

Sutton Grange AD Limited

Report and Financial Statements

31 March 2015

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COMPANIES HOUSE

Registered No. 07948621

Directors

C R Cooper
D E Hislop
M I Paulson
C F Walter

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office

Two London Bridge
London SE1 9RA

Registered No. 07948621

Directors' report

The directors present their report and financial statements for the year ended 31 March 2015.

Principal activity

The company's principal activity is the acquisition, development, construction and operation of anaerobic digestion plants and their related activities.

Financial Reporting

During the year the company transitioned from EU-adopted IFRS to FRS 101 – *Reduced Disclosure Framework* and has taken advantage of the disclosure exemptions allowed under this standard. The company's ultimate parent undertaking, Tamar Energy Limited, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. There were no material recognition or measurement differences arising on the adoption of FRS101.

Directors

The directors who served the company during the year were those listed below:

C R Cooper	(appointed 9 November 2015)
S C Hilton Knox	(resigned 12 May 2014)
D E Hislop	(appointed 12 May 2014)
M I Paulson	
M A Stewart	(appointed 12 May 2014, resigned 9 November 2015)
C F Walter	
A J Wilson	(resigned 12 May 2014)

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 auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, 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 auditor is aware of that information.

Going concern

The Board recognises the company's exposure to liquidity risk and that the company's ability to continue operating is dependent on there being sufficient cash to sustain day-to-day operations whilst seeking a route to developing the existing operations and new investment opportunities. The Board continually monitors this situation and is satisfied that the financial statements are prepared on a going concern basis.

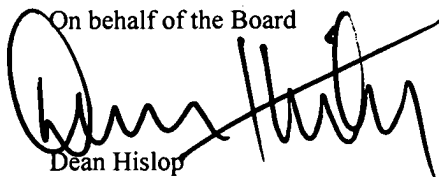
Auditors

In accordance with section 485 of the Companies Act 2006, a written resolution is to be proposed for reappointment of Ernst & Young LLP as auditors.

Small company exemptions

The directors have taken advantage of the small companies' exemption provided by Section 414B of the Companies Act 2006 not to provide a Strategic Report.

On behalf of the Board



Dean Hislop
Director

Date: 16 December 2015

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable UK 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Financial Statements on a 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.

Independent auditors' report

to the members of Sutton Grange AD Limited

We have audited the financial statements of Sutton Grange AD Limited for the year ended 31 March 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report (continued)

to the members of Sutton Grange AD Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Paul Wallek (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

16/12/15

Income statement

for the year ended 31 March 2015

		2015	2014
	Notes	£	£
Revenue		—	—
Cost of sales		—	—
Gross profit		—	—
Administrative expenses		(486,000)	(44,462)
Operating loss from continuing operations	3	(486,000)	(44,462)
Finance income	5	1,904	1,366
Loss on ordinary activities before taxation		(484,095)	(43,096)
Income tax	6	1,396	(137,751)
Loss for the year		(482,699)	(180,847)

Statement of comprehensive income

for the year ended 31 March 2015

	2015	2014
	£	£
Loss for the year	(482,699)	(180,847)
Other comprehensive income	—	—
Total comprehensive loss for the period	(482,699)	(180,847)

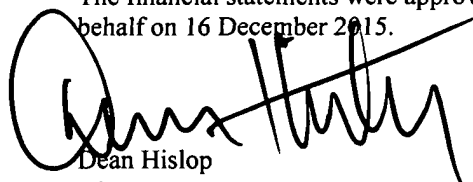
Statement of financial position

at 31 March 2015

	Notes	2015 £	2014 £
Non-current assets			
Property, plant and equipment	7	18,872,388	14,795,813
Current assets			
Inventories	8	255,176	494,259
Trade and other receivables	9	1,017,200	655,625
Cash and cash equivalents	10	2,123,560	999,917
		<u>3,395,936</u>	<u>2,149,801</u>
Total assets		<u>22,268,324</u>	<u>16,945,614</u>
Equity and liabilities			
Equity			
Equity share capital	16	400	400
Share premium		1,199,710	1,199,710
Accumulated deficit		<u>(791,461)</u>	<u>(308,762)</u>
Total equity		<u>408,649</u>	<u>891,348</u>
Liabilities			
Non-current liabilities			
Financial liabilities	12	20,156,128	15,230,420
Provisions	14	373,118	217,698
Deferred tax liability	6	<u>98,147</u>	<u>99,543</u>
		<u>20,627,393</u>	<u>15,547,661</u>
Current liabilities			
Trade and other payables	11	<u>1,232,282</u>	<u>506,605</u>
Total liabilities		<u>21,859,675</u>	<u>16,054,266</u>
Total equity and liabilities		<u>22,268,324</u>	<u>16,945,614</u>

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 were approved and authorised for issue by the board and were signed on its behalf on 16 December 2015.


 Dean Hislop
 Director
 Registered no: 07948621

Statement of changes in equity

for the year ended 31 March 2015

	<i>Share capital £</i>	<i>Share premium £</i>	<i>Accumulated deficit £</i>	<i>Total equity £</i>
At 31 March 2013	400	1,199,710	(127,915)	1,072,195
Total comprehensive loss for the year	—	—	(180,847)	(180,847)
At 31 March 2014	400	1,199,710	(308,762)	891,348
Total comprehensive loss for the year	—	—	(482,699)	(482,699)
At 31 March 2015	400	1,199,710	(791,461)	408,649

Notes to the financial statements

at 31 March 2015

1. General information

Sutton Grange AD Limited is a private limited company incorporated and domiciled in England and Wales. The address of the company's registered office is Two London Bridge, London SE1 9RA.

The principal activity of the company is the development, construction and operation of anaerobic digestion plants. 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 Sutton Grange AD Limited are included in the consolidated financial statements of Tamar Energy Limited which are available from Two London bridge, London SE1 9RA. .

Basis of preparation

The Company transitioned from EU-adopted IFRS to FRS 101 for all periods presented. There were no material amendments on the adoption of FRS 101.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2015.

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), B66 and B67 of 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;
 - iv. paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - v. paragraph 50 of IAS 41 Agriculture.
- g) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- h) the requirements of IAS 7 Statement of Cash Flows;
- i) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- j) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- k) 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
- l) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The financial statements have been prepared on a going concern basis. See page 2, the Directors' Report for further details.

Notes to the financial statements

at 31 March 2015

2. Accounting policies (continued)

New and amended standards and interpretations

During the year, the company adopted the following new and amended IFRSs which were applicable to the company's activities as of 1 April 2014.

		<i>Effective for periods commencing</i>
IAS 32	Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32	1 January 2014

These amendments clarify the meaning of “currently has a legally enforceable right to set-off” and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. The company has concluded that these amendments have no impact on the financial statements.

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 2015 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
IAS 16 and	Amendments – Clarification of Acceptable	1 January 2016
IAS 38	Methods of Depreciation and Amortisation	

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. The cost of property, plant and equipment includes the estimated close down and restoration costs associated with the asset.

Once an undeveloped anaerobic digestion project is considered to be commercially viable, expenditure is capitalised under “Plants under construction”. Commercially viable is deemed to be achieved when the company is confident that the project will provide a satisfactory return relative to its perceived risks and is likely to go ahead.

Costs which are necessarily incurred whilst commissioning anaerobic digestion plants, in the period before they are capable of operating in the manner intended by management, are capitalised. Any revenue generated during commissioning is credited against the capitalised cost of commissioning.

Depreciation commences when an asset is available for use. Anaerobic digestion plants are depreciated from the point they move into operation which is regarded as being where the plant is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to the financial statements

at 31 March 2015

2. Accounting policies (continued)

Property, plant and equipment (continued)

Items of property, plant and equipment are depreciated to their estimated residual values on a straight line basis over their expected useful lives. The depreciation methods, estimated remaining useful lives and residual values are reviewed at each reporting date, taking account technological innovations and asset maintenance programmes. A change resulting from the review is treated as a change in accounting estimate. The depreciation expense is recognised in the income statement. The following depreciation rates apply:

Computer equipment	–	50% per annum
Fixtures and fittings	–	33% per annum
Plant and equipment	–	33 to 50% per annum

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected through its continued use or disposal. Gains or losses which arise on de-recognition are included in the income statement in the period of de-recognition. The gain or loss is calculated as the difference between the net disposal proceeds and the carrying amount of the item as at the date of sale.

Restoration

Decommissioning costs may be incurred by the company at the end of the operating life of some of the plants. These are determined under the terms of leases entered for each site and the company assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs can be uncertain and cost estimates vary in response to a number of factors, including resale value of equipment being decommissioned, changes to relevant legal requirements, the emergence of new restoration techniques and experience at other sites.

The expected timing, extent and amount of expenditure can also change, for example in response to changes in laws and regulations or their interpretation. As a result there could be significant adjustments to the provisions established which would affect future financial results.

The provision at reporting date represents managements best estimate of the present value of the future decommissioning costs required.

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

at 31 March 2015

2. Accounting policies (continued)

Leasing commitments

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Financial instruments

Financial instruments recognised on the balance sheet include trade and other receivables, cash and cash equivalents, accounts payable and other financial liabilities.

Initial recognition and measurement

Financial assets and financial liabilities are recognised on the balance sheet 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 way 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.

Financial assets

Subsequent to initial measurement, trade and other receivables 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.

Trade and other receivables reflected on the balance sheet are net of an allowance for uncollectible amounts.

Financial liabilities

Loans and accounts 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 liabilities of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities, and are presented as such in the statement of financial position. Finance costs and gains or losses relating to financial liabilities are included in the income statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Notes to the financial statements

at 31 March 2015

2. Accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

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.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument held at cost, then the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. The loss is recognised in profit or loss. Such impairment losses are not reversed.

Inventory

Inventory consists of raw materials in the form of feedstock. Inventory is valued at the lower of cost and net realisable value. Write-downs to net realisable value and inventory losses are expenses in the period in which the write-downs or losses occur. Net realisable value is the estimated selling price in the ordinary course of business, less necessary costs to make the sale.

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.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares consisting of investor ordinary shares, net of expenses of the share issues.
- "Accumulated deficit" includes all current results as disclosed in the income statement.

Notes to the financial statements

at 31 March 2015

2. Accounting policies (continued)

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.

Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and value added tax.

Services rendered

Revenue earned from gate fees is recognised when waste is received over the gate.

Electricity

Revenue from the sale of electricity, and associated renewable certificates and embedded benefits is recognised where there is a signed unconditional contract of sale, based on the quantity of electricity exported and price based on the contracted rate on the date of generation.

Interest

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

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates prevailing at the date of the transaction. Monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction, whilst assets carried at fair value are translated at the exchange rates when the fair value was determined.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective assets. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalised and deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the company during the period. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the financial statements

at 31 March 2015

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

- Capitalisation and depreciation of plant and machinery
- Calculation of decommissioning provision

3. Operating loss

This is stated after charging:

	2015 £	2014 £
Depreciation – owned assets	16,869	2,860
Auditors' remuneration – audit services	10,000	8,967
Auditors' remuneration – non-audit services	<u>1,937</u>	<u>644</u>

4. Staff costs

	2015 £	2014 £
Wages and salaries	174,410	47,608
Social security costs	<u>14,858</u>	<u>5,243</u>
	<u>189,268</u>	<u>52,851</u>

Staff costs capitalised as part of plants under construction was £189,268 (2014: £52,851).

The average monthly number of employees during the year was made up as follows:

	2015 No.	2014 No.
Operating staff	<u>4</u>	<u>3</u>

None of the directors received any emoluments in respect of their services to the company during the year (2014: £nil).

Notes to the financial statements

at 31 March 2015

5. Finance income

	2015	2014
	£	£
Interest on bank account	1,904	–
Interest on loans from group undertakings	–	1,366
	<u>1,904</u>	<u>1,366</u>

6. Income tax

(a) Income tax on loss on ordinary activities

Income tax charged in the income statement

	2015	2014
	£	£
Current tax:		
UK corporation tax on the profit for the year	–	–
Deferred tax:		
Origination and reversal of temporary differences	(47,212)	147,574
Adjustment in respect of prior periods	43,568	5,107
Impact of change in tax rates	2,248	(14,930)
Total deferred tax	<u>(1,396)</u>	<u>137,751</u>
Total tax charge in the income statement	<u>(1,396)</u>	<u>137,751</u>

(b) Reconciliation of the total income tax charge

The income tax expense in the income statement for the year differs from the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are reconciled below:

	2015	2014
	£	£
Accounting loss before taxation	<u>(484,095)</u>	<u>(43,096)</u>
Accounting loss before taxation multiplied by standard rate of corporation tax in the UK of 21% (2014: 23%)	(101,660)	(9,912)
Adjustments in respect of prior periods	43,568	5,107
Permanent differences	54,448	–
Group relief surrendered for nil payment	–	157,486
Impact of change in tax rate	2,248	(14,930)
Total tax charge in the income statement	<u>(1,396)</u>	<u>137,751</u>

Notes to the financial statements

at 31 March 2015

6. Income tax (continued)

(c) Deferred income tax

The deferred income tax included in the Statement of Financial Position is as follows:

	2015	2014
	£	£
Deferred tax liability		
Accelerated capital allowances	2,536	(15,593)
Tax losses	(521,585)	(74,027)
Capitalised interest	617,194	189,163
	<u>98,145</u>	<u>99,543</u>

The deferred income tax included in the Income Statement relates to the following:

	2015	2014
	£	£
Tax losses	469,349	35,819
Accelerated capital allowances	3,373	15,593
Adjustments in respect of prior periods	(43,567)	–
Capitalised interest	<u>(427,759)</u>	<u>(189,163)</u>
	<u>1,396</u>	<u>(137,751)</u>

(d) Factors that may affect future tax charges

At the year end there were tax losses of approximately £2,607,925 available for set off against future assessable profits. The related deferred tax asset of £521,585 has been recognised in respect of those losses as the directors considered the level and timing of future profit to be sufficiently certain.

From 1 April 2015, the main UK corporation tax rate will be 20%. The change in the main UK rate to 20% was substantively enacted as at the balance sheet date. This change will impact the reversal of the temporary differences from this date onwards, reducing the company's deferred tax assets and liabilities from the year ended 31 March 2015.

Notes to the financial statements

at 31 March 2015

7. Property, plant and equipment

	<i>Plant under construction</i>	<i>Computer equipment</i>	<i>Plant and equipment</i>	<i>Fixtures and fittings</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 April 2014	14,766,802	11,821	1,547	18,503	14,798,673
Additions	4,079,833	6,052	7,900	–	4,093,785
Transfers	–	(341)	–	–	(341)
At 31 March 2015	<u>18,846,635</u>	<u>17,532</u>	<u>9,447</u>	<u>18,503</u>	<u>18,892,117</u>
Depreciation:					
At 1 April 2014	–	1,582	258	1,020	2,860
Provided during the year	–	7,637	3,064	6,168	16,869
At 31 March 2015	<u>–</u>	<u>9,219</u>	<u>3,322</u>	<u>7,188</u>	<u>19,729</u>
Net book value:					
At 31 March 2015	<u>18,846,635</u>	<u>8,313</u>	<u>6,125</u>	<u>11,315</u>	<u>18,872,388</u>
At 31 March 2014	<u>14,766,802</u>	<u>10,239</u>	<u>1,289</u>	<u>17,483</u>	<u>14,795,813</u>

The amount of borrowing costs capitalised during the year ended 31 March 2015 was £2,138,797 (2014: £947,175) at a weighted average interest rate of 12%.

8. Inventories

	<i>2015</i>	<i>2014</i>
	£	£
Feedstock	<u>255,176</u>	<u>494,259</u>

9. Trade and other receivables

	<i>2015</i>	<i>2014</i>
	£	£
Trade receivables	131,862	–
Amount owed by group undertaking (note 17)	203,074	–
Other debtors	12,088	12,090
Prepayments and accrued income	481,209	65,570
Other taxes	188,967	577,965
	<u>1,017,200</u>	<u>655,625</u>

10. Cash and cash equivalents

	<i>2015</i>	<i>2014</i>
	£	£
Cash at bank	<u>2,123,560</u>	<u>999,917</u>

Notes to the financial statements

at 31 March 2015

11. Trade and other payables

	2015	2014
	£	£
Trade payables	253,929	182,815
Accruals	257,759	323,640
Amounts owed to group undertakings (note 17)	720,594	150
	<u>1,232,282</u>	<u>506,605</u>

The above payables were all unsecured.

12. Financial liabilities

	2015	2014
	£	£
Non-current:		
Amount due to group undertaking	<u>20,156,128</u>	<u>15,230,420</u>

Details of the terms of this loan are given in note 17.

13. Lease obligations

Obligations under operating leases

The future minimum rentals payable under non-cancellable operating leases are as follows:

	2015	2014
	£	£
<i>Land and buildings</i>		
Not later than one year	75,000	75,000
After one year but not more than five years	300,000	300,000
After five years	<u>1,650,000</u>	<u>1,725,000</u>
	<u>2,025,000</u>	<u>2,100,000</u>

Notes to the financial statements

at 31 March 2015

14. Provisions

A provision has been recognised for decommissioning costs as follows:

	2015 £	2014 £
At 1 April	217,698	–
Arising during the year	155,420	217,698
At 31 March	<u>373,118</u>	<u>217,698</u>

The company makes full provision for the future cost of decommissioning the anaerobic digestion plant on a discounted basis on construction commencement. The decommissioning provision represents the present value of decommissioning costs relating to the anaerobic digestion plant property, which is expected to be incurred in 2043 which is when the producing anaerobic digestion plant is expected to cease operation. This provision has been created based on the company's internal estimates. Assumptions based on the current economic environment have been made, which management believes is a reasonable basis upon which to estimate the future liability. This estimate is reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. The discount rate used in the calculation of the provision as at 31 March 2015 equalled 3.01% (2014: 4.75%).

15. Capital commitments

At 31 March 2015, amounts contracted for but not provided in the financial statements for the acquisition of property, plant and equipment amounted to £456,264 (2014: £1,297,788) for the company.

16. Share capital

	2015		2014	
<i>Allocated, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary A shares of £1.00 each	290	290	290	290
Ordinary B shares of £1.00 each	110	<u>110</u>	110	<u>110</u>
Ordinary shares of £1.00 each		<u>400</u>		<u>400</u>

Rights, preferences and conditions

Ordinary A and Ordinary B 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

at 31 March 2015

17. Related party transactions

Included in note 9 is £203,074 (2014: £nil) owed by the immediate parent undertaking, Tamar Energy Operating Company (one) Limited. The amount is unsecured, interest free and repayable on demand.

Included in note 11 is £611 (2014: £150) owed to Tamar Organics Limited and £719,983 (2014: £nil) owed to Tamar Energy (Holdings) Limited, fellow subsidiary undertakings. The amounts are unsecured, interest free and repayable on demand. During the year the company purchased overhead management services amounting to £474,040 (2014: £nil) from Tamar Energy (Holdings) Limited.

Included in note 12 is £20,156,128 (2014: £15,230,420) owed to the ultimate parent undertaking, Tamar Energy Limited. This amount includes accrued interest of £2,138,797 (2014: £945,808) charged at the rate of 12% per annum during the year. This loan is payable in quarterly instalments once certain conditions are met, and has a final repayment date of 19 March 2023. Tamar Energy Limited holds a debenture charge over this loan, dated 19 March 2013.

During the year the company purchased goods amounting to £766,969 (2014: £281,931) from Sutton Grange Services Limited, a company in which both M I Paulson and C F Walter are also directors. At 31 March 2015 the amount due to Sutton Grange Services Limited was £39,374 (2014: £4,228).

During the year the company was charged rent of £75,000 (2014: £75,000) by Fred Walters and Sons Limited, a company in which C F Walter is also a director. At 31 March 2015 the amount due to Fred Walters and Sons Limited was £nil (2014: £nil).

18. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Tamar Energy Operating Company (one) 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 member is Tamar Energy limited. Its registered office and the address from which group financial statements can be obtained is Two London Bridge, London, SE1 9RA.