-	151,796,118

Included in Plant and Machinery is capitalised interest amounting to £22,481,483 (*2018: £22,481,483 Assets under construction*), net commissioning income and the capitalisation of an asset retirement obligation (Note 15).

FRS102.27 - Impairment of Assets stipulates that an impairment loss is the amount by which the carrying value of an asset exceeds its recoverable amount. Recoverable amount is the higher of its fair value less costs of disposal and its value in use. Value in use is calculated by taking the Net Present Value (NPV) of expected future cash flows from the asset discounted at an appropriate discount rate. Entities are required to conduct impairment tests where there is an indication of impairment of an asset.

The explosion in the fuel handling system led the plant to unable to operate for a period of seven months and this together with lower forecast wholesale electricity margins as at 31 December 2019 are an indicator that have prompted impairment review of the Company's Tangible Fixed Assets at 31 December 2019. Further impairment charges of £18.7 million have been recognised since the year end. (See Note 21).

11. DEBTORS: Amounts falling due within one year

	2019	2018
	£	£
Trade debtors	**535,593**	-
Other debtors	**430,758**	24,935,208
Prepayments and accrued income	**4,189,810**	11,206,972
VAT	**649,322**	155,850
	5,805,483	36,298,030

12. CREDITORS: Amounts falling due within one year

	2019	2018
	£	£
Capital Creditors	**11,762,888**	6,472,624
Trade Creditors	**2,815,723**	-
Other Creditors	**1,188,950**	27,460,695
Bank Loans (Note 13)	**91,756,089**	4,763,096
Derivative financial instruments	**1,042,492**	1,077,786
	108,566,142	39,774,201

13. CREDITORS: Amounts falling due after more than one year

	2019	2018
	£	£
Parent company loan	**121,149,323**	108,631,797
Bank Loans	**-**	92,038,321
Capital Creditors	**2,000,000**	-
Derivative financial instruments	**5,361,711**	3,353,739
	128,511,034	204,023,857

The Parent Company loan is in respect of a shareholder loan which has been granted by Tilbury Green Power Holdings Limited and represents the initial borrowings sourced to fund the construction of the 40MW Biomass plant. This loan is due to be repaid on 31 December 2030 and is interest bearing at a rate of 12.25%. At the statement of financial position date, these loans are repayable greater than one year. This loan is subordinated to the third party loan and any interest and capital payments in advance of 2030 are only permitted under certain circumstances and on meeting certain financial milestones set out under the bank loan agreements.

The amount owed as Bank Loans represents external borrowings from commercial lenders to fund the construction of the Biomass plant. The Senior loans are interest bearing at a rate of LIBOR+3% from date of first drawdown to year 6 following Commercial Operations Date, LIBOR+3.25% in years 7 to 10 and LIBOR+3.50% in years 11 to 26. The bank loans are secured by a charge over the assets of the company.

An event of default was in existence in respect of the bank loans at 31 December 2019. Since the year end waivers have now been secured against that event of default and agreement has been reached to defer payment of the loan principle amounts originally payable in June and December 2020. The overall term of the loan and the interest rate has not changed.

14. FINANCIAL INSTRUMENTS

	2019 £	2018 £
Derivative financial instruments designed as hedges of variable interest rate risk	**6,404,203**	4,431,525
	6,404,203	4,431,525

The company has executed interest rate swaps in connection with its external borrowings. These have been classified as cash flow hedges.

For interest rate swaps, the fair value takes into account the fixed, floating and market rates prevailing at the balance sheet date and are marked to market at 31 December 2019, their carrying value is equal to their fair value.

15. PROVISIONS

	Fixed Asset Provisions £
At 1 January 2019	5,905,310
Decrease in Contractor settlements provision	(3,500,002)
Increase in asset retirement provision capitalised	661,071
At 31 December 2019	**3,066,379**

Analysed as follows	
Non-current liabilities	3,066,379
At 31 December 2019	**3,066,379**

The company has estimated environmental and decommissioning costs during the year ended 31 December 2019. The estimated value of future assets retirement costs at the balance sheet date include physical dismantling, site remediation and associated costs. During 2019 a study was carried out which valued the cost as £3.1 million. Agreements have now been reached with the EPC and FSA Contractors and the amounts of agreed settlements have been included as capital creditors in the 2019 financial statements.

16. SHARE CAPITAL

	2019 £	2018 £
Authorised Share Capital		
4,544,970 Ordinary 'A' shares of £1 each	**4,544,970**	4,544,970
Allotted, called up and fully paid		
4,544,970 Ordinary 'A' shares of £1 each	**4,544,970**	4,544,970

The holders of ordinary shares are entitled to receive dividend as declared.

17. OTHER RESERVES

	Hedging Reserve £
At 1 January 2019	(3,678,167)
Movement for the reporting period	(2,726,036)
At 31 December 2019	**(6,404,203)**

Other reserves represents the accumulated movements in fair value of the Company's cashflow hedges.

18. CAPITAL AND OTHER COMMITMENTS

At 31 December 2019 the company had capital commitments as follows:

	2019	2018
	£	£
Contracted for but not provided in these financial statements		
Contractor agreements	-	-

The company had the following minimum lease Payments under non-cancellable operating leases in respect of land for each of the following periods:

	2019	2018
	£	£
Not later than one year	**1,860,800**	1,860,800
Later than one year and not later than five years	**9,304,000**	9,304,000
Later than five years	**52,567,600**	54,428,400
	63,732,400	65,593,200

19. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Judgements made by management in the application of FRS 102 that have a significant effect on the financial statements and estimates with a significant risk of material adjustment are:

Carrying value of tangible fixed assets
Property, plant and equipment is carried at cost less impairment. At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Income Statement.

For the biomass plant asset, value in use is based on the estimated cash flows expected to be generated by the asset and is based on forecast power generation and forecast power prices as at the balance sheet date and the timing and extent of operating costs and capital expenditure. These cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. The estimation of forecasted revenues and expenditure and the timing of expenditure requires judgement and is dependent on the economic factors associated with these assets.

Asset retirement obligations
Future costs required to settle asset retirement costs. Such provisions rely on estimates of environmental and decommissioning future costs.

Fair value of derivative financial instruments
The directors have considered the fair values of derivative financial instruments, calculated using industry recognised techniques. The method used to calculate the fair value of the company's financial instruments is discounted cash flow analysis using the zero-coupon discount rate. This method enables the company to discount the cash flows at a rate equal to the prevailing market rate of interest taking into account maturity and credit margin. The directors consider the fair values appropriate. Further detail is set out in note 14.

Providing for litigation, contingencies and other constructive obligations
In determining whether provisions are required with respect of claims and other disputes management reviews the degree of probability of an unfavourable outcome and the ability to make a reasonable estimate of the amount of loss. Upon considering the above and other known relevant facts and circumstances, the company recognises any loss that is considered probable and reasonably quantifiable as of the balance sheet date. Details of the contingent liabilities are set out in Note 20 and provisions for other liabilities and charges are set out in Note 15.

20. CONTINGENT LIABILITIES

As at 31 December 2018 there were a number of claims and disputes with third parties arising from the commissioning delays in relation to the plant and related issues. Agreements have now been reached with the third parties and the amounts of agreed settlements have been reflected in the financial statements.

At 31 December 2019 the final settlement amount on a claim in relation to the fuel supply remained outstanding. Based on the agreements in place, including the liability of the EPC contractor, no cash outflow is expected and consequently no provision has been included in the 2019 financial statements.

21. EVENTS SINCE THE BALANCE SHEET DATE

IAS 10 defines an adjusting event as event that provides evidence of conditions that existed at the reporting date. A non-adjusting event indicates conditions that arose after the reporting date. The spread of Covid-19 virus and its identification as a pandemic by the World Health Organisation does not provide additional evidence about a situation that existed at 31 December 2019, and it is therefore a non-adjusting event. The plant suffered a fourteen day outage in May 2020 due to a lack of fuel. The fuel situation has improved considerably in Quarter 3 2020 and fuel supplies are expected to be maintained throughout the winter and through 2021.

Covid-19 has also negatively impacted the plant with respect to a reduction in wholesale electricity prices. This has resulted in an additional post-balance sheet impairment charge of £18.7 million over and above the impairment charge of £15.2 million recognised during the year ended 31 December 2019.

On 19 November 2020, the Commercial Lenders and the shareholders have agreed an equity cure financial package for the company. The company entered into commercial settlement agreements and deeds of variations with its EPC and FSA contractor. Additionally the company sold the rights to the adjoining project on the site to ESB Asset Development UK Limited.

22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At 31 December 2019, Tilbury Green Power Holdings Limited, a company incorporated in the United Kingdom, was the company's immediate parent undertaking and controlling party.

Details of Tilbury Green Power Holdings Limited shareholders, and therefore the company's ultimate owners as at 31 December 2019, are as follows:

- UK Green Infrastructure Platform Limited (UK GIP), 90% owned by the UK Government, with the shareholder being the Secretary of State for Business, Energy and Industrial Strategy and 10% owned by UK Green Investment Bank Limited;
- Electricity Supply Board (ESB) which is 95.7% owned by the Irish Government and 4.3% owned by an Employee Share Option Trust (ESOT);
- Burmeister & Wain Scandinavian (BWSC) A/S Contractor; and
- Aalborg Energie Technik A/S (AET).

23. RELATED PARTY TRANSACTIONS AND BALANCES

During the year the Company has entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into at 31 December 2019 are as follows:

	Transactions with related party during the year	Transactions with related party during the year	**Balance outstanding as at 31 December**	Balance outstanding as at 31 December
	2019	2018	**2019**	2018
Purchase of goods/services				
ESB Independent Generation Trading Limited	**46,705**	47,610	**3,662**	-
Facility Management UK Limited	**502,183**	440,247	**85,055**	36,943
ESB Group (UK) Limited	**341,518**	1,834,244	**915,000**	1,197,523
Sale of goods/services				
ESB Independent Generation Trading Limited[1]	**12,901,644**	16,139,619	**4,126,957**	1,193,335
ESB Asset Development UK Limited	**71,674**	16,000	**19,420**	-
Other transactions				
Tilbury Green Power Holdings Limited[2]	**12,517,526**	12,464,853	**122,712,304**	108,631,797

Related party undertakings

[1] *During the year, the company had pre-commissioning sales of £1,666,596 (2018: £16,139,619) and operational sales revenue of £11,235,048 (2018 £NIL) to related parties. These sales relate to electricity charges to ESB Independent Generation Trading Limited.*

[2] *Relates to principal and interest owed on shareholder loans. Interest payable on borrowings during the year relates to Tilbury Green Power Holdings Limited £12,517,526 (2018: £12,464,853).*