

GEMINI ENERGY LIMITED
ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

Registered Number 08384635

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GEMINI ENERGY LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

The Directors present their Strategic Report of the Group and Gemini Energy Limited ("the Company") for the period from 1 July 2017 to 31 December 2018.

BUSINESS REVIEW

The Company is focused on high levels of availability of the Beckton CHP facility and on going optimisation of the generating equipment to ensure maximum gross margin is achieved. During the financial period the Company progressed several projects to increase plant output and performance.

RESULTS AND DIVIDENDS

The loss for the Group for the period was £21,669,000 (2017: loss for the year of £9,160,000) after an exceptional fixed asset impairment of £nil (2017: £5,621,000), other operating income of £4,723,000 (2017: £2,326,000) which largely represents insurance and liquidated damages proceeds and exceptional bank charges of £11,814,000 (2017: £nil). EBITDA before exceptional items was £5,073,000 (2017: £1,509,000).

The Directors do not recommend the payment of a dividend.

FINANCIAL POSITION

The financial position of the Group is presented in the consolidated balance sheet on page 11 of the Annual Report and Financial Statements. Total shareholders' deficit at 31 December 2018 was £11,383,000 (2017: equity £9,138,000), comprising fixed assets of £73,644,000 (2017: £81,265,000), net current liabilities of £16,636,000 (2017: £2,358,000) and long term liabilities of £68,391,000 (2017: £69,769,000).

The financial position of the Company is presented in the balance sheet on page 12 of the Annual Report and Financial Statements. Total shareholders' equity at 31 December 2018 was £7,030,000 (2017: £7,022,000), comprising fixed assets of £7,040,000 (2017: £7,040,000), net current assets of £20,101,000 (2017: £17,486,000) and long term liabilities of £20,111,000 (2017: £17,504,000).

KEY PERFORMANCE INDICATORS

Key financial measures of turnover, gross profit and loss on ordinary activities before taxation are shown in the profit and loss account on page 11, the Group also considers KPIs relating to Health and Safety, Plant output and plant efficiency.

GEMINI ENERGY LIMITED

STRATEGIC REPORT (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2018

KEY PERFORMANCE INDICATORS (CONTINUED)

Key financial measures of turnover, gross profit on ordinary activities before taxation are shown in the profit and loss account on page 9, the Company also considers KPIs relating to Health and Safety, Plant output and plant efficiency.

IMPACT OF THE EUROPEAN UNION ("EU") REFERENDUM

The impact of the EU referendum result, whereby the UK voted to leave the EU, is likely to lead to many months of uncertainty as the political and legal issues are worked out. The directors do not believe that it will have a material impact on the business but will monitor events closely.

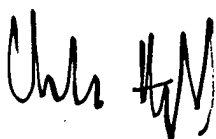
PRINCIPAL RISKS AND UNCERTAINTIES

The key business risks and uncertainties affecting the Group are considered to be related to operational performance which could impact operating profit, including:

- Unplanned outages due to equipment breakdowns;
- Underperforming plant performance leading to higher usage of consumables and lower output.

The Company is aware of these risks and the impact they could have from a financial perspective and has systems, procedures and contingency plans in place to help identify, monitor and mitigate these risks on a frequent basis.

ON BEHALF OF THE BOARD



C Hazelwood
Director
20 September 2019

REGISTERED OFFICE

One Glass Wharf
Bristol
BS2 0ZX

Registered in England and Wales
Number 08384635

GEMINI ENERGY LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

The Directors present their report and the audited financial statements of the Group and Gemini Energy Limited ("the Company") for the period from 1 July 2017 to 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activity of its wholly owned subsidiary, Beckton Energy Limited, is the operation of assets to generate renewable electricity and heat near the Beckton gas pressure reduction station in East London (known as "the Beckton CHP facility").

RESULTS AND DIVIDENDS

See disclosure within the Strategic Report on page 1.

DIRECTORS

The Directors of the Company during the period and up to the date of signing the financial statements, unless otherwise stated, were:

C Hazelwood (appointed on 21 February 2019)
N Hildyard (appointed on 27 June 2019)
S Bahceci (appointed on 21 February 2019, resigned on 27 June 2019)
E Moran (resigned on 21 February 2019)
G J Eade (resigned on 21 February 2019)
P Reinheimer-Jones (resigned on 21 February 2019)
V Piscaer (resigned on 21 February 2019)
D Logan (appointed on 8 August 2017, resigned on 21 February 2019)

FUTURE DEVELOPMENTS

The company will remain a holding company for the investment in Beckton Energy Limited. This subsidiary remains committed to the operation, maintenance and contract management associated with the operational plant.

LIQUIDITY RISK

The Group seeks to maintain cash balances to ensure the Company has sufficient available funds for operations.

FINANCIAL RISK MANAGEMENT

The Group's contracting structure exposes it to limited financial risks that include liquidity risk. The Directors of the Group review these risks and set appropriate policies to help mitigate them.

DIRECTORS' INDEMNITIES AND INSURANCE

The Company maintained throughout the period, and at the date of approval of the financial statements, liability insurance for its directors and officers. This is a qualifying provision for the purposes of the Companies Act 2006.

GEMINI ENERGY LIMITED

DIRECTORS' REPORT (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2018

GOING CONCERN

The directors have prepared financial forecasts that indicates the Group should have adequate resources to remain in operation for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements. In addition, the directors have received written assurances from a fellow group company that no transactions will be performed in the period of at least 12 months from the date of approval of these financial statements that could impair the Group's ability to continue as a going concern.

After making enquiries, the directors expectation is that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

POST BALANCE SHEET EVENTS

Following the year-end the company was acquired by Water Twins Limited. As part of the acquisition the term loan, VAT facility, interest rate swap and associated early repayment charges have been paid in full. These have been replaced by a loan from Water Twins Limited. In addition, Water Twins Limited have purchased all of the loan notes (principal and accrued interest) from the previous loan note holders and these remain outstanding at the date of approval of these financial statements. See note 25 for details of the ultimate controlling party following the acquisition.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company 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", 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 group and company and of the profit or loss of the group and 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, 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 group and company will continue in business.

GEMINI ENERGY LIMITED

DIRECTORS' REPORT (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2018

DIRECTORS' RESPONSIBILITIES STATEMENT (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD

REGISTERED OFFICE

One Glass Wharf
Bristol
BS2 0ZX

Registered in England and Wales
Number 08384635



C Hazelwood
Director
20 September 2019

GEMINI ENERGY LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GEMINI ENERGY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion:

- Gemini Energy Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's loss and cash flows for the 18 month period (the "period") then ended;
- the group financial statements have been properly prepared 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", and applicable law);
- the company financial statements have been properly prepared 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); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2018; the consolidated profit and loss account and consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated and company statements of changes in equity for the 18 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

GEMINI ENERGY LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GEMINI ENERGY LIMITED (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

GEMINI ENERGY LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GEMINI ENERGY LIMITED (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Alan Walsh (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

20 September 2019

GEMINI ENERGY LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 DECEMBER 2018

		For the period from 1 July 2017 to 31 December 2018 £'000	For the year to 30 June 2017 £'000
	Note		
Turnover		25,930	7,728
Cost of sales		(23,082)	(8,921)
Gross profit/(loss)		<u>2,848</u>	<u>(1,193)</u>
Administrative expenses including exceptional fixed asset impairment of £nil (2017: £5,621,000)		(9,860)	(8,596)
Other operating income including insurance and liquidated damages proceeds of £3,789,000 (2017: £2,082,000)	6	4,723	2,326
EBITDA before exceptional items		5,073	1,509
Exceptional fixed asset impairment	7	-	(5,621)
Depreciation and amortisation	7	(7,362)	(3,351)
Operating loss	7	<u>(2,289)</u>	<u>(7,463)</u>
Interest receivable and similar income	8	13	2
Interest payable and similar charges including exceptional bank charges of £11,814,000 (2017:nil)	9	(20,802)	(3,489)
Loss before taxation		<u>(23,078)</u>	<u>(10,950)</u>
Tax on loss	10	1,409	1,790
Loss for the financial period / year		<u><u>(21,669)</u></u>	<u><u>(9,160)</u></u>

GEMINI ENERGY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2018

		For the period from 1 July 2017 to 31 December 2018 £'000	For the year to 30 June 2017 £'000
	Note		
Loss for the financial period / year		(21,669)	(9,160)
Other comprehensive income			
Cash flow hedges			
- Change in value of hedging instrument	17	1,383	1,811
- Tax on components of other comprehensive income	16	(235)	(375)
Other comprehensive income net of tax		1,148	1,436
Total comprehensive expense for the period / year		(20,521)	(7,724)
Total comprehensive expense for the period / year attributable to owners of the parent		(20,521)	(7,724)

GEMINI ENERGY LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	As at 31 December 2018 £'000	As at 30 June 2017 £'000
Fixed assets			
Intangible assets	11	170	185
Tangible assets	12	73,474	81,080
		<u>73,644</u>	<u>81,265</u>
Current assets			
Stocks	14	288	309
Debtors: amounts falling due within one year	15	8,119	3,754
Debtors: amounts falling due after more than one year	16	4,859	3,678
Cash at bank and in hand		1,568	2,128
		<u>14,834</u>	<u>9,869</u>
Creditors: amounts falling due within one year	18	(31,470)	(12,227)
Net current (liabilities) / assets		(16,636)	(2,358)
Total assets less current liabilities		57,008	78,907
Creditors: amounts falling due after more than one year	19	(68,391)	(69,769)
Net (liabilities) /assets		(11,383)	9,138
Capital and reserves			
Called up share capital	20	7,040	7,040
Hedging reserve		(2,946)	(4,094)
Retained earnings		(15,477)	6,192
Total equity		(11,383)	9,138

The financial statements on pages 9 to 38 were approved by the Board of Directors on 20 September 2019 and signed on its behalf by:

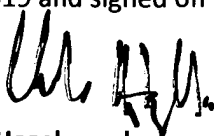


C Hazelwood
Director

GEMINI ENERGY LIMITED
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

		As at 31 December 2018	As at 30 June 2017
	Note	£'000	£'000
Fixed assets			
Investments	13	7,040	7,040
		<u>7,040</u>	<u>7,040</u>
Current assets			
Debtors: amounts falling due within one year	15	9,662	5,266
Debtors: amounts falling due after more than one year	16	20,111	17,504
Cash at bank and in hand		14	1
		<u>29,787</u>	<u>22,771</u>
Creditors: amounts falling due within one year	18	(9,686)	(5,285)
Net current assets		<u>20,101</u>	<u>17,486</u>
Total assets less current liabilities		27,141	24,526
Creditors: amounts falling due after more than one year	19	(20,111)	(17,504)
Net assets		<u><u>7,030</u></u>	<u><u>7,022</u></u>
Capital and reserves			
Called up share capital	20	7,040	7,040
Retained earnings – brought forward		(18)	(19)
Retained earnings – profit for the financial period / year		8	1
Retained earnings – carried forward		(10)	(18)
Total equity		<u><u>7,030</u></u>	<u><u>7,022</u></u>

The financial statements on pages 9 to 38 were approved by the Board of Directors on 20 September 2019 and signed on its behalf by:


C Hazelwood
Director

GEMINI ENERGY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2018

	Called up share capital £'000	Hedging reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2016	7,040	(5,530)	15,352	16,862
Loss for the financial year	-	-	(9,160)	(9,160)
Other comprehensive expense	-	1,436	-	1,436
Total comprehensive expense	-	1,436	(9,160)	(7,724)
Balance at 30 June 2017 and 1 July 2017	7,040	(4,094)	6,192	9,138
Loss for the financial period	-	-	(21,669)	(21,669)
Other comprehensive income	-	1,148	-	1,148
Total comprehensive income / (expense)	-	1,148	(21,669)	(20,521)
Balance at 31 December 2018	7,040	(2,946)	(15,477)	(11,383)

The accounting policies and the notes on pages 17 to 38 form part of these financial statements

GEMINI ENERGY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2018

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2016	7,040	(19)	7,021
Profit for the financial year	-	1	1
Other comprehensive income	-	-	-
Total comprehensive income	<u>-</u>	<u>1</u>	<u>1</u>
Balance at 30 June 2017 and 1 July 2017	<u>7,040</u>	<u>(18)</u>	<u>7,022</u>
Profit for the financial period	-	8	8
Other comprehensive income	-	-	-
Total comprehensive income	<u>-</u>	<u>8</u>	<u>8</u>
Balance at 31 December 2018	<u>7,040</u>	<u>(10)</u>	<u>7,030</u>

The accounting policies and the notes on pages 17 to 38 form part of these financial statements

GEMINI ENERGY LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2018

	Note	For the period from 1 July 2017 to 31 December 2018 £'000	For the year to 30 June 2017 £'000
Net cash from operating activities	a	3,955	1,423
Taxation paid		-	-
Net cash generated from operating activities		3,955	1,423
Cash flow from investing activities			
Purchase of tangible fixed assets		91	(3,263)
Purchase of Intangible fixed assets		-	(14)
Interest received		13	2
Net cash generated from / (used in) investing activities		104	(3,275)
Cash flow from financing activities			
Term loan draw-down		-	-
Term loan capital repayment	b	(2,738)	(1,884)
Gemini loan notes drawn-down	b	2,607	1,918
Loan interest paid		(4,488)	(3,163)
Net cash used in financing activities		(4,619)	(3,129)
Net (decrease) / increase in cash and cash equivalents	b	(560)	(4,981)
Cash and cash equivalents at the beginning of the year		2,128	7,109
Cash and cash equivalents at the end of the year		1,568	2,128
Cash and cash equivalents consists of:			
Cash at bank and in hand		1,568	2,128
Cash and cash equivalents		1,568	2,128

GEMINI ENERGY LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2018

a) Reconciliation of Loss for the financial period / year to net cash flow from operating activities

	For the period from 1 July 2017 to 31 December 2018 £'000	For the year to 30 June 2017 £'000
Loss for the financial period / year	(21,669)	(9,160)
Adjustments for:		
Interest payable and similar charges	8,988	3,489
Interest receivable and similar income	(13)	(2)
Tax on loss	(1,409)	(1,790)
Operating loss	(14,103)	(7,463)
Adjustments for:		
Depreciation of tangible fixed assets	6,889	3,149
Impairment of tangible fixed assets	-	5,621
Amortisation of intangible assets	15	7
Loss on disposal of intangible fixed assets	-	59
Amortisation of debt issue costs	459	196
Decrease / (Increase) in stocks	20	(111)
Increase in debtors	(4,365)	(423)
Increase in creditors	15,040	388
Net cash from operating activities	3,955	1,423

b) Analysis of changes in net debt

	At 1 July 2017 £'000	Cash flows £'000	Non cash movements £'000	At 31 December 2018 £'000
Cash at bank and in hand	<u>2,128</u>	<u>(560)</u>	<u>-</u>	<u>1,568</u>
Cash and cash equivalents	<u>2,128</u>	<u>(560)</u>	<u>-</u>	<u>1,568</u>
Loan and other borrowings due within one year	<u>(2,170)</u>	<u>2,170</u>	<u>(2,493)</u>	<u>(2,493)</u>
Loan and other borrowings due after more than one year	<u>(64,836)</u>	<u>(2,607)</u>	<u>2,034</u>	<u>(65,409)</u>
	<u><u>(64,878)</u></u>	<u><u>(997)</u></u>	<u><u>(459)</u></u>	<u><u>(66,334)</u></u>

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2018

1 General information

The Company is an investment holding company. The principal activity of its wholly owned subsidiary, Beckton Energy Limited, is the operation of assets to generate renewable electricity and heat near the Beckton gas pressure reduction station in East London (known as “the Beckton CHP facility”).

The Company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is One Glass Wharf, Bristol, England, BS2 0ZX.

2 Compliance statement

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”) and the Companies Act 2006. The company has elected to apply early the small entities regime set out in Section 1A of FRS 102.

3 Summary of Significant Accounting Policies

(a) Basis of preparation

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

The financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary Beckton Energy Limited. A subsidiary is defined as an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Company has not presented its own profit and loss account and financial statements as permitted by Section 408 of the Companies Act 2006. The company has made a profit during the period of £8,000 (2017: profit of £1,000).

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (continued)

(b) Going concern

The directors have prepared financial forecasts that indicates the Group should have adequate resources to remain in operation for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements. These financial forecasts include a base case and downside sensitivity scenario. In addition, the directors have received written assurances from a fellow group company that no transactions will be performed in the period of at least 12 months from the date of approval of these financial statements that could impair the Group's ability to continue as a going concern.

After making enquiries, the directors expectation is that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements. Further information on the Group's borrowings is given in note 18.

(c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. Exemptions under FRS 102 paragraph 1.12 have been applied by the Company in relation to presentation of a cash flow statement, related party transactions, certain financial instrument disclosures and the non-disclosure of key management personnel compensation.

(d) Turnover

Turnover represents the income receivable for services provided in the ordinary course of business, excluding VAT. Turnover represents the amounts derived from the production and sale of electricity which includes wholesale power and renewable obligation certificates. Turnover from the production and sale of electricity is recognised when the commodity is delivered on the basis of the agreed volumes and rates within the sales contracts. Pre-commissioning revenue (i.e. on plant take-over effective 10 November 2016) is presented within other operating income.

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (continued)

(e) Taxation

Current tax for the current and prior periods is provided at the amount expected to be recovered using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on all timing differences which result in an obligation at the balance sheet date to pay more tax, or the right to pay less tax, at a future date, at tax rates expected to apply when the timing differences reverse based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(f) Interest receivable / payable

Interest receivable is recognised in the profit and loss account in the period in which it is earned.

Interest payable is capitalised up to commissioning and, thereafter, recognised in the profit and loss account in the period in which it is incurred.

(g) Leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. During the construction period operating lease payments will be capitalised. Operating lease payments will be charged to the profit and loss account on a straight-line basis over the term of the lease.

(h) Foreign currencies

The Group's functional and presentational currency is the pound sterling.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (continued)

(i) Intangible assets

Intangible assets represent computer software and are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight line basis until 30 March 2035. The estimated useful economic life (i.e. the expected life of the plant being 18 years, 4.5 months).

(j) Tangible fixed assets and depreciation

Tangible fixed assets are included in the balance sheet at their purchase cost (together with any incidental costs of acquisition) less accumulated depreciation and impairment. Cost includes finance costs which are directly attributable to the construction of the tangible fixed assets.

Depreciation is provided on all tangible fixed assets when commissioned, excluding land and buildings and assets in the course of construction, at rates calculated to write off the cost, less estimated residual value, of each asset over its estimated useful economic life. Post commissioning (i.e. on plant take-over) depreciation is charged on a straight line basis until 30 March 2035. The estimated useful economic life (i.e. the expected life of the plant being 18 years, 4.5 months).

Impairment reviews are carried out if there is some indication that impairment may have occurred, or where otherwise required to ensure that fixed assets are not carried above their estimated recoverable amounts. Impairments are recognised in the profit and loss account, and, where material, are disclosed as exceptional. Impairment reversals are recognised when, in management's opinion, the reversal is permanent. Impairments of fixed assets are calculated as the difference between the carrying value of the net assets of income generating units including, where appropriate, investments, and their recoverable amounts. Recoverable amount is defined as the higher of net realisable value or estimated value in use at the date the impairment review is undertaken. Net realisable value represents the amount that can be generated through the sale of assets. Value in use represents the present value expected from future cash flows discounted on a pre-tax basis, using the estimated cost of capital of the income generating unit.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method.

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (continued)

(I) Financial instruments

The Group has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, 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 market rates 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 is recognised in the profit and loss account.

The total value of financial assets recognised at amortised cost is £7,558,000 (2017: £3,603,000).

Financial assets are derecognised when (a) the contractual rights to the cash flows from the assets expire or are settled, or (b) substantially all the risk 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.

Financial liabilities

Basic financial liabilities, including trade and other payables, interest bearing loans and amounts owed to group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest.

Borrowings, which include interest-bearing loans and overdrafts, are recorded at their initial fair value which normally reflects the proceeds received, net of direct issue costs less any repayments. Subsequently these are stated at amortised cost, using the effective interest rate method. Any difference between proceeds and the redemption value is recognised over the term of the borrowing in the profit and loss account using the effective interest method.

The total value of financial liabilities measured at amortised cost is £16,699,000 (2017: £11,017,000).

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (continued)

(l) Financial instruments

Hedging arrangements

The Group applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair value of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since the inception of the hedge) is recognised in the profit and loss account.

The gain or loss in other comprehensive income is reclassified to the profit and loss account when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is de-recognised or the hedging instrument is de-recognised.

(m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax from the proceeds.

(n) Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

(o) Distributions to equity holders

Dividends and other distributions to the Group's shareholders are recognised in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2018

4 Critical accounting judgements and estimation uncertainty

Group management and the board of directors make estimates and assumptions about the future. These estimates and assumptions impact recognised assets and liabilities, as well as revenue and expenses and other disclosures. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within financial period include:

Deferred tax assets

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Management have produced a forecast which suggests that the deferred tax asset is expected to be recovered and therefore has been recognised in the accounts.

ROC recycle valuation

ROC recycle income is accrued in the accounts at a rate of 10% of the total ROC's rewarded. The 10% is management's expectation of the level of ROC recycle income based on previous years actuals. Actual ROC recycle income related to the previous ROC period (April to March) is known towards the end of the calendar year at which point the 10% accrual is adjusted to reflect actual income received.

5 Directors' emoluments and employees

Directors' emoluments in respect of those paid for services wholly attributable to the Company were £nil (2017: £nil). There were no employees of the Company during the year (2017: nil).

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2018

6 Other operating income

	For the period from 1 July 2017 to 31 December 2018 £'000	For the year to 30 June 2017 £'000
Pre-completion revenue	-	1,042
Related cost of sales	-	(798)
Insurance and liquidated damages proceeds	3,789	2,082
Bond receipt	894	-
Other	40	-
	<u>4,723</u>	<u>2,326</u>

7 Operating loss

	For the period from 1 July 2017 to 31 December 2018 £'000	For the year to 30 June 2017 £'000
Operating loss is stated after charging:		
Amortisation of intangible assets (note 11)	15	7
Loss on disposal of intangible fixed assets (note 11)	-	59
Amortisation of debt issue costs	459	195
Depreciation of tangible fixed assets (note 12)	6,889	3,149
Impairment of tangible fixed assets (note 12)	-	5,621
Inventory recognised as cost of sales in the year	15,953	5,817
Services provided by the company's auditors:		
Fees payable for the audit	45	50
Fees payable for other services – taxation	26	17
Fees payable for other services – sustainability audit	14	14

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2018

8 Interest receivable and similar income

	For the period from 1 July 2017 to 31 December 2018 £'000	For the year to 30 June 2017 £'000
Bank interest	<u>13</u>	<u>2</u>
	<u>13</u>	<u>2</u>

9 Interest payable and similar charges

	For the period from 1 July 2017 to 31 December 2018 £'000	For the year to 30 June 2017 £'000
Bank interest	4,487	1,980
Shareholder loan note interest	4,393	1,509
Exceptional bank charges	11,814	-
Bank facility charges	<u>108</u>	<u>-</u>
	<u>20,802</u>	<u>3,489</u>

Exceptional bank charges of £11,814,000 (2017: nil) were accrued in the year in relation to the additional financing taken out in May 2018, as described in note 18.

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED DECEMBER 2018

10 Tax on loss

Analysis of credit in the period / year for the group

	For the period from 1 July 2017 to 31 December 2018 £'000	For the year to 30 June 2017 £'000
Current tax:		
UK corporation tax	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	(1,553)	(1,749)
Adjustment in respect of prior years	144	(41)
Total deferred tax	(1,409)	(1,790)
Total tax credit	(1,409)	(1,790)

Factors affecting the tax credit

The tax assessed on the loss before taxation for the period differs (2017: differs) from the standard rate of corporation tax in the UK. The differences are reconciled below:

	For the period from 1 July 2017 to 31 December 2018 £'000	For the year to 30 June 2017 £'000
Loss before taxation	(23,078)	(10,950)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.75%)	(4,385)	(2,163)
Effect of :		
Expenses not deductible for tax purposes	2,244	-
Adjustment in respect of prior years	144	(41)
Tax rate changes	120	107
Difference in current and deferred tax rate	468	302
Utilisation of deferred tax assets	-	5
Total tax	(1,409)	(1,790)

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED DECEMBER 2018

10 Tax on loss (continued)

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

11 Intangible assets

	Computer software
	£'000
Cost:	
At 1 July 2017	192
Additions	-
Disposals	-
At 31 December 2018	192
Accumulated amortisation and impairment:	
At 1 July 2017	7
Charge for the period	15
Disposals	-
At 31 December 2018	22
Net book value:	
At 31 December 2018	170
At 30 June 2017	185

The amortisation charge for the period covers the period from 1 July 2017 to 31 December 2018.

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED DECEMBER 2018

12 Tangible assets

	Land & buildings £'000	Plant & machinery £'000	Total £'000
Cost:			
At 1 July 2017	894	88,956	89,850
Additions	-	(717)	(717)
At 31 December 2018	894	88,239	89,133
Accumulated depreciation and impairment:			
At 1 July 2017	-	8,770	8,770
Charge for the period	-	6,889	6,889
At 31 December 2018	-	15,659	15,659
Net book value:			
At 31 December 2018	894	72,580	73,474
At 30 June 2017	894	80,186	81,080

Plant and machinery includes interest and commitment fees on the Term Loan Facility and VAT Facility of £8,736,000 (2017: £9,527,000), amortised debt issue costs of £975,000 (2017: £1,069,000) and interest on loans from group undertakings of £3,284,000 (2017: £3,604,000).

The depreciation charge for the period includes depreciation on debt issue costs of £90,000 (2017: £43,000).

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED DECEMBER 2018

13 Investments

**Shares in
Subsidiary**

£'000

At 1 July 2017 and 31 December 2018

7,040

The Company has a 100% interest in the ordinary share capital of Beckton Energy Limited, a company registered in England and Wales. The principal activity of Beckton Energy Limited is the development and operation of assets to generate renewable power at the Beckton gas pressure reduction station. The address of its registered office is One Glass Wharf, Bristol, BS2 OZX.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

14 Stocks

	At 31 December 2018 £'000	At 30 June 2017 £'000
Raw materials and consumables	185	309
Emissions consumables	103	-
	<u>288</u>	<u>309</u>

There is no material difference between the replacement cost of fuel stocks and their carrying amounts.

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Debtors: amounts falling due within one year

(a) For the consolidated group

	At 31 December 2018 £'000	At 30 June 2017 £'000
Trade debtors	1,777	123
Value added tax recoverable	-	46
Other debtors	1,203	1,200
Accrued income	4,578	2,280
Prepayments	561	105
	<u>8,119</u>	<u>3,754</u>

Other debtors include a deposit with Deutsche Bank AG, the issuing bank of a £1,000,000 (2016: £3,000,000) letter of credit to National Grid Gas PLC under the terms of the Asset Use Agreement and a £200,000 (2016: £200,000) letter of credit to British Gas Trading Limited under the terms of the Power Purchase Agreement.

(b) For the parent company

	At 31 December 2018 £'000	At 30 June 2017 £'000
Amounts owed by group undertakings	9,659	5,266
Other debtors	3	-
	<u>9,662</u>	<u>5,266</u>

Amounts owed from group undertaking relates to loan note interest receivable due from subsidiary company, Beckton Energy Limited.

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2018

16 Debtors: amounts falling due after more than one year

(a) For the consolidated group

The group has a net deferred tax asset totalling £4,859,000 (2017: £3,678,000), calculated at 17% (2017: 17%), made up as follows:

	At 31 December 2018 £'000	At 30 June 2017 £'000
Accelerated capital allowances	(6,709)	(8,008)
Tax losses carried forward	10,964	10,848
Derivative financial instruments	604	838
Total deferred tax asset	<u>4,859</u>	<u>3,678</u>
Deferred tax asset at start of year	3,678	2,265
Origination and reversal of timing differences	-	(2)
Adjustment in respect of prior years	(144)	41
Movement in deferred tax on derivative financial instruments	(235)	(375)
Deferred tax charge in profit and loss account	1,560	1,749
Deferred tax asset at end of year	<u>4,859</u>	<u>3,678</u>

The deferred tax asset is regarded as more likely than not that it will be recovered based on the Group's forecasts and projections used in the impairment review mentioned in note 12.

(b) For the parent company

The company has a net deferred tax asset totalling £nil (2017: £nil) calculated at 17% (2017: 17%), made up as follows:

	At 31 December 2018 £'000	At 30 June 2017 £'000
Tax losses carried forward	-	-
Total deferred tax asset	<u>-</u>	<u>-</u>
Deferred tax asset at start of year	-	5
Adjustment in respect of prior years	-	(1)
Deferred tax charge in profit and loss account	-	(4)
Deferred tax asset at end of year	<u>-</u>	<u>-</u>

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2018

16 Debtors: amounts falling due after more than one year (continued)

(b) For the parent company (continued)

	At 31 December 2018 £'000	At 30 June 2017 £'000
Shareholder loan notes (see below)	20,111	17,504
Deferred tax (see above)	-	-
	<u>20,111</u>	<u>17,504</u>
	2018 £'000	2017 £'000
At 1 July	17,504	15,586
Shareholder loan notes issued	<u>2,607</u>	<u>1,918</u>
At 31 December / 30 June	<u>20,111</u>	<u>17,504</u>

The shareholder loan relates to loan notes issued by Beckton Energy Limited. The loan notes are repayable in 2027 and bore no interest until April 2017, subsequently followed by a fixed commercial interest rate.

17 Derivative financial instruments

The Group has the following interest rate swap included at fair value in the financial statements:

	2018 £'000	2017 £'000
Creditor at 1 July	<u>(4,933)</u>	<u>(6,744)</u>
Changes in value dealt with through other comprehensive income	<u>1,383</u>	<u>1,811</u>
Creditor at 31 December / 30 June	<u>(3,550)</u>	<u>(4,933)</u>

On 28 March 2013 Beckton Energy Limited entered into a fixed swap arrangement with Deutsche Bank AG in respect of 100% of the value of the Term Loan Facility. At the balance sheet date this swap instrument had a mark to market valuation showing a loss of £3,550,000 (2017: loss of £4,933,000). The cash flow hedge has identical critical terms and is highly effective thereby qualifying for hedge accounting. This has been repaid in full post year end as described in note 24.

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2018

18 Creditors: amounts falling due within one year

(a) For the consolidated group

	At 31 December 2018 £'000	At 30 June 2017 £'000
Bank loan – term loan facility	2,493	2,170
Trade creditors	1,561	835
Amounts owed to related undertaking	9,678	5,271
Other Creditors	417	200
VAT loan facility	2,957	1,210
Accruals and deferred income	14,364	2,541
	<u>31,470</u>	<u>12,227</u>

The amounts owed to group and related undertakings include £9,594,000 (2017 £5,231,000) of accrued interest on the capital amount of shareholder loan notes.

On 14 March 2013 the Company entered into a VAT funding Facility with Deutsche Bank Luxembourg S.A of £2,000,000. The VAT Facility bears interest costs on drawn amounts of a fixed margin above LIBOR and commitment fees of a fixed percentage payable on all undrawn amounts of the Facility.

On 17 May 2018 the Company amended its VAT funding facility with Deutsche Bank Luxembourg S.A. via an amendment agreement. The amendment agreement reduced the amount available in the facility to £1,500,000 and provided a new facility to fund working capital of up to £5,000,000.

(b) For the parent company

	At 31 December 2018 £'000	At 30 June 2017 £'000
Trade creditors	-	1
Amounts owed to related undertakings	9,678	5,271
Accruals and deferred income	8	13
	<u>9,686</u>	<u>5,285</u>

The amounts owed to related undertakings are payable to iCON, Melquart, 2OC Holdings and 2OC Limited. The amounts are repayable on demand, interest free and unsecured.

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2018

19 Creditors: amounts falling due after more than one year

(a) For the consolidated group

	At 31 December 2018 £'000	At 30 June 2017 £'000
Bank loan - term loan facility	44,730	47,332
Loans from group undertakings	20,111	17,504
Derivative financial instruments (note 17)	3,550	4,933
	<u>68,391</u>	<u>69,769</u>

On 14 March 2013 Beckton Energy Limited entered into a Term Loan Facility with Deutsche Bank Luxembourg S.A used to provide funding for the anticipated capital costs during construction. On 4 November 2017 a Facilities Agreement Amendment was signed with Deutsche Bank Luxembourg S.A to extend certain of the construction period provisions. The Term Loan Facility is stated net of unamortised debt issue costs of £688,000 (2017: £1,147,000). Interest and commitment fees payable on the Facility during the year of £nil (2017: £1,154,000) have been capitalised within tangible fixed assets.

The Term Loan Facility, repayable by March 2021, bears interest costs on drawn amounts of a fixed margin above LIBOR and commitment fees of a fixed percentage payable on all undrawn amounts of the Facility. The lending bank has been granted security including a first ranking security over all the company's assets, contracts and insurances, all property interests and shares.

See note 24 for details relating to the repayment of the Term Loan Facility subsequent to the year-end.

The loans from group undertakings represents loan notes issued to iCON Master Holdings II (GBP) Sarl ("iCON"), Melquart Limited ("Melquart") and 2OC Holdings by the Company. The loan notes are repayable in 2027, bearing no interest until April 2017, subsequently followed by a fixed commercial interest rate.

(b) For the parent company

	2018 £'000	2017 £'000
At 1 July	17,504	15,586
Shareholder loan notes issued (see note 16b)	2,607	1,918
At 31 December / 30 June	<u>20,111</u>	<u>17,504</u>

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2018

20 Called up share capital

(a) For the consolidated group

	At 31 December 2018 £'000	At 30 June 2017 £'000
Allotted, called up and fully paid		
7,040,000 (2017: 7,040,000) ordinary shares of £1 each	<u>7,040</u>	<u>7,040</u>
	<u>7,040</u>	<u>7,040</u>

All shares issued were 77.5% to iCON, 12.5% to Melquart and 10% to 2OC Holdings in accordance with the Subscription and Shareholder Agreement.

(b) For the parent company

	At 31 December 2018 £'000	At 30 June 2017 £'000
Allotted, called up and fully paid		
7,040,000 (2017: 7,040,000) ordinary shares of £1 each	<u>7,040</u>	<u>7,040</u>
	<u>7,040</u>	<u>7,040</u>

21 Capital and other commitments

(a) For the consolidated group

	At 31 December 2018 £'000	At 30 June 2017 £'000
Contracts placed for future expenditure not provided for in the financial statements	<u>-</u>	<u>-</u>

(b) For the parent company

There were no capital and other commitments (2017: £nil).

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2018

22 Financial commitments

(a) For the consolidated group

The group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	At 31 December 2018 £'000	At 30 June 2017 £'000
Not later than one year	12	-
Greater than one year	3	-
	15	-

See notes 16 to 18 in relation to other financial commitments.

(b) For the parent company

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	At 31 December 2018 £'000	At 30 June 2017 £'000
Not later than one year	12	-
Greater than one year	3	-
	15	-

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2018

23 Related party transactions

(a) For the consolidated group

Related party purchases are made up of costs incurred by 2OC Ltd that are charged to Beckton Energy Limited in respect of professional services. 2OC Ltd owns 100% of the share capital of 2OC Holdings which owns 10% of the share capital of the Company.

	Charged in the period from 1 July 2017 to 31 December 2018 £'000	Balance at 31 December 2018 £'000
Charged from 2OC Ltd	1,380	-

	Charged in the year to 30 June 2017 £'000	Balance at 30 June 2017 £'000
Charged from 2OC Ltd	1,506	-

Amounts charged from 2OC Ltd relate to Management Service Agreement costs of £1,380,000 (2017: £1,506,000).

(b) For the parent company

Related party transactions with iCON, Melquart and 2OC Holdings via Share Capital and Loan Notes are disclosed in notes 18 and 19 to the financial statements.

24 Post balance sheet events

Following the year-end the company was acquired by Water Twins Limited. As part of the acquisition the term loan, VAT facility, interest rate swap and associated early repayment charges have been paid in full. These have been replaced by a loan from Water Twins Limited. In addition, Water Twins Limited have purchased all of the loan notes (principal and accrued interest) from the previous loan note holders and these remain outstanding at the date of approval of these financial statements. See note 25 for details of the ultimate controlling party following the acquisition.

GEMINI ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2018

25 Ultimate parent undertaking and controlling party

The ultimate controlling party and ultimate parent of Gemini Energy Limited at 31 December 2018 and up until the sale of the business, as described in note 24, was iCON infrastructure Management II Limited, acting in its capacity as the general partner of iCON infrastructure Partners II L.P.

The ultimate controlling party and ultimate parent of Gemini Energy Limited following the post balance sheet event, as described in note 24, is AIP Infrastructure LP.