

Registered number: 07632595

East Sussex Energy Infrastructure and Development Limited
(A company limited by guarantee)

Financial statements

For the year ended 31 March 2018

TUESDAY



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East Sussex Energy Infrastructure and Development Limited
(A company limited by guarantee)

Company Information

Directors

J Crampton
G Jones
S Manwaring
R Simmons
S Blizzard
D Amphill
D Poole (resigned 22 May 2017)
S McHugh
K Forward (appointed 6 October 2017)

Registered number

07632595

Registered office

Innovation Centre
Highfield Drive
St Leonards-On-Sea
East Sussex
TN38 9UH

Independent auditors

Kreston Reeves LLP
Statutory Auditor & Chartered Accountants
37 St Margaret's Street
Canterbury
Kent
CT1 2TU

Bankers

Barclays Bank
63/67 Terminus Road
Eastbourne
East Sussex
BN21 3N1

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East Sussex Energy Infrastructure and Development Limited
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Registered number: 07632595

Balance sheet
As at 31 March 2018

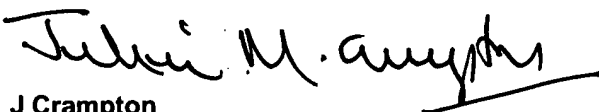
	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	5	86	96
Investment property	6	1,330	1,330
		<u>1,416</u>	<u>1,426</u>
Current assets			
Work in progress		23,336	22,142
Debtors: amounts falling due within one year	7	736	4,503
Bank & cash balances		4,916	368
		<u>28,988</u>	<u>27,013</u>
Creditors: amounts falling due within one year	8	(12,704)	(9,508)
Net current assets		<u>16,284</u>	<u>17,505</u>
Total assets less current liabilities		<u>17,700</u>	<u>18,931</u>
Creditors: amounts falling due after more than one year	9	(18,700)	(19,900)
Pension liability		(119)	(90)
Net liabilities		<u>(1,119)</u>	<u>(1,059)</u>
Capital and reserves			
Profit and loss account		(1,119)	(1,059)
		<u>(1,119)</u>	<u>(1,059)</u>

The 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 have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 September 2018.


J Crampton
 Director

The notes on pages 2 to 12 form part of these financial statements.

East Sussex Energy Infrastructure and Development Limited
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Notes to the financial statements
For the year ended 31 March 2018

1. General information

East Sussex Energy Infrastructure and Development Limited is a company limited by guarantee incorporated in England. The address of the registered office is Innovation Centre, Highfield Drive, St Leonards-On-Sea, East Sussex, TN38 9UH.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company accounting policies (see note 3).

The company's functional and presentational currency is Pounds Sterling.

The company's financial statements are presented in round thousands.

The following principal accounting policies have been applied:

2.2 Going concern

The company has £4,916,000 included in cash at the bank. The company meets its day to day working capital requirements through these reserves, as well as retaining significant deferred grants to meet future project expenses. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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Notes to the financial statements
For the year ended 31 March 2018

2. Accounting policies (continued)

2.4 Grants

Grants received in respect of investment properties

Investment property related grants are accounted for in accordance with the performance model. Under the performance model:

- A grant that specifies performance conditions is recognised in income when the performance criteria are met;
- A grant that does not specify performance conditions is recognised in income when the proceeds are received or receivable;
- A grant received before the recognition criteria are satisfied is recognised as a liability

Grants received in respect of revenue expenditure

Grants relating to revenue are accounted for in accordance with the accrual model. Under the accrual model grants relating to revenue shall be recognised in income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	- 25% straight line
Fixtures & fittings	- 10% - 20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.6 Investment property

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of comprehensive income.

2.7 Work in progress

Work in progress is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving items. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

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Notes to the financial statements
For the year ended 31 March 2018

2. Accounting policies (continued)

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet 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 the liability simultaneously.

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Notes to the financial statements
For the year ended 31 March 2018

2. Accounting policies (continued)

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Pensions

Defined benefit pension plan

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.13 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.14 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

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Notes to the financial statements
For the year ended 31 March 2018

2. Accounting policies (continued)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.16 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgements have had the most significant impact on amounts recognised in the financial statements:

Going concern

In the judgement of the directors it is appropriate to prepare the financial statements in accordance with the going concern basis of accounting. See note 2.2 for further details.

Investment properties

The company holds investment property with fair value of £1,330,000 at the year end (see note 7). In order to determine the fair value of investment property the directors have used a valuation technique based on comparable market data. The determined fair value of the investment property is most sensitive to fluctuations in the property market.

Grants

Grants relating to investment properties are accounted for under the performance model. In the opinion of the Directors' all performance criteria have been met and thus all appropriate grant income has been released.

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4. Employees

The average monthly number of employees, including directors, during the year was 15 (2017 - 16).

5. Tangible fixed assets

	Motor vehicles £000	Fixtures & fittings £000	Total £000
Cost or valuation			
At 1 April 2017	34	183	217
Additions	-	21	21
At 31 March 2018	34	204	238
Depreciation			
At 1 April 2017	28	93	121
Charge for the year on owned assets	6	25	31
At 31 March 2018	34	118	152
Net book value			
At 31 March 2018	-	86	86
At 31 March 2017	6	90	96

6. Investment property

	Freehold investment property £000
Valuation	
At 1 April 2017	1,330
At 31 March 2018	1,330

The 2018 valuations were made by the directors, on an open market value for existing use basis.

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7. Debtors

	2018	2017
	£000	£000
Trade debtors	106	2,582
Amounts owed by connected parties	274	635
Other debtors	356	1,286
	736	4,503

8. Creditors: Amounts falling due within one year

	2018	2017
	£000	£000
Other loans	2,870	2,235
Trade creditors	715	1,693
Other taxation and social security	11	10
Other creditors	13	-
Accruals	791	703
Deferred grants	8,304	4,867
	12,704	9,508

9. Creditors: Amounts falling due after more than one year

	2018	2017
	£000	£000
Other loans	18,700	19,900

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10. Loans

Analysis of the maturity of loans is given below:

	2018	2017
	£000	£000
Amounts falling due within one year		
Other loans	2,870	2,235
Amounts falling due 2-5 years		
Other loans	16,250	17,450
Amounts falling due after more than 5 years		
Other loans	2,450	2,450
	21,570	22,135

The above loans are secured by way of a legal charge held over the company's investment properties and work in progress.

11. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

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Notes to the financial statements
For the year ended 31 March 2018

12. Pension commitments

The company operates a Defined benefit pension scheme.

The pension cost and provision for the year ending 31 March 2018 are based on the advice of a professionally qualified actuary on the basis of triennial valuations using the projected unit method. The most recent formal valuation is dated 31 March 2018 which has been updated to reflect conditions at the balance sheet date. The results of this valuation were a deficit of £119,000 in the scheme at the end of the year.

The contribution made for the year ended 31 March 2018 was £52,000. The agreed contribution rate for future years is 23.4%.

	2018	2017
	£000	£000
Fair value of plan assets	770	714
Present value of plan liabilities	(889)	(804)
Net pension scheme liability	(119)	(90)

The amounts recognised in profit or loss are as follows:

	2018	2017
	£000	£000
Current service cost	(96)	(93)
Interest on obligation	(22)	(18)
Total	(118)	(111)

Reconciliation of fair value of plan liabilities were as follow:

	2018	2017
	£000	£000
Opening defined benefit obligation	804	450
Current service cost	96	93
Interest cost	22	18
Contributions by scheme participants	18	30
Actuarial gains and (losses)	(19)	220
Benefits paid	(32)	(7)
Closing defined benefit obligation	889	804

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12. Pension commitments (continued)

Reconciliation of fair value of plan assets were as follows:

	2018	2017
	£000	£000
Opening fair value of scheme assets	714	435
Expected return	19	17
Actuarial gains and (losses)	(1)	167
Contributions by employer	52	72
Contributions by scheme participants	18	30
Benefits paid	(32)	(7)
	<hr/>	<hr/>
Closing defined benefit assets	770	714
	<hr/>	<hr/>

The company expects to contribute £56,000 to its Defined benefit pension scheme in 2019.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2018	2017
	%	%
Discount rate	2.7	2.6
Future salary increases	2.8	2.8
Future pension increases	2.4	2.4
Mortality rates		
- for a male aged 65 now	22.1	22.1
- at 65 for a male aged 45 now	23.8	23.8
- for a female aged 65 now	24.4	24.4
- at 65 for a female member aged 45 now	26.3	26.3
	<hr/>	<hr/>

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2018	2017
	£000	£000
Defined benefit obligation	(889)	(804)
Scheme assets	770	714
	<hr/>	<hr/>
Deficit	(119)	(90)
	<hr/>	<hr/>

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13. Commitments under operating leases

At 31 March 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Not later than 1 year	2	1
Later than 1 year and not later than 5 years	6	1
	8	2

14. Other contingent liabilities and development obligations

The company has previously received both grant funding and properties from Hastings and Bexhill Renaissance Limited. The company has also received grant funding from other external bodies.

The company has received grants contingent on meeting certain performance criteria. The Directors are confident that the company will meet these performance criteria.

15. Controlling party

There is no controlling member of the company.

16. Auditors' information

The auditors' report on the financial statements for the year ended 31 March 2018 was unqualified.

The audit report was signed on 20 September 2018 by Peter Manser FCA DChA (Senior statutory auditor) on behalf of Kreston Reeves LLP.