Energy Power Resources Limited

Annual report and financial statements

for the year ended 30 June 2022

Registered number: 03302734

Company information

Directors
P S Latham
M G Setchell
E J Wilkinson

Company secretary
Octopus Company Secretarial Services Limited
6th Floor
33 Holborn
London
EC1N 2HT

Bankers
Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Registered office
6th Floor
33 Holborn
London
England
EC1N 2HT

Directors' report for the year ended 30 June 2022

The directors present their strategic report for the company for the year ended 30 June 2022.

Business review

The company's principal activity is the leasing of five power stations and the provision of management and administrative services (as holding company) to a number of subsidiaries. The primary activity of these 100% owned subsidiaries is the operation of the five electricity power stations (in total approximately 111MWs capacity) and the marketing and sale of potash and phosphate fertiliser, branded as Fibrophos. The company's turnover is generated from its leasing activities and from the provision of management and administration services to its subsidiaries. Turnover is the year ended 30 June 2022 was £19,825,000 (2021: £19,317,000).

Energy Power Resources Limited ("EPRL") is an indirect subsidiary of Melton Renewable Energy UK Limited. EPRL and its subsidiaries collectively represent the "Biomass division" of the Melton Renewable Energy UK Limited group ("the group").

The results of the Biomass division for the year ended 30 June 2022 and the financial position at that date were satisfactory being underpinned by solid operational performance across the portfolio. Following excellent operational performance and results in the previous financial year, output and availability remained strong in the year ended 30 June 2022. Overall portfolio output in the year ended 30 June 2022 was 778GWh, an increase of 16GWh (2.2%) compared with the prior year. This reflected increased output from Ely Power Station, its output having been impacted by a shortfall in available biomass fuel in the final quarter of the prior financial year following the poor straw harvest in the summer of 2020 and improved output from Westfield Power Station which performed exceptionally well in the year ended 30 June 2022. These improvements were partially offset by marginal reductions in output from Thetford, Glanford and Eye Power Stations. Overall output from the Biomass division was in line with expectations and was broadly consistent with recent years.

Macroeconomic factors

The spread of Covid-19 and governmental responses to it resulted in an economic downturn in the UK and the global economy more widely during 2020, as well as causing initial declines and increased volatility in financial and electricity markets. The UK and global economies recovered during 2021, coinciding with a sharp rise in wholesale UK electricity prices. These effects and the increase in wholesale electricity prices continued at the start of 2022 and thereafter following Russia's invasion of the Ukraine and the imposition of economic sanctions.

Since the early part of 2022 the UK has seen a significant increase in inflation which has impacted businesses and the wider population. The Biomass division is not immune to these wider inflationary pressures particularly in terms of the cost of haulage, biomass fuel, gas oil, maintenance contracts and salaries.

Whilst the Biomass division fixed the near term electricity prices it receives during 2021 it will benefit from the annual indexation of its ROC buy out income. Further, as a generator of renewable electricity the company is somewhat protected from increasingly difficult consumer market conditions.

The UK Autumn Statement 2022 dated 17 November 2022 included an outline of the Electricity Generator Levy that will apply to certain UK electricity generators from 1 January 2023 to 31 March 2028. Those companies in scope will be subject to a 45% tax charge on electricity revenue above £75 per MWh, classified as "Exceptional Generation Receipts". We understand that entitlement to ROCs and associated revenue will remain unchanged. The supporting draft legislation is expected to be published in December 2022.

Based on information available currently and existing PPAs, we do not expect the Electricity Generator Levy to have a material impact on the results of the company or other companies within the Biomass division in the near term. We will continue to review and monitor the impact of the Electricity Generator Levy when the draft legislation is available and subsequently when it is enacted.

Directors' report for the year ended 30 June 2022

Results

The results of the company show a profit for the financial year of £7,917,000 (2021: £36,671,000). Dividend income from shares in group undertakings of £6,350,000 was received in the year (2021: £22,250,000).

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with those of the group and are not managed separately. The group has an agreed formal risk management policy and framework that covers identification, mitigation, control, monitoring and review of risks on a regular basis. Further discussion of group wide risks is provided within the directors' report of Melton Renewable Energy UK Limited, which does not form part of this report.

Key performance indicators

The directors of Melton Renewable Energy UK Limited manage the group's operations on a group wide basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Energy Power Resources Limited. The development, performance and position of Melton Renewable Energy UK Limited, which includes this wholly owned UK subsidiary, is discussed in the group's report and financial statements which does not form part of this report.

Going concern

The company has made a profit of £7,917,000 for the year ended 30 June 2022. It is in a net asset position of £42,705,000 as at 30 June 2022 and is expecting to trade profitability in the foreseeable future based on forecasts. Based on these facts, the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future and for at least 12 months from the point of approving this annual report and financial statements. The company therefore continues to adopt the going concern basis in preparing the annual report and financial statements.

Statement by the directors in performance of their statutory duties in accordance with s172(1)(a) to (f) Companies Act 2006

From the perspective of the company's directors, the matters that they are responsible for considering under section 172 (1) of the Companies Act 2006 ('s172') have been considered to an appropriate extent by the directors of Melton Renewable Energy UK Limited in relation to both the group and the company. To the extent necessary for an understanding of the development, performance and position of the company, an explanation of how the group has considered the matters relating to s172 is included within the group's report and financial statements which does not form part of this report.

The report was approved by the board on 9 December 2022 and signed on its behalf by:

E J Wilkinson
Director

Directors' report for the year ended 30 June 2022

The directors present their annual report and the financial statements for the company for the year ended 30 June 2022.

Principal activities

The company's principal activity is the leasing of power stations and the provision of management and administrative services (as holding company) to a number of subsidiaries. The primary activity of Energy Power Resources Limited's ("EPRL") subsidiary entities is the operation of five electricity power stations (in total approximately 111MWs capacity) and the marketing and sale of potash and phosphate fertiliser, branded as Fibrophos.

Future developments

The directors anticipate that turnover in the year ended 30 June 2023 will be consistent with that of the current year and the company will continue to achieve satisfactory trading results.

Dividends

Ordinary dividends of £10,500,000 were paid during the year (2021: £56,130,000).

Directors

The directors of the company, who held office during the year and up to the date of signing the financial statements, are given below:

P S Latham
M G Setchell
E J Wilkinson

Directors' third-party indemnity provision

A qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006 is in force throughout the financial year and at the date of approval of the financial statements for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, the company maintained a directors' and officers' liability insurance policy throughout the financial year and up to the date of signing the financial statements.

Employee information

We fully realise that our employees wish to be informed and consulted on matters affecting their work and to be involved in problem-solving affecting their own areas of interest and responsibility. The group and company are firmly committed to a policy of good communication at all levels and we aim to establish a climate which constantly encourages the open flow of information and ideas. Presently this includes a combination of monthly team briefings at a local level, quarterly newsletters and the publication of key performance indicators covering output, operating costs and health and safety on a weekly and monthly basis.

Directors' report for the year ended 30 June 2022

Financial risk management

The company's operations expose it to limited financial risks that include liquidity risk.

Given the size of the company, the directors have not delegated responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Liquidity risk

The company maintains cash balances and has access to short-term finance so as to ensure it has sufficient available funds for operations.

Statement of directors' responsibilities

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

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

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are also 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.

Directors' report for the year ended 30 June 2022

Audit exemption

The company was entitled to exemption from audit under section 479A of the Companies Act 2006 ("the Act") and the members have not required the company to obtain an audit of its financial statements for the year in accordance with section 476 of the Companies Act 2006. Accordingly, no auditors have been appointed. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The report was approved by the board on 9 December 2022 and signed on its behalf by:

E J Wilkinson
Director

Statement of income and retained earnings
for the year ended 30 June 2022

	Note	2022 £000s	2021 £000s
Turnover	5	**19,825**	19,317
Cost of sales		**(11,050)**	(12,584)
Gross profit		**8,775**	6,733
Administrative expenses		**(6,955)**	(6,689)
Profit on disposal of joint venture		**-**	16,038
Operating profit	6	**1,820**	16,082
Income from shares in group undertakings	14	**6,350**	22,250
Profit on ordinary activities before interest and taxation		**8,170**	38,332
Interest receivable and similar income	9	**2,090**	1,881
Interest payable and similar charges	10	**(1,367)**	(1,317)
Profit on ordinary activities before taxation		**8,893**	38,896
Tax on profit on ordinary activities	11	**(976)**	(2,225)
Profit for the financial year	20	**7,917**	36,671
Retained earnings brought forward		**42,985**	62,444
Dividends	12	**(10,500)**	(56,130)
Retained earnings carried forward	20	**40,402**	42,985

All items dealt with in the statement of income and retained earnings above relate to continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The company has no other comprehensive income other than the results above and therefore no separate statement of comprehensive income has been prepared.

The notes on pages 9 to 22 form an integral part of these financial statements.

Balance Sheet

as at 30 June 2022

	Note	2022 £000s	2021 £000s
Fixed assets			
Tangible assets	13	**29,770**	39,200
Investments	14	**6,900**	6,900
		36,670	46,100
Current assets			
Debtors	15	**14,971**	13,570
Cash at bank and in hand		**199**	289
		15,170	13,859
Creditors: amounts falling due within one year	16	**(8,445)**	(13,338)
Net current assets		**6,725**	521
Total assets less current liabilities		**43,395**	46,621
Provisions for liabilities	17	**(690)**	(1,333)
Net assets		**42,705**	45,288
Capital and reserves			
Called up share capital	19	**1,814**	1,814
Share premium account	20	**489**	489
Retained earnings	20	**40,402**	42,985
Total shareholders' funds	21	**42,705**	45,288

For the year ending 30 June 2022 the directors consider that the company is entitled to exemption from audit under section 479A of the Companies Act 2006 ("the Act") and the members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Act.

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

The notes on pages 9 to 22 form an integral part of these financial statements.

The financial statements on pages 7 to 22 were approved by the board of directors on 9 December 2022 and were signed on its behalf by:

E J Wilkinson
Director

Registered number: 03302734

Notes to the financial statements

for the year ended 30 June 2022

1. General information

Energy Power Resources Limited's principal activity is the leasing of power stations and the provision of management and administrative services (as holding company) to a number of subsidiaries.

The company is a private company limited by shares and is incorporated in England, United Kingdom. The address of its registered office is at 6th Floor, 33 Holborn, London, England, EC1N 2HT.

2. Statement of compliance

The financial statements of Energy Power Resources Limited have been prepared in compliance with United Kingdom Accounting Standards, including 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.

3. Accounting policies

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

Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102").

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company 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.

Exemptions for qualifying entities under FRS 102

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

The company has taken advantage of the following exemptions:

(i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the consolidated financial statements of the group in which the entity is consolidated, includes the company's cash flows;

(ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statements disclosures.

Related parties

The company is exempt from disclosing transactions with related entities, these being other 100% owned subsidiaries of Fern Trading Limited, as required by FRS 102, paragraph 33.1.

Notes to the financial statements

for the year ended 30 June 2022

3. Accounting policies (continued)

Group financial statements

The company has taken advantage of the exemption available under section 400 of the Companies Act 2006 not to prepare consolidated financial statements, on the basis that the company's intermediate holding company is Melton Renewable Energy UK Limited, a company established under UK law that prepares consolidated financial statements.

Turnover

Turnover represents the amounts receivable in respect of management services and rental of lease income provided during the year exclusive of VAT.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Freehold land and buildings	- nil
Power stations	- see below
Office equipment	- over 4 to 15 years
Assets under construction	- nil

The original cost of the power stations is depreciated over their economic life. The rates used vary from 2% to 13% per annum, straight line, reflecting the anticipated economic and operating profile of the assets over their useful economic life. Modifications made to the plant are depreciated on a straight line basis over the remaining useful economic lives of these modifications, commencing when these modifications are brought into use.

Fixed asset additions that have not been completed at year end have been valued based on the cost of work completed and approved.

The directors annually review their decommissioning assessment to confirm that there are not any material net liabilities or contingencies arising from the ongoing commitment to decommission the biomass power stations.

Sale and leaseback

During 2012 the directors made the decision to consolidate the asset position within the group. As a result the company purchased five biomass power stations from subsidiary companies and subsequently leased them under an operating lease for an initial period of six years. During 2018 the company entered into new operating lease agreements with the same subsidiary companies for a term of five years to March 2023. Rental income in the company is recognised on a straight line basis over the term of the lease.

Impairment

The carrying value of the company's assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Investments

The company's investment in subsidiary undertakings is stated at cost less, where applicable, amounts written off to reflect the value of the underlying net assets of the investment at the balance sheet date.

Notes to the financial statements

for the year ended 30 June 2022

3. Accounting policies (continued)

Current tax

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

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Group relief

Credits for amounts receivable in respect of tax losses surrendered to group companies are recognised in the period in which the losses are surrendered, as are charges in respect of tax losses claimed from group companies.

Pensions

The employees of the company contribute to a group defined contribution personal pension scheme for certain qualifying employees. Employee contributions of varying amounts together with employer contributions of between 5.0% and 7.5% are paid monthly to the scheme providers. The associated pension costs are recognised in the statement of income and retained earnings on an accruals basis.

Share Capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Leases

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement and whether the lease should be classified as either a finance lease or an operating lease.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the fair value of the leased asset and depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Lease income from operating leases (through the leasing of investment properties) is recognised in the statement of income and retained earnings on a straight-line basis over the lease term. Payments under operating leases are charged to the statement of income and retained earnings on a straight line basis over the period of the lease.

Notes to the financial statements

for the year ended 30 June 2022

3. Accounting policies (continued)

Financial instruments

The company 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 a market rate of interest.

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

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

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

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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 method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

Notes to the financial statements

for the year ended 30 June 2022

4. Critical accounting judgements and estimation uncertainty

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

a) Critical judgements in applying the company's accounting policies.

The directors consider that there are no critical judgements in the application of the company's accounting policies which would have a material impact on the financial statements.

b) Key accounting estimates and assumptions.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic life of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed periodically.

5. Turnover

Turnover arises solely from the company's principal activities in the United Kingdom.

6. Operating profit

Operating profit is stated after charging / (crediting):

	2022	*2021*
	£000s	*£000s*
Services provided by the company's auditors:		
- Fees payable to the company's auditors for other assurance services	**42**	42
Depreciation of fixed assets	**11,050**	12,585
Profit on disposal of joint venture investment	**-**	(16,036)
Operating lease rentals		
- land and buildings	**261**	237
- motor vehicles	**14**	16

Melton Renewable Energy UK Limited provided head office and administrative services during the year for a fixed monthly fee. The total sum charged by Melton Renewable Energy UK Limited was £4,200,000 (2021: £4,200,000).

Notes to the financial statements

for the year ended 30 June 2022

7. Directors' emoluments

The company paid no remuneration or wages to its directors during the year (2021: £nil). The emoluments of E J Wilkinson are paid by Melton Renewable Energy UK Limited and recharged to Energy Power Resources Limited as part of a management charge. This management charge also includes a recharge of administration costs borne by the parent companies on behalf of the company and it is not possible to identify separately the amount of E J Wilkinson's emoluments.

P S Latham and M G Setchell did not receive any payment for their services to the Melton Renewable Energy UK Limited group.

Key management personnel compensation paid by the company during the year was:

	2022	*2021*
	£000s	*£000s*
Salaries and other short term benefits	**572**	572

8. Employee information

	2022	*2021*
	£000s	*£000s*
Wages and salaries	**1,538**	1,470
Social security costs	**183**	170
Other pension costs	**78**	76
	1,799	1,716

The monthly average number of persons employed by the company during the year is:

	2022	*2021*
	Number	*Number*
Administration	**26**	24

9. Interest receivable and similar income

	2022	*2021*
	£000s	*£000s*
Intercompany loan interest receivable	**2,087**	1,880
Bank interest receivable	**3**	1
	2,090	1,881

Notes to the financial statements

for the year ended 30 June 2022

10. Interest payable and similar charges

	2022 £000s	2021 £000s
Intercompany loan interest payable	**998**	1,057
Interest payable to parent undertakings	**369**	260
	1,367	1,317

11. Tax on profit on ordinary activities

a) Analysis of charge in the year

	2022 £000s	2021 £000s
Current tax:		
UK corporation tax	**1,862**	-
Group relief payable	**-**	1,854
Adjustments in respect of prior periods	**(243)**	2
Total current tax	**1,619**	1,856
Deferred tax:		
Origination and reversal of timing differences	**(518)**	61
Adjustments in respect of prior periods	**38**	(13)
Rate change	**(163)**	321
Total deferred tax (note 17)	**(643)**	369
Tax on profit on ordinary activities	**976**	2,225

Notes to the financial statements

for the year ended 30 June 2022

11. Tax on profit on ordinary activities (continued)

b) Reconciliation of tax charge

The tax assessed on the profit on ordinary activities before taxation for the year is lower than (2021: lower than) the effective rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022	*2021*
	£000s	*£000s*
Profit on ordinary activities before taxation	**8,893**	38,896
Profit on ordinary activities before taxation multiplied by effective rate of corporation tax of 19% (2021: 19%)	**1,690**	7,390
Effect of:		
Adjustments in respect of prior periods	**(205)**	(11)
Expenses not deductible for tax purposes	-	1,800
Non-taxable income	**(346)**	(7,274)
Impact of rate change	**(163)**	320
Tax charge for the year	**976**	2,225

c) Factors that may affect future tax charges

The Finance Act 2021 enacted on 10 June 2021 increased the main rate of UK corporation tax from 19% to 25%, effective from 1 April 2023. Deferred taxes on the balance sheet have been measured at 25% (2021: 25%) which represents the future corporation tax rate that was enacted at the balance sheet date.

12. Dividends

	2022	*2021*
	£000s	*£000s*
2022: £0.06 per ordinary share (2021: £0.31)	**10,500**	56,130

Notes to the financial statements

for the year ended 30 June 2022

13. Tangible Assets

	Freehold land and buildings £000s	*Power stations £000s*	*Office equipment £000s*	*Assets under construction £000s*	*Total £000s*
Cost:					
At 1 July 2021	5,231	181,313	365	316	187,225
Additions	5	1,343	-	272	1,620
Transfers	-	263	-	(263)	-
At 30 June 2022	**5,236**	**182,919**	**365**	**325**	**188,845**
Accumulated depreciation:					
At 1 July 2021	-	147,660	365	-	148,025
Charge for the year	-	11,050	-	-	11,050
At 30 June 2022	-	**158,710**	**365**	-	**159,075**
Net book value:					
At 30 June 2022	**5,236**	**24,209**	**0**	**325**	**29,770**
At 30 June 2021	5,231	33,653	0	316	39,200

14. Investments

	Subsidiary undertakings £000s
Cost:	
At 1 July 2021 and 30 June 2022	**20,431**
Amounts provided:	
At 1 July 2021 and 30 June 2022	**13,531**
Net book value:	
At 30 June 2022	**6,900**
At 30 June 2021	6,900

Notes to the financial statements

for the year ended 30 June 2022

14. Investments (continued)

The directors believe that the carrying value of the investments is supported by their underlying net assets. The subsidiary companies at 30 June 2022, which are all wholly owned and incorporated in Great Britain (unless indicated otherwise), are listed below.

Name of company	*Holding*	*Proportion of voting rights and shares held*	*Nature of business*
Subsidiary undertakings			
EPR Ely Limited	Ordinary shares	100%	Operation of electricity power station
EPR Eye Limited	Ordinary shares	100%	Operation of electricity power station
EPR Glanford Limited	Ordinary shares	100%	Operation of electricity power station
EPR Scotland Limited	Ordinary shares	100%	Operation of electricity power station
EPR Thetford Limited	Ordinary shares	100%	Operation of electricity power station
Fibrophos Limited	Ordinary shares	100%	Supply of fertiliser

The registered office of the companies listed above is at 6th Floor, 33 Holborn, London, England, EC1N 2HT except for EPR Scotland Limited which is at 1 West Regent Street, Glasgow, G2 1AP.

During the year the company received dividends from wholly owned subsidiaries as follows: -

	2022	*2021*
	£000s	*£000s*
EPR Thetford Limited	**4,000**	7,000
EPR Ely Limited	-	9,750
EPR Glanford Limited	**1,800**	2,500
EPR Eye Limited	**550**	1,500
Yorkshire Windpower Limited	-	1,500
Income from shares in group undertakings	**6,350**	22,250

During the prior year ended 30 June 2021 Energy Power Resources Limited disposed of its 50% shareholding in Yorkshire Windpower Limited, its joint venture windfarm business.

Notes to the financial statements

for the year ended 30 June 2022

15. Debtors

	2022 £000s	2021 £000s
Amounts owed by group undertakings	**10,717**	10,199
Corporation tax	**4,017**	3,178
Taxation and social security	**56**	38
Prepayments and accrued income	**181**	155
	14,971	13,570

All amounts owed by group undertakings are unsecured, bear interest at 5.5% (2021: LIBOR plus 5.5%) and are repayable on demand.

16. Creditors: amounts falling due within one year

	2022 £000s	2021 £000s
Trade creditors	**11**	13
Loans owed to group undertakings	**2,600**	3,000
Amounts owed to group undertakings	**27**	5
Parent company loan (note 18)	**1,900**	5,272
Group relief	**3,501**	4,599
Taxation and social security	**58**	50
Accruals and deferred income	**348**	399
	8,445	13,338

Loans owed to group undertakings are unsecured, bear interest at 7.5% (2021: 7.5%) and are repayable on demand. Loan interest accrued as at 30 June 2022 was £nil (2021: £nil).

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

Notes to the financial statements
for the year ended 30 June 2022

17. Provisions for liabilities

Deferred tax

	2022	*2021*
	£000s	*£000s*
Capital allowances in excess of depreciation	**691**	1,351
Other timing differences	**(1)**	(18)
Net deferred tax liability	**690**	1,333

	2022	*2021*
	£000s	*£000s*
At 1 July	**1,333**	964
Deferred tax charge in statement of income and retained earnings (note 11)	**(643)**	369
At 30 June	**690**	1,333

Deferred tax has been calculated at 25% (2021: 19%).

18. Parent company loans

	2022	*2021*
	£000s	*£000s*
Parent company loan	**1,900**	5,272

The parent company loan provided by EPR Renewable Energy Limited is unsecured, bears interest at 6% (2021: LIBOR plus 6%) and is repayable on demand provided it would not cause the company to become insolvent. The amounts shown include interest accrued as at 30 June 2022 of £nil (2021: £372,000)

19. Called up share capital

	2022	*2021*
	£000s	*£000s*
Allotted, called up and fully paid:		
181,434,068 (2021: 181,434,068) ordinary shares of 1p each	**1,814**	1,814

Notes to the financial statements
for the year ended 30 June 2022

20. Reserves

	Share premium account £000s	*Retained earnings £000s*
At 1 July 2021	489	42,985
Profit for the financial year	-	7,917
Dividends (note 12)	-	(10,500)
At 30 June 2022	**489**	**40,402**

21. Reconciliation of movements in total shareholders' funds

	2022 £000s	*2021 £000s*
Opening total shareholders' funds	**45,288**	64,747
Profit for the financial year	**7,917**	36,671
Dividends (note 12)	**(10,500)**	(56,130)
Closing total shareholders' funds	**42,705**	45,288

22. Other financial commitments

At 30 June the company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2022 Land and Buildings £000s	*2021 Land and Buildings £000s*
Payments due:		
Not later than 1 year	**197**	182
Later than one year and not later than five years	**683**	683
More than five years	**-**	121
	880	986

Notes to the financial statements
for the year ended 30 June 2022

22. Other financial commitments (continued)

At 30 June the company had the following future minimum lease income under non-cancellable operating leases for each of the following periods:

	2022 Land and Buildings £000s	2021 Land and Buildings £000s
Receipts due:		
Not later than 1 year	**9,656**	12,875
Later than one year and not later than five years	**-**	9,656
	9,656	22,531

23. Contingent liabilities

At 30 June 2022 the company was guarantor with other group companies of a bank loan facility provided by the group's financiers. The outstanding loan balance as at 30 June 22 was £88,422,000 (2021: £106,713,000).

The company has no other off balance sheet arrangements.

24. Pension contributions

The company contributes to its employee's personal pension schemes. The cost for the year is shown in note 8. Outstanding contributions at 30 June 2022 amounted to £6,002 (2021: £6,254).

25. Ultimate parent company

EPR Renewable Energy Limited is the immediate parent undertaking and is registered in England, United Kingdom. The ultimate parent undertaking as at the year ended 30 June 2022 was Fern Trading Limited, a limited company by shares incorporated in the United Kingdom with its registered office at 6th Floor, 33 Holborn, London, England, EC1N 2HT.

Melton Renewable Energy UK Limited, registered in England, United Kingdom, is the holding company of the smallest group of undertakings for which group financial statements are drawn up and Fern Trading Limited is the holding company of the largest group of undertakings for which group financial statements are drawn up. Copies of the group financial statements may be obtained from the address above