ST Classification: OFFICIAL PERSONAL

Severn Trent Green Power (North London) Limited

Annual report and financial statements for the year ended 31 March 2020

Company number: 09689098

Severn Trent Green Power (North London) Limited

Annual report and financial statements for the year ended 31 March 2020

Contents

Severn Trent Green Power (North London) Limited

Company information

Company number	09689098
Directors	N Corrigall R C McPheely H M Miles (appointed 1 July 2020) A P Smith (resigned 1 July 2020)
Secretary	G Eagle
Registered office	Severn Trent Centre 2 St John's Street Coventry CV1 2LZ
Banker	Barclays Bank PLC 1 Churchill Place London E14 5HP
Solicitor	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG

Severn Trent Green Power (North London) Limited

Strategic report

The Directors present their Strategic report for the year ended 31 March 2020.

Business review and principal activities

The Company is a wholly owned subsidiary of Severn Trent Plc.

The principal activity of the Company is an operation of an anaerobic digestion facility used for the processing and recycling of food waste.

There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities or prospects in the next year.

Severn Trent Plc manages its operations on a divisional basis and the Company's Directors do not believe that further key performance indicators for the Company are necessary to enhance the understanding of the development, performance or position of the business.

Results and dividends

The Company's profit for the financial year after taxation was £876,000 (15 month period ending 31 March 2019: £342,000).

The Directors do not recommend the payment of a dividend (2019: nil).

Principal risks and uncertainties

Treasury management
The Severn Trent Group manages its treasury operations on a group basis. Financial risk management is performed by Severn Trent's Group Treasury department. This includes assessment and mitigation of price risk, credit risk, liquidity risk and interest rate cash flow risk. The Group's treasury management policies and operations are discussed in Severn Trent Plc's Annual Report and Financial Statements (which does not form part of this report).

Financial position and going concern

The Directors have considered the Company's financial position at the balance sheet date and its prospects for the period to 12 months from the date of this report.

As at 31 March 2020, the Company had net assets of £1,281,000 (2019: £405,000) and net current assets of £1,047,000 (2019: net current liabilities of £2,071,000).

Following the year end, the Board has considered and monitored the potential impact of COVID-19, in particular financing and liquidity. This indicates that, while there may be a financial impact, this would not result in a significant impact to the Company's expected liquidity or solvency that could not be addressed by mitigating actions.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the report and annual financial statements.

By order of the Board

Robert McPheely

R C McPheely
Director
15 December 2020

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Severn Trent Green Power (North London) Limited

Directors' report

The Directors present their report and the financial statements of the Company for the year ended 31 March 2020.

Matters included in the Strategic report

The following matters are included in the Company's Strategic report on the preceding page:

- Business review and principal activities of the Company
- Results and dividends
- Principal risks and uncertainties
- Financial position and going concern.

Directors

The Directors who served during the year are shown on page 2.

Directors' indemnities

The Company's Articles of Association provide that directors of the Company shall be indemnified by the Company against any costs incurred by them in carrying out their duties, including defending any proceedings arising out of their positions as directors in which they are acquitted or judgment is given in their favour or relief from any liability is granted to them by the court. These indemnities were in force throughout the year and up to the date of signing of the financial statements.

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by its activities. The Company operates in accordance with the group policies of Severn Trent Plc which are described in the Group's Annual Report and Financial Statements (which does not form part of this report).

Post balance sheet events

There have been no significant post balance sheet events.

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Severn Trent Green Power (North London) Limited

Directors' report (continued)

Directors' responsibilities statement

The Directors are responsible for preparing the annual 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). 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;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting standards, including Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; 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. 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.

By order of the Board

R C McPheely
Director
15 December 2020

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Severn Trent Green Power (North London) Limited

Income statement
For the year ended 31 March 2020

	Note	12 months ending 31 March 2020 £'000	15 months ending 31 March 2019 £'000
Turnover	3	**5,161**	6,092
Operating costs	4	**(3,496)**	(4,294)
Profit before interest and taxation		**1,665**	1,798
Finance income	7	**72**	–
Finance costs	8	**(909)**	(1,232)
Net finance costs		**(837)**	(1,232)
Profit on ordinary activities before taxation		**828**	566
Current tax	9	**178**	(237)
Deferred tax	9	**(130)**	13
Taxation on profit on ordinary activities		**48**	(224)
Profit for the period		**876**	342

All results are from continuing operations in both the current and preceding period.

The Company has no recognised gains or losses other than the results above and therefore no separate statement of comprehensive income has been presented.

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Severn Trent Green Power (North London) Limited

Balance sheet
At 31 March 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Property, plant and equipment	10	**14,286**	14,509
Right-of-use assets	11	**46**	–
Trade and other receivables	12	**1,350**	500
		15,682	15,009
Current assets			
Inventory	13	**135**	29
Trade and other receivables	12	**1,310**	1,559
Cash and cash equivalents		**303**	506
		1,748	2,094
Current liabilities			
Trade and other payables	14	**(614)**	(3,845)
Borrowings	15	**(28)**	(10)
Current tax payable		**(59)**	(237)
Provisions for liabilities	16	**–**	(73)
		(701)	(4,165)
Net current assets/(liabilities)		**1,047**	(2,071)
Non-current liabilities			
Borrowings	15	**(15.299)**	(12,514)
Deferred tax	17	**(149)**	(19)
		(15,448)	(12,533)
Net assets		**1,281**	405
Equity			
Called up share capital	18	**1**	1
Total retained earnings		**1,280**	404
		1,281	405

For the year ended 31 March 2020, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 (the Act) relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved by the Board of Directors on 15 December 2020. They were signed on its behalf by:

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Severn Trent Green Power (North London) Limited

R C McPheely
Director
15 December 2020
Company Number: 09689098

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Severn Trent Green Power (North London) Limited

Statement of changes in equity
For the year ended 31 March 2020

	Share capital	Retained earnings	Total equity
	£'000	£'000	£'000
At 1 January 2018	1	62	63
Total comprehensive income for the period	–	342	342
At 1 April 2019	1	404	405
Total comprehensive income for the year	–	876	876
At 31 March 2020	**1**	**1,280**	**1,281**

Severn Trent Green Power (North London) Limited
Notes to the financial statements
1. Accounting policies

a) Accounting convention

The financial statements have been prepared on the going concern basis (see Strategic report) under the historical cost convention as modified by the revaluation of certain financial assets and liabilities at fair value, and in accordance with applicable United Kingdom Accounting Standards and comply with the requirements of the Companies Act 2006. The principal accounting policies, which have been applied consistently in the current and preceding period are set out below.

Severn Trent Green Power (North London) Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales.

b) Basis of preparation

(i) General

The Company is a wholly owned subsidiary of Severn Trent Plc and is included in the consolidated financial statements of Severn Trent Plc.

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements. Accordingly, the Company has elected to apply FRS 101 Reduced Disclosure Framework. Therefore the recognition and measurement requirements of EU-adopted IFRS have been applied, with amendments where necessary in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) as these are Companies Act 2006 accounts.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

Where required, equivalent disclosures are given in the Group financial statements of Severn Trent Plc which are available to the public and can be obtained as set out in note 23.

(ii) Changes in accounting policies – IFRS 16

In the current year the Company has adopted IFRS 16 'Leases' retrospectively from 1 April 2019, but has not restated comparatives for prior reporting periods, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019.

Adjustments recognised on adoption of IFRS 16

For leases previously classified as finance leases the Company recognised the carrying amount of the right-of-use asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. There have been no remeasurement amounts of leases previously classified as finance leases under IFRS 16 principles.

Severn Trent Green Power (North London) Limited
Notes to the financial statements (continued)
1. Accounting policies (continued)

b) Basis of preparation (continued)
(ii) Changes in accounting policies – IFRS 16 (continued)

	£'000
Finance lease liabilities recognised as at 31 March 2019 and 1 April 2019	38
Recognised at 31 March 2020 as:	
Current lease liabilities	28
Non-current lease liabilities	–
	28

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 March 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	31 March 2020 £'000	1 April 2019 £'000
Fixed plant and equipment	**46**	54

The change in accounting policy affected the following items in the balance sheet on 1 April 2019:

	£'000
Property, plant and equipment	(54)
Right-of-use assets	54

Leasing activities

The Company leases various plant and equipment and vehicles. Rental agreements are typically made for fixed periods of 1 to 999 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the current financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as right-of-use assets with a corresponding liability at the date at which the leased assets are available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Severn Trent Green Power (North London) Limited
Notes to the financial statements (continued)

1. Accounting policies (continued)

b) Basis of preparation (continued)
(ii) Changes in accounting policies – IFRS 16 (continued)

Right-of-use assets are measured at cost comprising the following; the amount of the initial measurement of lease liability; any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs, and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Company. During the current financial year, there has been no financial effect of revising lease terms to reflect the effect of exercising extension or termination options.

c) Revenue recognition

Revenue includes turnover and interest income.

Turnover represents the fair value of consideration receivable, excluding value added tax, trade discounts and inter-company sales, in the ordinary course of business for goods and services provided.

Turnover is not recognised until the service has been provided to the customer.

Revenue from energy sales is recognised when the electricity or gas is delivered to the national grid. Green energy incentives are recognised when the Company becomes entitled to them.

Revenue from waste processing is recognised when waste it accepted at the Company's processing sites, in accordance with contractual agreements.

d) Taxation

Current tax payable is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on taxable temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxation is measured on a non-discounted basis using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Current and deferred tax are recognised in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

A deferred tax asset is only recognised to the extent it is probable that sufficient taxable profits will be available in the future to utilise it.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

Severn Trent Green Power (North London) Limited
Notes to the financial statements (continued)

1. Accounting policies (continued)

e) Property, plant and equipment

Property, plant and equipment is held at cost less accumulated depreciation. Expenditure on property, plant and equipment relating to research and development projects is capitalised and depreciated over the expected useful life of those assets.

Where assets take a substantial period of time to get ready for their intended use, the borrowing costs directly attributable to the acquisition, construction or production of these assets are added to their cost.

Property, plant and equipment is depreciated, using the straight-line method, to its estimated residual value over its estimated useful life, with the exception of freehold land which is not depreciated. Assets in the course of construction are not depreciated until commissioned.

The estimated useful lives are:

Type of asset	Estimated useful life
Land and buildings	15 – 80 years
Fixed plant and equipment	20 – 40 years
Moveable plant and equipment	2 – 15 years

f) Leases

Where the Company enters into a contract that contains a lease, it recognises a right-of-use asset and a lease liability. The right-of-use asset is measured at cost, which includes: the amount of the initial measurement of the lease liability (see below); any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs incurred by the Company; and an estimate of any remediation or similar costs required by the lease contract.

At the commencement date the lease liability is measured at the present value of the future lease payments discounted using the interest rate implicit in the lease or, if that cannot be readily determined, the Company's incremental borrowing rate. Lease liabilities are included in borrowings.

Lease payments are treated as consisting of a capital element and a finance charge; the capital element reduces the lease liability and the finance charge is written off to the income statement at a constant rate over the period of the lease in proportion to the capital amount outstanding. Depreciation of the right-of-use asset is charged over the shorter of the estimated useful life and the lease period unless ownership is expected to transfer to the Company at the end of the lease, in which case the right-of-use asset is depreciated to the end of the useful life of the underlying asset.

Where the lease term is less than one year or the underlying asset is low value, the Company does not recognise a right-of-use asset or lease liability. Payments under such leases are charged to operating costs.

g) Impairment of non-current assets

If the recoverable amount of an item of property, plant and equipment, or any other non-current asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell or estimated value in use at the date the impairment review is undertaken. Fair value less costs to sell represents the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and willing third parties, less costs of disposal. Value in use represents the present value of future cash flows expected to be derived from a cash-generating unit, discounted using a pre-tax discount rate that reflects current market assessments of the cost of capital of the cash-generating unit or asset.

The discount rate used is based on the estimated cost of capital adjusted for the risk profiles of the business.

Impairment reviews are also carried out if there is an indication that an impairment may have occurred, or, where otherwise required, to ensure that non-current assets are not carried above their estimated recoverable amounts.

Impairments are recognised in the income statement.

Severn Trent Green Power (North London) Limited
Notes to the financial statements (continued)

1. Accounting policies (continued)

h) Inventory

Inventory is stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in selling and distribution.

i) Trade receivables and accrued income

Trade receivables and accrued income are measured at fair value on initial recognition. If there is objective evidence that the asset is impaired, it is written down to its recoverable amount and the irrecoverable amount is recognised as an expense in operating costs.

The Company applies the simplified approach permitted by IFRS 9 for estimating expected credit losses on trade receivables. For trade receivables that are assessed not to be impaired individually, expected credit losses are estimated based on the Company's historical experience of trade receivable write-offs.

j) Retirement benefits

The Company participates in the Severn Trent Group's defined contribution pension schemes. Contributions to the schemes are charged to the profit and loss account in the period in which they fall due.

k) Provisions

Provisions are recognised where:

- there is a present obligation as a result of a past event;
- it is probable that there will be an outflow of economic benefits to settle this obligation; and
- a reliable estimate of this amount can be made.

Provisions are discounted to present value using a pre-tax discount rate that reflects the risks specific to the liability where the effect is material.

2. Critical accounting judgments and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, the Company has made no critical accounting judgments and there are no key sources of estimation uncertainty.

3. Revenue

The Company's activities are solely based in the UK.

	12 months to 31 March 2020	15 months to 31 March 2019
	£'000	£'000
Waste processing	**763**	1,057
Energy sales	**4,398**	5,035
	5,161	6,092

Severn Trent Green Power (North London) Limited
Notes to the financial statements (continued)

4. Operating costs

	12 months to 31 March 2020 £'000	15 months to 31 March 2019 £'000
Wages and salaries	**153**	200
Social security costs	**15**	19
Pension costs	**6**	4
Total employee costs	**174**	223
Power	**9**	19
Rates	**201**	175
Depreciation of property, plant and equipment	**763**	849
Depreciation of right-of-use assets	**8**	–
Operating lease rentals	**57**	147
Hired and contracted services	**1,588**	1,652
Hire of plant and machinery	**28**	36
Professional fees	**9**	44
Charge for bad and doubtful debts	**–**	72
Other operating costs	**659**	1,077
	3,496	4,294

5. Employee numbers

The average monthly number of employees (including Executive Directors) during the year was as follows:

	12 months to 31 March 2020 Number	15 months to 31 March 2019 Number
Business services	**4**	4

6. Directors' remuneration

The emoluments of the Directors are paid by other companies within the Severn Trent Group.

7. Finance income

	12 months to 31 March 2020 £'000	15 months to 31 March 2019 £'000
Interest income earned on:		
Amounts receivable from group undertakings	**72**	–

Severn Trent Green Power (North London) Limited
Notes to the financial statements (continued)

8. Finance costs

	12 months to 31 March 2020 £'000	15 months to 31 March 2019 £'000
Interest charged on:		
Amounts payable to group undertakings	**907**	1,229
Lease liabilities	**2**	3
	909	1,232

9. Taxation

a) Analysis of tax (credit)/charge in the year

	12 months to 31 March 2020 £'000	15 months to 31 March 2019 £'000
Current tax at 19% (2019: 19%)		
Current period	**59**	237
Prior period	**(237)**	–
Total current tax (credit)/charge	**(178)**	237
Deferred tax		
Origination and reversal of temporary differences:		
- current period	**145**	22
- *prior year*	**(17)**	(35)
Impact of rate change	**2**	–
Total deferred tax charge/(credit)	**130**	(13)
	(48)	224

b) Factors affecting the tax (credit)/charge in the year

The tax assessed for the current year is lower (2019: higher) than the tax at the standard rate of corporation tax in the UK of 19% (2019: 19%).

The differences are explained below:

	12 months to 31 March 2020 £'000	15 months to 31 March 2019 £'000
Profit before taxation	**828**	566
Tax at the standard rate of corporation tax in the UK 19% (2019: 19%)	**157**	108
Tax effect of depreciation on non-qualifying assets	**47**	144
Non-deductible expenses	–	11
Current year impact of rate change	–	(4)
Deferred tax charge arising on change of rate	**2**	–
Adjustments in respect of prior years	**(254)**	(35)
Total tax (credit)/charge	**(48)**	224

Deferred tax is provided at the rate that is expected to apply when the asset or liability is expected to be settled. On 11 March 2020, the UK Government announced that it would reverse the previously planned reduction in the corporation tax rate that was due to take effect from 1 April 2020. This change was substantively enacted on 17 March 2020 and we have therefore remeasured our deferred tax assets and liabilities at 31 March 2020 at the new rate of 19%. This resulted in a deferred tax charge in the income statement of £2,000.

Severn Trent Green Power (North London) Limited
Notes to the financial statements (continued)

10. Property, plant and equipment

	Land and buildings £'000	*Fixed plant and equipment* £'000	*Moveable plant and equipment* £'000	Total £'000
Cost				
At 31 March 2019	15,898	96	5	15,999
Reclassified on adoption of IFRS 16 (see note 1b)	–	(71)	–	(71)
At 1 April 2019	15,898	25	5	15.928
Additions	580	14	–	594
At 31 March 2020	**16,478**	**39**	**5**	**16,522**
Depreciation				
At 31 March 2019	(1,464)	(24)	(2)	(1,490)
Reclassified on adoption of IFRS 16 (see note 1b)	–	17	–	17
At 1 April	(1,464)	(7)	(2)	(1,473)
Charge for the year	(754)	(8)	(1)	(763)
At 31 March 2020	**(2,218)**	**(15)**	**(3)**	**(2,236)**
Net book value				
At 31 March 2020	**14,260**	**24**	**2**	**14,286**
At 31 March 2019	14,434	72	3	14,509

11. Leases

a) The Company's leasing activities

The Company leases various equipment and vehicles. Lease agreements are typically made for fixed periods of up to 25 years. There are no extension, renewal or purchase options in the contracts.

Lease contracts are negotiated on an individual basis and include a wide range of terms and conditions. The contracts do not include covenants other than security interests in the leased assets that are held by the lessor and leased assets may not be used as security for other borrowing. The contracts do not impose any restrictions on dividend payment, additional debt or further leasing. There were no sale and leaseback transactions in the period.

b) Income statement

The income statement includes the following amounts relating to leases:

	2020 £'000	2019 £'000
Depreciation charge of right-of-use assets:		
Fixed plant and equipment	**8**	–
Interest expense included in finance cost	**2**	3

Severn Trent Green Power (North London) Limited
Notes to the financial statements (continued)

11. Leases (continued)

c) Balance sheet

In the previous year the Company only recognised lease assets and lease liabilities in relation to leases that were classified as finance leases under IAS 17. See note 1 b) for adjustments recognised on adoption of IFRS 16 on 1 April 2019.

The balance sheet includes the following amounts relating to leases:

	31 March 2020 £'000	1 April 2019 £'000
Right-of-use assets:		
Fixed plant and equipment	**46**	54

Additions to right-of-use assets were nil.

	31 March 2020 £'000	1 April 2019 £'000
Lease liabilities:		
Current	**28**	10
Non-current	–	28
	28	38

At 31 March 2019 the Company leased various property plant and equipment with a carrying value of £54,000 under finance leases expiring within 1 to 5 years. Finance lease liabilities were reclassified to lease liabilities on 1 April 2019 on the adoption of the new leasing standard - see note 1 b). Obligations under finance leases were as follows:

	31 March 2020 £'000	31 March 2019 £'000
Within 1 year	**29**	11
1 - 2 years	–	11
2 - 5 years	–	19
Gross obligations under leases	**29**	41
Less future finance charges	**(1)**	(3)
Present value of lease obligations	**28**	38

Net obligations under leases were as follows:

	31 March 2020 £'000	31 March 2019 £'000
Within 1 year	**28**	10
1 - 2 years	–	10
2 - 5 years	–	18
Included in non-current liabilities	–	28
	28	38

Severn Trent Green Power (North London) Limited
Notes to the financial statements (continued)

12. Trade and other receivables

	2020 £'000	2019 £'000
Current assets		
Trade receivables	**12**	40
Amounts receivable from group undertakings	**184**	164
Other amounts receivable	**–**	4
Accrued income	**1,083**	1,323
Prepayments	**31**	28
	1,310	1,559
Non-current assets		
Amounts receivable from group undertakings	**1,350**	500
	2,660	2,059

The Company has a facility of £5,000,000 available to Severn Trent Green Power Limited. The loan is unsecured with interest payable at 6m LIBOR + 1.025% and matures on 11 January 2023.

13. Inventory

	2020 £'000	2019 £'000
Consumables	**135**	29

14. Trade and other payables

	2020 £'000	2019 £'000
Current liabilities		
Trade payables	**89**	55
Accruals	**396**	292
Social security and other taxes	**48**	40
Amounts owed to group undertakings	**81**	117
Amounts owed to immediate parent undertaking	**–**	3,341
	614	3,845

15. Borrowings

	2020 £'000	2019 £'000
Current liabilities		
Lease liabilities	**28**	10
Non-current liabilities		
Lease liabilities	**–**	28
Loans due to parent and fellow subsidiary undertakings	**15,299**	12,486
	15,299	12,514
	15,327	12,524

The Company has a facility of £15,000,000 available from Severn Trent Green Power Biogas Limited. The loan is unsecured with interest payable at 6m LIBOR + 4.75%. The facility matures on 1 December 2021.

Severn Trent Green Power (North London) Limited
Notes to the financial statements (continued)

16. Provisions for liabilities

	Environmental £'000
At 1 April 2019	73
Utilised during the year	(73)
At 31 March 2020	**–**

Provisions relate to potential environmental costs. The provision was fully utilised during the year.

17. Deferred tax

An analysis of the movement in the deferred tax liability recognised by the Company is set out below:

	Accelerated tax depreciation £'000
At 1 January 2018	32
Credit to income	(13)
At 1 April 2019	19
Charge to income	130
At 31 March 2020	**149**

18. Share capital

	2020 **£'000**	2019 £'000
Total issued and fully paid share capital		
1,000 ordinary shares of £1 each	**1**	1

19. Pension commitments

The Company operates a defined contribution scheme. The assets of the scheme are help separately from those of the Company in an independently administered fund. The pension cost for the current period is £6,000 (15 months ending 31 March 2019: £4,000). At the balance sheet date, no contributions (31 March 2019: nil) were outstanding.

20. Contingent liabilities

The banking arrangement of the Company operate on a pooled basis with certain fellow group undertakings. Under these arrangements participating companies guarantee each other's balances only to the extent that their credit balances can be offset against overdrawn balances of other Severn Trent Group companies.

At 31 March 2020 the Company's maximum exposure under these arrangements was £303,000 (2019: £506,000).

21. Post balance sheet events

There have been no significant post balance sheet events.

Severn Trent Green Power (North London) Limited
Notes to the financial statements (continued)

22. Related party transactions

There have been no transactions with the Directors of the Company during the last financial year.

In accordance with the exemption allowed by FRS 101, no disclosure is made of transactions with other wholly owned subsidiary companies which are consolidated into the Severn Trent Plc Group.

23. Ultimate parent undertaking

The immediate parent undertaking is Severn Trent Green Power Biogas Limited.

Severn Trent Green Power Holdings Limited is the parent undertaking of the smallest group to consolidate these financial statements. Financial statements for Severn Trent Green Power Holdings can be obtained from The Stables, Radford, Chipping Norton, Oxfordshire, OX7 4EB.

The ultimate parent undertaking and controlling party is Severn Trent Plc, which is the parent undertaking and controlling party of the largest group to consolidate these financial statements. Copies of the Severn Trent Plc consolidated financial statements can be obtained from Severn Trent Plc's registrars at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.