Tamar Energy Operating Company (one) Limited

Report and Financial Statements

31 March 2017

Registered No. 09090190

Directors

D E Hislop
S P Greenfield

Independent auditors

PricewaterhouseCoopers LLP
3 Forbury Place
23 Forbury Road
Reading
Berkshire
RG1 3JH

Registered Office

3rd Floor
150 Waterloo Road
London
SE1 8SB

Registered No. 09090190

Directors' report

The directors present their report and audited financial statements for the year ended 31 March 2017.

Principal activities

The company's principal activity is the provision of finance and operational & management services to group companies.

Future developments

The company will continue to provide finance and operational & management services to group companies for the foreseeable future.

Directors

The directors who served the company during the year and up to the date of this report are listed below:

C R Cooper	(resigned 14 June 2016)
D E Hislop	
R Kindell	(resigned 18 November 2016)
S P Greenfield	(appointed 18 November 2016)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving the report is aware, there is no relevant audit information needed by the auditors in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow directors and the company's auditors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Going concern

The directors have considered the going concern basis for preparation of these financial statements and concluded it to be appropriate on the basis that the company is dependent on the financial support from its shareholder, Tamar Energy Limited, who have confirmed to carry on providing their financial support to the company for the foreseeable future being not less than twelve months from the date of the signing these financial statements.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Independent auditors

In accordance with section 485 of the Companies Act 2006, a written resolution is to be proposed for the re-appointment of PricewaterhouseCoopers LLP as auditors.

Small company exemptions

In preparing this report, the directors have taken advantage of the small companies' exemption provided by Section 414B and 415A of the Companies Act 2006 not to provide a Strategic Report and from certain disclosures required in the Directors' Report.

Directors' report (continued)

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make 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 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.

The directors 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.

On behalf of the Board

Dean Hislop
Director
Date: 12 December 2017

Independent auditors' report to the members of Tamar Energy Operating Company (one) Limited

Report on the financial statements

In our opinion, Tamar Energy Operating Company (one) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- Statement of financial position as at 31 March 2017;
- Income statement and Statement of comprehensive income for the year then ended;
- Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent Auditors' report to the members of Tamar Energy Operating Company (one) Limited (continued)

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption 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.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Christine Dobson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
13 December 2017

Income statement

for the year ended 31 March 2017

	Note	2017 £	2016 £
Administrative expenses		(87,057)	(91,195)
Operating loss	3	(87,057)	(91,195)
Finance costs	4	(3,458,522)	(3,539,343)
Finance income	5	3,326,173	2,939,234
Loss before taxation		(219,406)	(691,304)
Income tax	6	–	20,520
Loss for the financial year		(219,406)	(670,784)

Statement of comprehensive income

for the year ended 31 March 2017

	2017 £	2016 £
Loss for the financial year	(219,406)	(670,784)
Items that may be reclassified subsequently to profit or loss		
Cash flow hedge at inception	(1,239,347)	–
Cash flow hedge movement in the year	131,656	–
Total comprehensive expense for the financial year	(1,327,097)	(670,784)

Statement of financial position

at 31 March 2017

	Note	2017 £	2016 £
Non-current assets			
Investments	7	3,021,391	2,081,501
Financial assets	8	40,931,223	37,605,049
		43,952,614	39,686,550
Current assets			
Other receivables	9	–	2,075
Cash and cash equivalents	10	913,468	334,577
		913,468	336,652
Total assets		44,866,082	40,023,202
Equity and liabilities			
Equity			
Share capital	14	1,000	1,000
Cashflow hedging reserve		(1,107,691)	–
Accumulated losses		(252,304)	(32,898)
Total equity		(1,358,995)	(31,898)
Liabilities			
Non-current liabilities			
Financial liabilities	12	42,720,711	39,032,081
Derivative financial instruments	13	1,107,691	–
		43,828,402	39,032,081
Current liabilities			
Financial liabilities	12	–	104,603
Other payables	11	2,396,675	918,416
Total liabilities		2,396,675	1,023,019
Total equity and liabilities		44,866,082	40,023,202

The notes on pages 9 to 19 are an integral part of these financial statements.

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within part 15 of the Companies Act 2006.

The financial statements on pages 6 to 19 were approved and authorised for issue by the board and were signed on its behalf on 12 December 2017.

Dean Hislop
Director
Registered no: 09090190

Statement of changes in equity

for the year ended 31 March 2017

	Share capital	*Cashflow hedging reserve*	*Accumulated losses*	*Total equity*
	£	£	£	£
At 31 March 2015	1,000	–	637,886	638,886
Total comprehensive expense for the year	–	–	(670,784)	(670,784)
At 31 March 2016	1,000	–	(32,898)	(31,898)
Total comprehensive expense for the year	–	(1,107,691)	(219,406)	(1,327,097)
At 31 March 2017	1,000	(1,107,691)	(252,304)	(1,358,995)

The cashflow hedging reserve relates to the fair value of derivative financial instruments held as cash flow hedges. See note 13.

Notes to the financial statements

For the year ended 31 March 2017

1. General information

Tamar Energy Operating Company (one) Limited is a private company limited by shares incorporated and domiciled in England. The address of the Company's registered office is 3rd Floor, 150 Waterloo Road, London, SE1 8SB.

The company is involved in the provision of finance and operational & management services to group companies. The company's interests are located in the UK. The principal accounting policies adopted by the company are set out in note 2.

2. Accounting policies

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in GB Pounds.

The results of Tamar Energy Operating Company (one) Limited are included in the consolidated financial statements of Tamar Energy Limited which are available from 3rd Floor, 10 Waterloo Road, London SE1 8SB. The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Basis of preparation

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

The financial statements of Tamar Energy Operating Company (one) Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;

b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii),B66and B67of IFRS 3 Business Combinations;

c) the requirements of paragraph 33 (c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;

d) the requirements of IFRS 7 Financial Instruments: Disclosures;

e) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;

f) the requirement in paragraph 38 of IAS 1'Presentation of Financial Statements' to present comparative information in respect of:

   i. paragraph 79(a)(iv) of IAS 1;
   ii. paragraph 73(e) of IAS 16 Property, Plant and Equipment;
   iii. paragraph 118(e) of IAS 38 Intangible Assets;

g) the requirements of paragraphs 76 and 79(d) of IAS 40 Investment Property; and

h) the requirements of paragraph 50 of IAS 41 Agriculture.

i) the requirements of paragraphs 10(d), 10(f), 39(c), 130 and 134-136 of IAS 1 Presentation of Financial Statements;

Notes to the financial statements

For the year ended 31 March 2017

2. Accounting policies (continued)

Basis of preparation (continued)

j) the requirements of IAS 7 Statement of Cash Flows;

k) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

l) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

m) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and

n) the requirements of paragraphs 134(d)-134(f)and 135(c)-135(e) of IAS 36 Impairment of Assets.

The directors have considered the going concern basis for preparation of these financial statements and concluded it to be appropriate on the basis that the company is dependent on the financial support from its shareholder, Tamar Energy Limited, who have confirmed to carry on providing their financial support to the company for the foreseeable future being not less than twelve months from the date of the signing these financial statements.

New and amended standards and interpretations

Certain new standards, interpretations and amendments to existing standards have been published and are mandatory only for the company's accounting periods beginning on or after 1 April 2016 or later periods and which the company has not adopted early. Those that may be applicable to the company in future are as follows:

IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IFRS 16	Leases	1 January 2019

Except for IFRS 16, the company does not anticipate that the adoption of these standards and interpretations will either individually or collectively have a material impact on the company's financial statements in the period of initial application. The full impact of IFRS 16 has not yet been assessed.

The company does not anticipate adopting these standards and interpretations ahead of their effective date.

Impairment of non-financial assets

Impairment of non-financial assets is reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated.

If the recoverable amount of the asset is estimated to be less than the carrying amount, the carrying amount of the asset or cash-generating unit is reduced to the recoverable amount. The impairment is recognised in the income statement as an expense. Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash flows independently, the recoverable amount is determined for the larger cash-generating unit to which the asset belongs.

A previously recognised impairment will be reversed insofar as estimates change as a result of an event occurring after the impairment was recognised. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the income statement.

After recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted in the future periods to allocate the asset's revised carrying amount, less its residual value, on a systematic basis over its useful life.

Notes to the financial statements

For the year ended 31 March 2017

2. Accounting policies (continued)

Investments in subsidiaries

Subsidiary undertakings are all entities over which the group has the power to govern the financial and operating policies so as to obtain benefit from their activities.

The investments in subsidiaries held by the company are valued at cost less any provision for impairment that is considered to have occurred, the resultant loss being recognised in the income statement.

Financial instruments

Financial instruments recognised on the statement of financial position include investments, other financial assets, cash and cash equivalents, other payables and other financial liabilities.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument. Financial instruments are recorded at fair value plus transaction costs, except in the case of financial instruments recorded at fair value through profit and loss which do not include transaction costs. Subsequent measurement and impairment for each classification is specified in the sections below.

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the company commits to purchase or sell the financial asset.

De-recognition of financial assets and liabilities

A financial asset, or a portion of a financial asset, is derecognised where:

- The rights to receive cash flows from the asset have expired;
- The company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement, or
- The company has transferred the rights to receive cash flows from the asset and either:

  (i) has transferred the substantially all the risks and rewards of the asset or

  (ii) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or has expired.

Fair value

The fair value of investments, where there is no active market, is determined using valuation techniques. Such techniques include using the recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models. Equity investments for which fair values cannot be reliably measured are recognised at cost less impairment.

Financial assets

Subsequent to initial measurement, other financial assets and cash and cash equivalents are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in income when the receivables are derecognised or impaired, as well as through the amortisation process.

Notes to the financial statements

For the year ended 31 March 2017

2. Accounting policies (continued)

Financial instruments (continued)

Financial liabilities

Loans and other payables are classified as financial liabilities and are subsequently measured at amortised cost. Gains and losses are recognised in income when the financial liabilities are derecognised or impaired as well as through the amortisation process. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Any instrument that includes a repayment obligation is classified as a liability.

Where the contractual terms of share capital do not have any features meeting the definition of a financial liability then such capital is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Impairment of financial assets

The company's financial assets are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether or not there is any indication of impairment.

Assets carried at amortised cost

If there is objective evidence that an impairment loss has been incurred, it is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

Derivative financial instruments

The company uses derivatives to hedge exposure to interest rate risk arising in the normal course of business.

The accounting treatment for derivatives is dependent on whether they are entered into for commercial or hedging purposes. A derivative instrument is considered to be used for hedging purposes when it alters the risk profile of an underlying exposure of the company in line with the group's risk management policies and is in accordance with established guidelines, which require the hedging relationship to be documented at its inception, ensure that the derivative is highly effective in achieving its objective, and require that its effectiveness can be reliably measured.

All derivatives are recognised at fair value on the date on which the derivative is entered into and are re-measured to fair value at each reporting date. Derivatives are carries as assets when the fair value is positive and as liabilities when the fair value is negative.

Recognition of the gains or losses resulting from changes in fair value depends on the purpose for issuing or holding the derivative. For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the Income Statement and are included in finance costs.

Notes to the financial statements

For the year ended 31 March 2017

2. Accounting policies (continued)

Hedge accounting

For the purposes of hedge accounting, all hedges are classified as 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 the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the Income Statement.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into the Income Statement in the same period or periods during which the asset acquired or liability assumed affects profit or loss, e.g. when interest income or expense is recognised.

For cash flow hedges, other than those covered above, the associated cumulative gain or loss is removed from equity and recognised in the Income Statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires, or is sold, terminated or exercised, or the group revokes 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.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand.

Equity

Equity comprises the following

- "Share capital" represents the nominal value of ordinary equity shares.
- "Accumulated losses" include all current results as disclosed in the income statement.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated using tax rates enacted or substantially enacted by the period end.

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision is made at current rates for deferred tax in respect of all timing differences that have originated but not reversed at the period end. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

Interest income

Interest is accrued and recognised on a time-proportion basis at the effective rate implicit in the instrument.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the financial statements

For the year ended 31 March 2017

2. Accounting policies (continued)

Significant accounting estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values that not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The most critical accounting policies and estimates in determining the financial condition and results of the company are those requiring a greater degree of subjective or complete judgement. These relate to

- Carrying value of investments

3. Operating loss

The audit fee of £1,000 was borne by another group undertaking during the year and was not recharged.

None of the directors received any emoluments in respect of their services to the company during the year (2016: £nil) and the company does not have any employees. The directors are remunerated by another group company as their services to the company are incidental to their services to the group.

4. Finance costs

	2017	*2016*
	£	*£*
Interest on bank borrowings	1,141,518	772,972
Interest on loan from group undertaking	2,317,004	2,766,371
	3,458,522	3,539,343

5. Finance Income

	2017	*2016*
	£	*£*
Interest on loan to group undertaking	3,326,173	2,939,234

Notes to the financial statements

For the year ended 31 March 2017

6. Income tax

(a) Income tax on loss on ordinary activities

Income tax credited in the income statement	*2017*	*2016*
	£	*£*
Current tax:		
UK corporation tax on the loss for the year	–	(20,520)
Deferred tax:		
Origination and reversal of temporary differences	–	–
Total tax credit in the income statement	–	(20,520)

(b) Reconciliation of the total income tax credit

The income tax credit in the income statement for the year differs from the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are reconciled below:

	2017	*2016*
	£	*£*
Accounting loss before taxation	(219,406)	(691,304)
At UK standard rate of corporation tax of 20% (2016: 20%)	43,881	138,261
Effects of:		
Adjustments in respect of prior periods	–	(20,520)
Losses not recognised for deferred tax	(43,881)	(138,261)
Total tax credit in the income statement	–	(20,520)

(c) Factors that may affect future tax charges

At the year end there were tax losses of approximately £910,710 (2016: £691,304) available for set off against future assessable profits. The related deferred tax asset of £154,821 (2016: £117,522) has not been recognised in respect of those losses as the directors consider the level and timing of future profits not to be sufficiently certain in the short-term.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred tax balances have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the financial statements

For the year ended 31 March 2017

7. Investments

	2017	*2016*
	£	*£*
Investment in subsidiaries	3,021,391	2,081,501

During the year the company acquired an additional 150 ordinary shares in Sutton Grange AD Limited for a consideration of £939,890, which is considered to be the fair value of the interest acquired.

Details of the investments in which the company holds 50% or more of the nominal value of any class of share capital are as follows:

Name of company	*Holding*	*Proportion of voting rights and shares held*	*Nature of business*
Tamar Renewable Power (Essex) Limited	Ordinary shares	100%	Anaerobic digestion plants
Holbeach Biogas Limited	Ordinary shares	95%	Anaerobic digestion plants
Sutton Grange AD Limited	A Ordinary shares	80%	Anaerobic digestion plants
Tamar Renewable Power (Basingstoke) Limited	Ordinary shares	100%	Anaerobic digestion plants

All subsidiary undertakings are incorporated in the United Kingdom and their registered office is 3rd Floor, 150 Waterloo Road, London, SE1 8SB.

8. Financial assets

	2017	*2016*
	£	*£*
Non-Current:		
Loans to group undertakings	40,931,223	37,605,049

Details of the terms of the loans are given in note 15.

9. Other receivables

	2017	*2016*
	£	*£*
Other receivables	–	2,075

Notes to the financial statements

For the year ended 31 March 2017

10. Cash and cash equivalents

	2017	2016
	£	£
Cash at bank	913,468	334,577

Included in the cash balance is £805,476 (2016: £334,577) held in a Debt Service Reserve Account, the use of which is restricted in accordance with terms contained in a Facility Agreement with the company's bankers.

11. Other payables

	2017	2016
	£	£
Amounts owed to group undertakings	2,310,941	858,128
Accruals	85,734	60,288
	2,396,675	918,416

The above payables were all unsecured. Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12. Financial liabilities

	2017	2016
	£	£
Current		
Bank overdraft	–	104,603
Non-Current:		
RBS project finance loan	15,538,897	10,739,171
Loan from group undertaking	27,181,814	28,292,910
	42,720,711	39,032,081

RBS project finance loan

The company has a £17.2 million of senior non-recourse project finance facility which is available on a portfolio basis against certain anaerobic digestion facilities and has a remaining term of six years at a market commercial interest rate above LIBOR.

The loans are secured by first ranking fixed and floating charges over the assets of, and shares in, Tamar Energy (Hermes Holdings) Limited, Tamar Energy Operating Company (one) Limited and certain operational anaerobic digestion facilities.

On 14 October 2016 the company drew down a further £4,979,500 from the facility following satisfactory completion of technical and operational tests at one of the group's anaerobic digestion facilities.

Loan from group undertaking

Details of the terms of the loan are given in note 15.

Notes to the financial statements

For the year ended 31 March 2017

13. Financial instruments at fair value

The company has entered into an interest rate swap to hedge 100% of the interest payable under its secured bank facility.

Determination of fair values

The company's derivative financial assets and liabilities are measured and held at fair value and classified into one of three categories, known as hierarchy levels, which are defined according to the inputs used to measure their fair value as follows:

Level 1: Fair value is determined using observable inputs that reflect unadjusted quoted market prices for identical assets and liabilities;

Level 2: Fair value is determined using significant inputs that may be directly observable inputs or unobservable inputs that are corroborated by market data; and

Level 3: Fair value is determined using significant unobservable inputs that are not corroborated by market data and may be used with internally developed methodologies that result in management's best estimate of fair value.

	Group	
	2017	*2016*
	£	*£*
Interest rate derivatives – Level 2	1,107,691	–

Level 2 interest rate derivatives comprise a single interest rate swap which has been fair valued using forward interest rates extracted from observable yield curves.

14. Share capital

		2017		*2016*
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

Rights, preferences and conditions

Ordinary shares carry full and equal rights to participate in voting in all circumstances and in dividends and capital distributions, whether on a winding up or otherwise.

Notes to the financial statements

For the year ended 31 March 2017

15. Related party transactions

Included in note 8 is £12,845,931 (2016: £11,802,684) owed by a subsidiary company, Tamar Renewable Power (Basingstoke) Limited. This amount includes accrued interest for the year of £1,043,247 (2016: £936,027) charged at the rate of 8.5% per annum. The loan is payable in quarterly instalments once certain conditions have been met.

Included in note 8 is £18,406,557 (2016: £16,911,719) owed by a subsidiary company, Tamar Renewable Power (Essex) Limited. This amount includes accrued interest of £1,494,837 (2016: £1,344,641) charged at the rate of 8.5% per annum during the year. This loan is receivable in quarterly instalments once certain conditions have been met

Included in note 8 is £9,678,735 (2016: £8,890,646) owed by a subsidiary company, Holbeach Biogas Limited. This amount includes accrued interest for the year of £788,089 (2016: £658,566) charged at the rate of 8.5% per annum. The loan is payable in quarterly instalments once certain conditions have been met.

Included in note 12 is £27,181,814 (2016: £28,292,910) owed to the immediate parent undertaking, Tamar Energy (Hermes Holdings) Limited. This amount includes accrued interest of £2,317,004 (2016: £2,726,171) charged at the rate of 8.5% per annum during the year. This loan is receivable in quarterly instalments once certain conditions have been met.

The company has relied upon the disclosure exemption conferred by FRS 101 not to disclose transactions with fellow group undertakings.

16. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Tamar Energy (Hermes Holdings) Limited, a company incorporated in England.

In the director's opinion the company's ultimate parent undertaking and controlling party is Tamar Energy Limited, a company incorporated England. The smallest and largest group for which group financial statements are drawn up and of which the company is a member is Tamar Energy limited. Its registered office and the address from which group financial statements can be obtained is 3rd Floor, 150 Waterloo Road, London, SE1 8SB.