

Registered number: 09966649

Northwich Power Limited

**Directors' report and financial statements
for the year ended 30 June 2020**



Northwich Power Limited

Company information

Directors	Dr M J Bullard OCS Services Limited M G Setchell
Company secretary	Octopus Company Secretarial Services Limited
Registered number	09966649
Registered office	6th Floor 33 Holborn London EC1N 2HT

Northwich Power Limited

Directors' report for the year ended 30 June 2020

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

Principal activities

The company's principal activities are that of construction and operation of Reserve Power plants.

Going concern

The financial statements have been prepared on a going concern basis. The directors have assessed the effects of COVID-19 on the company's ability to meet its liabilities as they fall due and determined that based on the most recent trading of the company, the pandemic is not expected to have a significant impact on the company's business. The directors will continue to monitor the situation and take any necessary actions to minimise the possible impacts of COVID-19.

Brexit

The UK left the EU on 31 January 2020 and the transition period ended on 31 December 2020, in which time the UK and EU negotiated additional arrangements and concluded the "Trade and Cooperation agreement". The directors have considered the impact on the company regarding the agreed exit terms within the agreement and wider regulatory and legal implications within these statutory financial statements and will continue to do so.

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise indicated, are given below:

Dr M J Bullard

A D Fraser (resigned 11 March 2020)

OCS Services Limited (resigned 30 July 2020) (reappointed 13 November 2020)

M G Setchell (appointed 30 July 2020)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, 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 102 Section 1A, 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.

Northwich Power Limited

Directors' report for the year ended 30 June 2020

Statement of directors' responsibilities (continued)

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.

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.

Small company exemption

In preparing this report, the directors have taken advantage of the small company exemptions provided by section 415A of the Companies Act 2006.

The directors have also taken advantage of the small company exemptions provided by section 414B of the Companies Act 2006 and have not prepared a strategic report.

This report was approved by the board on 24 June 2021 and signed on its behalf.



**Dr M J Bullard
Director**

Northwich Power Limited

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

	2020 £	2019 £
Turnover	1,177,146	391,854
Cost of sales	(1,631,512)	(499,517)
Gross loss	(454,366)	(107,663)
Administrative expenses	(397,702)	(223,367)
Operating loss	(852,068)	(331,030)
Impairment charges	-	(235,335)
Interest payable and similar charges	(1,369,744)	(1,267,728)
Loss on ordinary activities before taxation	(2,221,812)	(1,834,093)
Tax on loss on ordinary activities	-	-
Loss for the financial year	(2,221,812)	(1,834,093)
Accumulated losses at the beginning of the year	(3,165,088)	(1,330,995)
Loss for the financial year	(2,221,812)	(1,834,093)
Accumulated losses at the end of the year	(5,386,900)	(3,165,088)

All amounts above relate to continuing operations.

The company has no items of other comprehensive income for the current or preceding financial year. Therefore no separate statement of other comprehensive income has been presented.

The notes on pages 6 to 14 form part of these financial statements.

Balance sheet
as at 30 June 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	5		11,627,917		12,189,187
Current assets					
Debtors	6	567,910		389,790	
Cash at bank and in hand		<u>278,821</u>		<u>176,877</u>	
		846,731		566,667	
Creditors: amounts falling due within one year	7	<u>(401,121)</u>		<u>(9,954,609)</u>	
Net current assets/(liabilities)			<u>445,610</u>		<u>(9,387,942)</u>
Total assets less current liabilities			12,073,527		2,801,245
Creditors: amounts due after more than one year	8		(17,460,426)		(5,966,332)
Net liabilities			<u>(5,386,899)</u>		<u>(3,165,087)</u>
Capital and Reserves					
Called up share capital	9		1		1
Accumulated losses			(5,386,900)		(3,165,088)
Total shareholders' deficit			<u>(5,386,899)</u>		<u>(3,165,087)</u>

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of Section 477 of the Companies Act 2006 and members have not required the company to obtain an audit for the year in question in accordance with Section 476 of the Companies Act 2006.

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

These financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the provisions of Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' as amended by Section 1A 'Small entities'.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 June 2021.

Mr. Bullard

Dr M J Bullard
Director

The notes on pages 6 to 14 form part of these financial statements.

Northwich Power Limited

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

1. General information

Northwich Power Limited is a private company, limited by shares, incorporated in and domiciled in England, the United Kingdom, registered number 09966649. The registered office is 6th Floor, 33 Holborn, London, EC1N 2HT.

The company's principal activities are that of construction and operation of Reserve Power plants.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared on the going concern basis, under the historical cost convention 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 areas involving a higher degree of judgement complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following principal accounting policies have been applied:

2.2 Exemptions for qualifying entities under FRS 102

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

The company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, required under Section 7 of FRS 102 and para 3.17(d), on the basis that it is a small company;
- from disclosing the company's key management personnel compensation as required by FRS 102 para 33.7; and
- from disclosing related party transactions that are wholly owned within the same group.

2.3 Going concern

The financial statements have been prepared on a going concern basis. The directors have assessed the effects of COVID-19 on the company's ability to meet its liabilities as they fall due and determined that based on the most recent trading of the company, the pandemic is not expected to have a significant impact on the company's business. The directors will continue to monitor the situation and take any necessary actions to minimise the possible impacts of COVID-19.

Northwich Power Limited

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

2. Accounting policies (continued)

2.4 Turnover

Turnover from electricity generated by reserve power plants is recognised on an accruals basis in the period in which it is generated. Turnover 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 turnover is recognised:

Turnover from the sale of energy is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the energy sold;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Finance costs

Finance costs are charged to the statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Tangible assets

Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of income and retained earnings. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Long-term leasehold property	- over the period of the lease
Plant and machinery	- 4% and 10% straight-line

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

2. Accounting policies (continued)

2.7 Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of income and retained earnings, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of income and retained earnings.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of income and retained earnings.

2.8 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.

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

2. Accounting policies (continued)

2.9 Operating leases

Rentals under operating leases are charged to the statement of income and retained earnings on a straight-line basis over the lease term.

2.10 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of income and retained earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

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

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

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

2. Accounting policies (continued)

2.11 Financial assets

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

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

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of income and retained earnings.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of income and retained earnings.

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

2.12 Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such on the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the statement of income and retained earnings.

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

2.13 Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

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

3. Critical accounting judgements and estimation uncertainty

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

(a) Critical judgements in applying the entity's accounting policies

The company has not made any critical judgements in applying the entity's accounting policies.

(b) Critical accounting estimates and assumptions

(i) Impairment of tangible assets

The company makes an estimate of the recoverable value of tangible assets.

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of income and retained earnings.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of income and retained earnings.

See note 5 for the net carrying amount of tangible assets and associated impairment provision.

4. Employees and directors' remuneration

The company had no employees during the year (2019: none). The directors did not receive or waive any remuneration (2019: £nil).

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

5. Tangible assets

	Long-term leasehold property £	Plant and machinery £	Total £
Cost			
At 1 July 2019	249,892	12,097,877	12,347,769
Additions	3,000	47,492	50,492
At 30 June 2020	<u>252,892</u>	<u>12,145,369</u>	<u>12,398,261</u>
Accumulated depreciation			
At 1 July 2019	-	158,582	158,582
Charge for the year	-	611,762	611,762
At 30 June 2020	<u>-</u>	<u>770,344</u>	<u>770,344</u>
Net book value			
At 30 June 2020	<u>252,892</u>	<u>11,375,025</u>	<u>11,627,917</u>
At 30 June 2019	<u>249,892</u>	<u>11,939,295</u>	<u>12,189,187</u>

6. Debtors

	2020 £	2019 £
Trade debtors	67,801	108,046
Amounts owed by group undertakings	20,674	18,839
Other debtors	10,001	23,508
Prepayments and accrued income	469,434	239,397
	<u>567,910</u>	<u>389,790</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Northwich Power Limited

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

7. Creditors: amounts falling due within one year

	2020 £	2019 £
Bank loans and overdrafts	57	120
Debenture loans	-	8,435,000
Trade creditors	43,978	112,402
Other creditors	50,229	-
Accruals and deferred income	306,857	1,407,087
	401,121	9,954,609

Included within bank loans and overdrafts is an amount of £57 (2019: £120) which is secured by a fixed and floating charge over the assets of the company.

Included within debenture loans is an amount of £nil (2019: £8,435,000) which is secured by a fixed and floating charge over the assets of the company. The loan bears interest at 0% (2019: 10% + 3M Libor).

Included within accruals and deferred income are amounts of £nil (2019: £1,290,443) relating to interest payable on the debenture loan.

8. Creditors: amounts due after more than one year

	2020 £	2019 £
Debenture loans	10,690,562	-
Amounts owed to group undertakings	4,746,452	4,746,452
Accruals	2,023,412	1,219,880
	17,460,426	5,966,332

Included within debenture loans is an amount of £10,690,562 (2019: £nil) which is secured by a fixed and floating charge over the assets of the company. The loan bears interest at 10% + 3M Libor (2019: 0%) and is repayable after more than five years.

Included within amounts owed to group undertakings are unsecured loans with year end balances totalling £4,746,452 (2019: £4,746,452). The loans bear interest at 8.5% (2019: 8.5%) and are repayable after more than five years.

Included within accruals and deferred income are amounts of £331,261 (2019: £nil) relating to interest payable on the debenture loan and £1,230,241 (2019: £825,687) relating to interest payable on the amounts owed to group undertakings.

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

9. Called up share capital

	2020 £	2019 £
Allotted, called up and fully paid		
90 (2019: 90) Ordinary shares of £0.01	1	1
10 (2019: 10) Deferred shares of £0.01	-	-
	<u>1</u>	<u>1</u>

10. Operating lease commitments

At 30 June 2020 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Payment due:		
Not later than one year	50,000	50,000
Later than one year and not later than five years	200,000	200,000
Later than five years	1,042,877	1,092,877
	<u>1,292,877</u>	<u>1,342,877</u>

11. Related party transactions

The company has identified the following transactions which are to be disclosed under the terms of FRS 102 "Related party transactions".

Octopus Investments Limited

During the year, the company was charged expenses of £74,990 (2019: £75,000) by Octopus Investments Limited, a related party due to its significant influence over the company. At the year end, an amount of £3,689 (2019: £3,699), was outstanding and included within creditors.

Agrona Power Limited

The company has received a shareholder loan from Agrona Power Limited, the company's immediate parent company. During the year the company was charged interest of £404,554 (2019: £403,448). At the year end, a balance of £5,976,693 (2019: £5,572,139), was outstanding and included within creditors.

Fern Trading Limited

The company has received a loan and debenture facility from Fern Trading Limited, a related party due to its significant influence over the company. During the year, the company was charged interest and non-utilisation fees of £964,059 (2019: £863,191). At the year end, a balance of £11,040,183 (2019: £9,742,394), was outstanding and included within creditors.

12. Ultimate parent undertaking and controlling party

At the year end the company's immediate parent undertaking was Agrona Power Limited. The directors do not consider the company to have an ultimate controlling party or ultimate parent company, by virtue of a split holding in its shares. The results of the company are not consolidated within any other company.